

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>

Moran feud claims more than 21 lives

Post-Courier 29.4.2011

By ANDREW ALPHONSE

A PROLONGED tribal dispute over the customary land ownership of North West Moran oil fields in Komo-Margarima electorate of Hela province has left more than 21 people killed since the conflict erupted in May 2009. The conflict is between the Toma Peri and Toma Kondo clans that live in Homa-Paua and Beneria villages near the NW Moran oil project site. On Tuesday, Beneria community leader James Harape from the Tamita council ward, walked for three days and nights through thick jungles and across tough geographical terrains to raise the matter with the police and government authorities in Tari.

Mr Harape who also lost his elder son in the conflict, blamed the State through the Department of Petroleum and Energy (DPE), NW Moran project developer Oil Search Limited (OSL) and PNG LNG project developer ExxonMobil for their failure in identifying the genuine and legitimate landowners of NW Moran that resulted in the two clans going up in arms. Mr Harape said the fight started in May 2009 when DPE, OSL and ExxonMobil failed to carry out proper social mapping, landowner identification process and establish incorporated landowner groups (ILGs) for proper

and equal benefit sharing among the landowners.

He said DPE, OSL and ExxonMobil only sided with the Toma Peri clan, including taking them for the umbrella benefit sharing agreement (BSA) for the PNG LNG project at Kokopo in May 2009. Mr Harape said DPE, OSL and ExxonMobil would not listen to the Toma Kondos which only infuriated them. He said as a result, a young leader, the late Mack Muli from the Toma Kondo clan led the assault on the Toma Peris and both sides started attacking and killing each other, including men, women and even children. Mr Muli also met his fate when he was killed in retaliatory attack. Mr Harape said in the last three years, the conflict has not resolved while more than 21 lives have being lost from both sides.

Mr Harape said the conflict flared up again on the March 27, 2011 and extended to places like Beneria, Honaka Yabakaru and others within the vicinity of NW Moran and Moran oil project sites. He said the more 500 homes belonging to Tamita ward at Beneria station and another 300 houses belonging to Hawa Tangi ward of Honaka-Yabakaru were burnt down while schools, a health centre and aid-posts within the area were also destroyed. Mr Harape said more than 776 men, women and children are now displaced, homeless and taking refuge in the bushes without any food and shelter while they are also prone to malaria as the area is infested with mosquitoes.

He said warriors from both sides armed with high-powered weapons were ambushing and attacking each other while mothers and children were not free to move around as they were targeted despite being innocent victims. Mr Harape said the area was also inaccessible by roads and while OSL has airlifted police mobile squad personnel to protect its Moran oil project sites, the general security and well-being of the local inhabitants are at stake. He said police in Tari told him that OSL and ExxonMobil needed to provide them with a helicopter, logistics and other support in order for them to go into the area and try to quell the fight.

BARRICK BARS PNG ACTIVIST FROM ADDRESSING MEETING

Activists want better policy on human abuse issues

WELLINGTON, New Zealand (RNZI, April 29, 2011) - A Papua New Guinea member of the Porgera Alliance says he's disappointed the Canadian mining giant, Barrick Gold Limited, wouldn't allow him to address the company's annual general meeting this week. Jethro Tulin was among 200 people barred from addressing the meeting to try and bring about policy change. He says the company has to do more to stop the abuse his people suffer at the hands of Barrick's security forces, such as beatings, shootings and rapes. "Every year the number has grown in support of what we are struggling for around the globe and Im very happy to be here and I'll do what I can to do and expose what has gone wrong with Barrick's operations in Papua New Guinea." Meanwhile, Barrick has announced a 22 percent rise in first quarter earnings to just over three billion US dollars. Barrick's AGM 2011 report says at Porgera, it has changed its security function, increased its support to women, strengthened grievances mechanisms and developed a training programme. Barrick did allow an investigation by Human Rights Watch into their security operations at Porgera, which resulted in five Barrick employees being dismissed, with eight former employees implicated in the abuse. *Radio New Zealand International*: <http://www.rnzi.com/>

CANADA PROTEST TARGETS PNG'S PORGERA GOLD MINE

Barrick Gold accused of ignoring human rights

WELLINGTON, New Zealand (Radio New Zealand International, April 28, 2011) – About 200 people are in Canada to voice their opposition to the mining company Barrick Gold ignoring abuse

and human rights violations at the Porgera gold mine in Papua New Guinea. This year marks the fourth year that opposing groups have gone to Barrick Gold's AGM to raise their concerns, but they've been barred from attending the meeting. Barrick Gold, which is the largest gold miner in the world, has been mentioned in many studies on human rights abuses and environmental devastation in countries including the Philippines, Tanzania and Australia.

Natalie Lowrey, from the Friends of the Earth Australia, is among those campaigning for a halt to Barrick Gold's practices which she says destroy indigenous people's land. "It's destroying sacred areas and destroying their environment. And so coming to Canada to be able to let Barrick Gold know and shareholders know that there are communities who don't want them on their land. And really confronting Barrick. They are a huge corporation in many companies right around the world and there are many communities really suffering at the hands of Barrick Gold."

Radio New Zealand International: www.rnzi.com

BILATERAL ACCORD OPENS PNG RESOURCES TO JAPAN

Pact to deepen bilateral economic ties

By Patrick Talu

PORT MORESBY, Papua New Guinea (The National, April 29, 2011) – In Japan, Trade, Immigration and Foreign Affairs Minister Don Polye has signed a bilateral accord on Tuesday that would remove obstacles to Japanese investment in the Pacific country rich in natural resources such as liquefied natural gas and copper ore. Japanese Foreign Minister, Takeaki Matsumoto and Polye endorsed the pact in Tokyo, with the two expressing hope that the accord would deepen bilateral economic ties. In a meeting with Polye following a signing ceremony of the investment treaty, Matsumoto said Tokyo would try to ratify the accord soon. The Japanese minister also expressed gratitude for donations of 10 million- kina [US\$4 million] by Polye on behalf of the people of Papua New Guinea (PNG) to support Japanese victims of the March 11 9.0 quake and tsunami. The two countries launched negotiations on the investment pact last September after then Japanese prime minister Yukio Hatoyama and his Papua New Guinean counterpart Sir Michael Somare reached an accord to start the talks in March last year.

During the talks, Matsumoto told Polye that Japan, which faces energy shortages due chiefly to the ongoing nuclear crisis spawned by the twin disasters, hoped that Papua New Guinea would be a stable LNG supplier for Japan. Polye said from Tokyo that PNG would ensure that a Liquefied Natural Gas (LNG) development project, in which JX Nippon Oil & Energy Corp is involved, would run smoothly. About half of some 6.6 million tons of LNG to be produced annually from the project is scheduled to be exported to Japan. Meanwhile, a statement from the Japan embassy in Port Moresby said it hoped that the signing of the bilateral investment agreement would further boost the economic development of PNG and affirm the bilateral relationship of the two countries. "The agreement will contribute to enhancing legal stability for investment and promoting investment between the two countries as well as people-people exchange. It will also contribute to further strengthening the economic relationship with PNG which is being more important to Japan as a supplier of LNG," the statement said.

Landowners stop mapping, ILG processes

The National, April 28, 2011

By PATRICK TALU

UPSTREAM resource owners of major petroleum development licence (PDL) areas for the LNG project have objected to the government's planned social mapping and integrated landowner group

(ILG) formation. Wita clan chief Ekawi Tazanda, Arua chief Hengi Tandape, Wita Aru Holding chairman Hare Hengi from Hides PDL 1, Hengebe Aluya from Juha PDL9 and Chris Payabe, Hides 4 umbrella landowners association, PDL7 yesterday objected to Heritage Consultants being contracted by the Department of Petroleum and Energy to carry out the social mapping and ILG claiming outstanding issues with the government and ExxonMobil had to be resolved first. In a petition signed by more than 45 clan members, they said Heritage Consultants, in charge of the social mapping and ILG processes, would not be allowed on their land while outstanding issues from all PDL areas had yet to be resolved by the government and PNG LNG project developer ExxonMobil and partners Oil Search Ltd. Some of the issues highlighted in their petition are:

- * K115 million outstanding commitment from the Kokopo umbrella benefits sharing agreement and the various licence-based benefits sharing agreement;
- * K2 million outstanding memorandum of agreement (MoA) commitment for Pina clan (PDL1) for existing gas plant that supplies electricity to the Porgera gold mine;
- * K6 million seed capital for Vita Arua clan for the Juni Tech and three well heads in PDL1 and ownership issue of Juni Tech and related issues;
- * K29 million outstanding seed capital for PDL1 including the Wita Arua clan and the MoA commitment to the Hiwa Corporation Ltd of PDL1 at the UBSA and LBBSA; and
- * K5 million claim under class B and C for services providers during the Kokopo UBSA and Nogoli LBBSA among many others

Aluya and Tandape said all these outstanding issues must be resolved by the state and its development partners before any social mapping and ILG were done. “We will not allow any social mapping or ILG done on our land when our outstanding issues have yet to be addressed,” Tandape said. “If the responsible parties are not responsive to our issues, there might likely be no projects in our PDLs.” Aluya said all parties had two weeks to respond. Attempts to get comments from acting Prime Minister Sam Abal were unsuccessful but Department of Finance and Treasury insiders, who did not want to be named, said MoA vetting had been completed and they were waiting for the treasurer to sign the cheques to be paid out “anytime before the end of the month”.

SOLOMONS ACTION COSTLY FOR AUSSIE MINING FIRM

Axiom loses third of market value in stock trading

MELBOURNE, Australia (Radio Australia, April 27, 2011) – A small Australian mining company has had almost one third of its market value wiped off in trading on the Australian Stock Exchange, following a statement from the Solomon Islands Government saying its nickel and cobalt exploration licence is invalid. Axiom Mining Limited informed the Stock Exchange last week that it had been granted an exploration licence in the Isabel Province by the Solomon Islands Mining Minister. But that minister was sacked by Prime Minister Danny Philip just days after he had issued the licence. Mr Philip's government says it is investigating the circumstances surrounding the matter which it has described as suspicious. Axiom Mining denies any wrong doing. Its shares, which had been suspended from trading for more than a week, lost ground in early trade today. Its share price continued to fall and closed at 5.6 cents - 30 per cent down on its closing price on its last trading day on April 12. Radio Australia: www.abc.net.au/ra

PNG TRIBAL WARFARE TURNS TO GUNS, GRENADES

3,000 armed warriors in full-scale engagement

By Yvonne Haip

PORT MORESBY, Papua New Guinea (The National, April 26, 2011) – In Papua New Guinea, a

man was gunned down, while another was blown to pieces using a military issue hand grenade in what Enga police described as “full scale military-style” tribal warfare in Laiagam district. More than 3,000 warriors armed with high-powered military firearms fought each on Sunday and yesterday over a piece of state land. Provincial police commander Supt Martin Lakari said the inter-tribal fight erupted on Sunday at Mamale village, near Laiagam High School over state land (portion 67). Lakari said there had been a dispute over the land between two tribesmen – Chris Akuni and Kasi Kuima – who took the matter to court. He said the national court had ruled in favour of Akuni last February but that did not go down well with Kuima who mobilised his clansmen and destroyed millions of kina worth of properties belonging to Akuni. The Porgera-based police mobile squad arrested and charged Kuima two weeks ago for breaching a national court warrant. He is at Baisu jail in the Western Highlands. Lakari said as a result, the fight turned into a full scale tribal fight and triggered other tribesmen from the headwaters towards Kandep to take sides with Akuni’s clansmen. He said they chased away Kuima’s clan, destroyed their properties and occupied the land.

He said the under construction West Enga Technical High School was at risk as it was next to the battlefield, while Laiagam primary school and Laiagam Appropriate Technology, 100m from the battlefield, were being affected as well. Lakari personally went to the battlefield and ordered warriors to cease fire. He said if the warriors disobeyed, their community leaders and village councillors would face the law. Lakari expressed concern that high-powered military firearms had replaced bows and arrows during tribal warfare. He said the use of hand grenades was an alarming new trend. He said the hand grenade was powerful and could have killed many within a 500m range when released, but was obstructed by a tree and landed at the edge of cliff, which blew the man to pieces. Lakari said even though people agreed to stop fighting, more police had been deployed and would be stationed at the newly built high school. He said that the fight was the continuation of a previous “guerilla” fight that had so far claimed seven lives.

Union: Wenge must fulfil pledges

The National, April 26, 2011

IN light of last week’s strong stance by the mine-impacted communities against Morobe leaders and the Hidden Valley developer, the Union of Watut River Communities (UoWRC) and Bulolo MP Sam Basil now want Morobe Governor Luther Wenge to fulfil his commitments. They also discouraged the governor from engaging a new toxicologists, lawyers and register any new court case which they believe would duplicate the current efforts undertaken by Bulolo district. Basil and UoWRC president Rueben Miti denied claims that they failed to make submissions to his office regarding the severity of the Watut River pollution and that they did follow formal procedures in making submissions to get the provincial government’s assistance, and also formally invited the governor to last week’s forum, where his and Huon Gulf MP Sasa Zibe’s absence triggered an avalanche of criticism from the affected communities in Huon Gulf and Bulolo districts.

“The governor’s office is non-functional like the office it should be,” Basil said. “There is no internet, no telephone, no fax and he also does not have a mobile phone. You can not correspond with him, you have to track him down physically in order to do that.” Miti said there should be no excuse for their absence as forum invitations were hand delivered and faxed two weeks in advance to both offices in Lae and parliament in Port Moresby. “It shows that the officers of the Huon Gulf MP and governor were not doing their jobs in these high public offices.” He also said they produced the first submission two days after the governor requested them to do after making the first commitment at Middle-Watut on Nov 29 three years ago, and after repeated another commitment to the Wampar people of Huon Gulf early last year, and went one step further by creating another Watut River union which in contrast to the UoWRC has politicians as executives.

“Damage has been done to our environment and we are not playing politics,” Miti said. “We want to know whether the governor will honour these commitments or not, it seems like he is trying to duplicate and divide the genuine authorities and the bodies already in place.” Basil said the UoWRC did their part and Bulolo district after asking the governor’s office used K50,000 as legal fees for the mid-year litigation case which prominent lawyer Tiffany Nonggorr will represent the affected communities, while another K50,000 was also spent to engage top Morobe toxicologist Gama Gamato to examine the level of pollution in the river. “Whether you like it not, you must support our lawyer, our chemist and you must support the people of Morobe.” The UoWRC organised forum last week agreed on a 21-day ultimatum and now awaits the position of the governor regarding his commitments and appealed to the departments of Environment and Conservation, Health, Mining and Mineral Resource Authorities to seriously look into the matter.

Wafi-Golpu mine by 2016, says Harmony

The National, April 26, 2011

JOHANNESBURG: South Africa’s Harmony Gold expects its proposed new US\$3-billion Wafi-Golpu copper-gold mine in Papua New Guinea to come into production in 2016. Now in pre-feasibility stage in a joint-venture with Newcrest Gold of Australia, Wafi-Golpu is set to follow Harmony’s Hidden Valley copper-gold mine that came into production last September, also in a joint-venture with Newcrest. “Even at this early stage, we can confidently say that Wafi-Golpu is going to be a mine. There’s no doubt about it,” Harmony Gold CEO Graham Briggs tells Mining Weekly Online. The US\$3-billion price tag is linked to mining taking place at a rate of 20-million tonnes a year. However, current thinking is that actual output using the block-cave mining method may be 30-million tonnes a year, which would increase the amount of capital required.

The JSE- and NYSE-listed Harmony is committed to providing half of whatever capital is required. Harmony Gold’s financial director Hannes Meyer said the high quality of the grade was positioning Wafi-Golpu as a relatively low-cost future mining operation. Total cost of mining is expected to be US\$25/tonne, against expected revenue of US\$100/tonne to US\$300/tonne, which makes it a high-margin business. “It’s really capital insensitive,” Meyer said. By 2014-15, when Harmony will have to arrange the capital for Wafi-Golpu, its South African Phakisa, Doornkop, Kusasalethu and other local projects will no longer be requiring high levels of capital and will begin generating strong cash flows, which will be able to underpin the financial requirements of the project.

Also, Wafi-Golpu has significant copper, which Harmony may use for commodity-backed financing for the project. Meyer envisages that selling a third of the copper could provide between US\$500 million and US\$1 billion in project funding. The anticipated profitability of the business also provides scope for the introduction of considerable debt into the financing structure. “Equity will be the last route that we’ll pursue. We’ll explore all other avenues before we dilute shareholders,” Meyer said. Harmony’s Hidden Valley mine is expected to produce at a rate of 280,000oz per year for the next 14 years. The Wafi part of Wafi-Golpu is a gold-only resource and the Golpu part is copper-gold porphyry. Continual exploration drilling since 2007 indicated the potential presence of 38 million oz of gold equivalent, with recent drilling unearthing an 883m strike at 5g/t to 7g/t gold equivalent.

Mt Kare locals sign for gold mine

The National, April 26, 2011

By ISAAC NICHOLAS

MT Kare landowners have signed a golden deal that will see them share almost 50-50 equity with

an Australian Mining Company to start alluvial mining in the gold rich Mt Kare between Enga and Southern Highlands provinces. The agreement signed last Thursday will see landowners getting 47% while Ace Mining of Australia holds 53% of the deal. More than 200 Mt Kare landowners met with Ace Mining chief executive officer Gavin Nash and company director John Rollings met at the Port Moresby's Sports Inn where the landowners signed the agreement inviting the developer to start alluvial mining operations. The developer is now awaiting government approval through the Mineral Resource Authority for a special alluvial mining lease to start alluvial mining operations. Landowner leaders led by Simon Kambe, Martin Yalia, Eka Mari Ekanja, former MP Anthon Pakena, Iwa Hoyabe from Paiala side of Enga province were with their counterparts Thomas Yago, Nelson Gori, Ondole Takili, Ken Angobe and Tom Peke from the Southern Highlands side of the border put their signatures to the agreement formally giving the "green-light" for alluvial mining operations.

Under the agreement, when it starts operations, Ace Mining will build road and bridges, schools, health centres and a hydro-power system to light up the local areas and supply the new Hela province. The cost of infrastructure, training, health centres and hydro power will come out from the 7% of the landowner equity. The deal will have the developer pay for school fees for children attending elementary, primary and high schools in the project area and pay school fees and allowance to project area children attending tertiary study around the country. The agreement will be reviewed after five years. The person who made it all happen is Simon Bole, from Southern Highlands, who liaised between the landowners and the mining executives. Bole said the people had been waiting for the past 25 years for the project which never eventuated because of outstanding issues with landowners, the state and developers.

Bole said there were 6,000 landowners from the 60,000 population covering three LLGs in both provinces who will have to sign the agreement to give approval for the company to apply for an alluvial mining lease from the state. One landowner leader, Nelson Gori, who is an IT specialist at University of Papua New Guinea, urged all elites from the area to step in to move the project forward. "I urged all like-minded landowner leaders that the time is right for this investment," he said. "We cannot go on fighting each other because the real benefits of education, health and social infrastructure is for the people. "The people have spoken and now it's up to the national government to give us the license. "We have already signed the agreement inviting the developer to come in," Gori said. Nash said many international companies "have come and taken out everything", adding that this agreement was give and take. The Mt Kare mining licence has already been awarded to Kingsgate for hard-rock mining. The licence will expire in 2012.

PNG OFFICIAL: GOVERNMENT MUST OWN RESOURCES

It's the only way to engage foreign investment

WELLINGTON, New Zealand (Radio New Zealand International, April 22, 2011) – Papua New Guinea's Attorney General says foreign investors need the assurance that the state has ownership of minerals rather than tribal groups. Sir Arnold Amet says recent calls for changes in the law to government control of what is six or more feet underground are mischievous. He says the country couldn't have developed without legislation that allowed governments to spread the benefits of resource developments throughout the whole country. Sir Arnold says successive governments have never tried to change the regime, for good reason. "The cold hard fact and reality going into the future if these people paused and thought about all of this is how on earth are we ever going to provide the incentive and security for international developers to come to partner with government, with the security provided by government, to develop these major resources. It's not tenable."

Radio New Zealand International: www.rnzi.com

PNG LANDOWNER DISPUTES STATE'S CLAIM TO OWNERSHIP

Land in customary ownership for thousands of years

WELLINGTON, New Zealand (RNZI, April 21, 2011) - A Papua New Guinea landowner says the government has no rights to assume control of something that's been in customary ownership for thousands of years. Simon Ekanda represents what he calls the Tuguba Tribes of the Hela Nation, and has been at loggerheads with ExxonMobil after being left out of agreements for the liquified natural gas project. He's one of the principals in a new political party aiming to change legislation that grants the state ownership of all resources at six or more feet under ground. Mr. Ekanda says while the law says that, he disputes the right of the government to have made such a decision. "I want to know how did that happen and who sold it to them? When did that happen? My father didn't sell anything to them because they came into this country about 40 years ago to my tribe lands in the Hela land, and it was there 2000 years ago. How did that happen? They don't need to own what belongs to me and my custom and my culture."

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

ELEVEN DIE IN PNG TRIBAL GUN BATTLE

High-powered guns raise stakes

By James Apa Gumuno

PORT MORESBY, Papua New Guinea (The National, April 21, 2011) – In Papua New Guinea (PNG), eleven people have fallen victims to high-powered guns used in a tribal fight in the Southern Highlands' Kagua-Erave district. Many are unaccounted for, believed dead, while others were wounded, assistant police commissioner and highlands divisional commander Simon Kauba said yesterday. He said many people from the warring tribes, Kandine and Mui, were killed within a short time because of the use of high-powered guns. Kauba said provincial police commander Teddy Tei organised 15 policemen to accompany the provincial peace mediation team to Kagua yesterday. He said the team would be camping in Kagua and would call on the leaders from both parties together to work out a peace process. He said police and concerned authorities in the province would not allow people to kill each other using high-powered guns.

Kauba said the people should lay down their arms and cooperate with the developers in their province to bring in tangible improvements and services. He said such tribal fights would not bring anything good into the area. He said fight would cause more destruction, deaths and deprive the people of basic services. He appealed to the tribal leaders of the warring tribes to encourage their people to lay down their arms and work closely with the police and provincial peace mediation team in Kagua to restore peace. Kauba said whatever damage and loss of life in the past "is gone and it is time the fighting stop". The fight started two weeks ago over the death of a senior public servant from the Kandine tribe. The Kandine blamed Mui for the death and killed six of them with one seriously injured. The Mui retaliated and killed three people from the Kandine tribe.

Australia: Woodside: LNG to remain robust

Post-Courier 21.4.2011

PERTH: Woodside Petroleum Ltd says the liquefied natural gas (LNG) market will remain robust for at least the next 15 years, underpinned by global population growth and improving standards of living, especially in the Asia Pacific region. The worldwide LNG market is expected to grow from about 210 million tonnes produced in 2010 to demand of between 390 and 460 million tonnes per annum by 2025, chairman Michael Chaney told the oil and gas producer's annual general meeting in Perth yesterday. "While the markets of Japan and South Korea will continue to be the core of the region's LNG market, growth will come from China, Taiwan and India and new entrants such as

Singapore, Thailand and Viet Nam,” Mr Chaney said. “Malaysia and Indonesia, better known as suppliers of LNG, will also become customers in the next few years.”

The market was tightening, with limited new capacity under construction set to reach customers before 2014. Mr Chaney also said the health of the LNG market had created strong demand from potential customers for product from Woodside’s Browse project in Western Australia’s Kimberley region, on which a final investment decision is scheduled for next year. Chief executive Don Voelte said land for the project at James Price Point was being secured by the state government. Premier Colin Barnett last year said the land would be compulsorily acquired due to a legal stoush between rival indigenous land groups. Mr Voelte also expressed disappointment that the Timor Leste government appeared “less inclined” to conform with development treaties for Woodside’s stalled Sunrise project in the Timor Sea. “Floating LNG would deliver Timor Leste about \$13 billion for its approximate 18 per cent share of the fields,” he said.

During the speech to shareholders, both executives gave nothing away about Mr Voelte’s successor after he leaves the company in the second half of calendar 2011 following seven years at the helm. “Deciding the right time to leave was a difficult process, but ultimately it was a decision I believe I got right,” Mr Voelte said. Mr Chaney said the selection process for Mr Voelte’s successor was on track and the company expected to make an announcement during the June quarter. Woodside had delivered a six-fold increase in LNG production since 2004 when the straight-talking Nebraskan joined the company., Mr Voelte told the meeting. He described Woodside as “a proudly independent company... and may it ever remain so”, amid speculation global miner BHP Billiton Ltd could be set to buy Shell’s 24 per cent stake in the company that the Dutch energy giant plans to offload after divesting a 10 per cent interest last year. BHP Billiton has dismissed the speculation, which also has centred on the possibility of a \$46 billion takeover bid. Mr Barnett last week told an oil and gas conference in Perth, “:Hands off Woodside”.

Editorial

PNG LEADERSHIP HAS BEEN POOR STEWARD OF RESOURCES

The National. PORT MORESBY, Papua New Guinea (April 20, 2011) – In Papua New Guinea, former Prime Minister, Sir Julius Chan, asked three questions yesterday to the parliamentary referral committee on minerals and energy.

1. Can you buy what you already own?
2. Does it make economic or business sense to transfer title in property to someone freely or for a paltry payment of 10,000 kina [US\$4,000] and then buy back a 30 percent interest in that same property for 300 million- kina [US\$118 million]?
3. Does it make sense for a country to earn billions in income and not be able to improve the lives of its people?

To all of these questions, Sir Julius, now governor of New Ireland, answered in the affirmative. He elaborated: "First, the state cedes exploration and production rights to foreign companies for next to nothing. Insignificant license fees are charged often 10,000 kina [US\$4,000] and royalties of 2 percent are levied. "But, for this pittance, the foreign developer gets full control of all the wealth that can be taken from the ground. "The next step is for the state to seek equity in the project, usually 30 percent in a mining project and 22.5 percent in an oil or gas project. "The state has ‘given away’ the entire resource to a foreign company, and now returns to buy what was already legally its own property by spending 200 million- kina [US\$79 million] or 300 million- kina [US\$118 million] , or even more, for a 30 percent interest in the project. And, to do so, the state usually takes out a commercial loan that puts the country further into debt at high interest rates."

However preposterous the prospect might seem, when you view it when it is presented as starkly as that, it has happened in Papua New Guinea, it is continuing to happen and will continue into the foreseeable future until and unless something is done about it.

We agree entirely with Sir Julius:

"This is ludicrous. It is reckless and stupid. It is a complete failure of the state to act as the sworn steward of its people." How did this happen? What can we do about it? Sir Julius provided historical material, derived from extensive research into the history of resource extraction in PNG and abroad, in places as diverse as Norway in Europe, Botswana in Africa and Chile in South America in answer to the first question. He drew on the desires enshrined in the preamble to the constitution which calls for equitable distribution (goal No.2), PNG ways and self-reliance (goal No.3) and how, 36 years on, Papua New Guinea is as far away, if not further, from achieving these goals than it was at independence. In answer to the second question, he made a series of proposals, principal among them being to amend the Mining Act (1992) and the Oil and Gas Act (1998) to reverse the ownership of all minerals and hydrocarbon reserves six feet under the ground from the state back to the landowners.

Along with this, Sir Julius has proposed strategies that will completely change the current resource development regime in the country. He wants Waigani to transfer more powers to the provinces in relation to resource development. He wants more Papua New Guinean companies to be in control of the development of resources from exploration to extraction activities. Where foreign companies discover commercial quantities of minerals or oil and gas reserves, that company's exploration expenses would be reimbursed by the state and it be given first right of refusal to manage the project if no expertise can be found onshore. These are extreme measures proposed. They will meet with plenty of opposition, we are certain, from those who enjoy life under the present regime. The National sees three weaknesses which must be addressed. Equitable distribution might be far more difficult under Sir Julius' proposal until and unless the land tenure system can be addressed meaningfully.

Right now, we might take ownership away from the state but, then, we vest in a group whose membership is expanding all the time with inter-marriages and land boundaries that are uncertain. The potential for inter-clan and tribal feuds mount exponentially. Unless the landownership issue can be addressed, attracting the huge financial commitments that is required for resources developments will be next to impossible from within and outside the country. If that is somehow resolved, government will have a most difficult time trying to perform the equitable distribution trick, by trying to price loose from landowners something to give to the rest of a province or the rest of the country. There will be pockets of very rich Papua New Guineans and a lot of very poor ones as well. And, finally, the provincial government experiment has shown us that not all provincial governments are ready or capable of managing their affairs well. Thirty-six years on and this is another failed story. More responsibility is not going to, overnight; translate to efficient and smooth running of provincial governments. The administrative and financial management capacity of each province has to be reviewed thoroughly before any more power should be devolved.

WORLD INVESTORS BUZZING AROUND PNG RICHES

Singapore delegation latest in wave of foreign traders

By Travertz Mabone

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 20, 2011) - Papua New Guinea is fast becoming a major attraction for investment from various countries with recent interest shown from Singapore yesterday when a high profiled business delegation visited the Investment Promotion Authority during their fact-finding mission. The trade delegation of 19 business leaders from

11 Singaporean companies is on a mission in search of possible opportunities in the areas of port or marine services, hardware supplies, power generation services, engineering and construction consultancy services, etc. with appointments made with relevant private organizations to have those meetings.

For the high profiled Singaporean business delegation, yesterday was an opportune time to visit IPA who is the country's main body in promoting and facilitating investment in the country. A member of the Singaporean delegation, the deputy CEO of the International Enterprise Singapore Chua Taik Him, stated that this was the first time that Singapore had a more comprehensive look at PNG and he and the team of delegates from various business backgrounds in Singapore will look to establish contact and begin rapport regarding potential investment interests.

He also stated that the group is looking at various investment opportunities and looks to get into infrastructural development, industry, oil and gas, logistics, energy, etc. and PNG has a lot of possible business ventures that have shown investment attraction. Chua ensured that: "We are not only here to see but to bring along some concrete investment as well and I'm sure the delegation have their interests in mind." The Minister of the Commerce and Industry Gabriel Kapris said that the country is experiencing unprecedented economic growth predicted to be around 7 percent and may continue to grow for the next 3-5 years and with the political stability for the last nine years, this preconditions have enabled large foreign investor confidence hence the major developments in the country.

He told the delegation that the government welcomes foreign investors and supports investments directly and indirectly and the government is very much aware that there is a lack of capacity in many facets of business in the country, nonetheless it encourages foreign investors initial to consider developing the local business by sourcing locally and if not available then look abroad. "It is my wish that your mission will find an opportunity that meets your business interest but similarly I also wish to recommend joint venture partnership with local PNG companies whether they be through State owned entities or local PNG companies as I am of a firm view that such partnerships will have some competitive advantages coupled with your very own expertise, skills, technology and finance," Mr. Kapris said.

Ex-Prime Minister fights for resources

The National, April 20, 2011

By JEFFREY ELAPA

"TODAY, I propose to transfer wealth to resource owners, to those simple villagers who are blessed with owning a piece of inherited customary land, many of whom remain poor – so they too can enjoy a worthwhile, more satisfying life." So saying, governor of New Ireland and former prime minister, and one of the longest serving parliamentarians, Sir Julius Chan yesterday proposed before a parliamentary committee to turn the mining, oil and gas extraction regime on it head. He proposes, among others, to:

*Wrestle ownership of minerals and oil and gas back from the state into the hands of customary landowners;

*Devolve resource development powers to the provincial governments;

*Have local companies be licensed to explore and develop mineral and oil and gas resources with management rights extended to foreign firms if no expertise is found onshore; and

*Streamline existing state agencies into two so that one engages in exploration and extraction activities and another being an investment house.

Sir Julius, who moved a motion on May 14, 2009, for a comprehensive review of the Mining Act of 1992, said in a hard-hitting presentation that PNG was a country in “crisis”. “If we do not correct some serious faults and failures in the way we approach the extraction of resources such as minerals, gas and oil, we will not only continue to fail to deliver progress to our people but will put the very survival of our country at peril.” He said history had shown that resource-rich nations like PNG did not often do well while resource-poor countries like Singapore and South Korea do very well indeed. He said this was because of the effects of the “resource curse” linked to resource developments, which drive up the cost of doing business in the country so that all other sectors of the economy suffer while only the resource sector prospers.

While the “resource curse” could be beaten, as had been experienced in other countries, it could only happen in PNG with a quantum shift in the way the resources sector was managed from the legal and policy framework up, Sir Julius said. He said the past ad hoc and project-to-project approach should be reviewed so that resource landowners and the provincial government take ownership of their resources. He blamed the current regime on no particular PNG administration but on a historical accident where PNG had inherited an Australian colonial legislation that discriminated against and took ownership of minerals and hydrocarbon resources from landowners and vested it in the administration, later the national government. From then on, he said, it was “a story of ineptitude, ignorance, robbery and deceit”. “It is shocking such a story can be told; even more shocking that it is the truth. But, it is the truth. “We – the state, the people – have been duped. I know it is uncomfortable, but we must face the truth.”

Sir Julius, a former prime minister and the minister for finance, said ownership of the resources by the landowners was important for the equitable distribution of benefits. He said PNG had been described as a “mountain of gold floating on a sea of oil”, but the truth was that the wealth of the nation was squandered and, in so doing, condemned our people to poverty while others prospered. “Without mincing words, our country has been systematically giving away its birthright. “That is not rhetoric; it is literally true. “We may be pardoned for this at self-government, at independence but, after 35 years, we should have matured. “The national government either does not understand or does not care that the way it has structured the minerals, oil and gas industries – indeed, the entire renewable and non-renewable resource sector, including fisheries and forestry – is not only wounding the people of this country, it is robbing the state of what should be its legitimate incomes for the development of the country. “How has this happened? “Put politics aside. We need to take a bi-partisan approach to correct our mistakes.

Ok Tedi pays out K10 million

The National, April 20, 2011

LANDOWNERS from 10 special mining lease (SML) and lease mining purpose (LMP) villages in Western received K10 million last Tuesday. The K10 million was their dividend payment from their shareholding in Mineral Resources Star Mountains (MRSM), a landowner company established in 2001 and managed by the state through the Mineral Resources Development Corporation (MRDC). MRDC manager external affairs, Imbi Tagune said this was the second time the Ok Tedi landowners had received K10 million in dividend payments from the MRSM. Tagune praised the MRSM board for their prudent leadership, which has resulted in MRSM growing steadily in the last five years.

“The MRSM board approved the investment policy guidelines in September 2005 and subsequently rolled out with a cash position of close to K30 million,” he said. “Over the past four years, MRSM has experienced a steady growth in its investment portfolio and, as of last Dec 31, a total value was recorded at K184.03 million. “The portfolio in real terms has appreciated by 23.03% or K42.39 mil-

lion last year compared to a total value of K141.64 million recorded at Dec 31, 2009," he said. Tagune revealed MRSM had so far paid K38.8 million in dividends and the company now had investments in the lucrative property market in Port Moresby and shares in companies listed on the Port Moresby Stock Exchange (POMSoX).

Bougainville Government, Me'ekamui to meet

Post-Courier 19.4.2011

THE Autonomous Bougainville Government (ABG) and the original Me'ekamui government and its soldiers met in Panguna on Thursday to reconcile to pave way for more negotiations. ABG vice president Patrick Nisira and Natural Resources and Lands Minister Michael Oni met with Me'ekamui hardliner Moses Pipiro in Panguna on Thursday for a "small but significant handshake" and reconciliation ceremony. ABG officials said the meeting with the ABG and the Me'ekamui hardliners in Panguna would pave way for easy access to Panguna Mine for negotiations on its reopening. Mr Nisira and Mr Oni met with Mr Pipiro and his team in a small ceremony to mark the occasion. But women of Kieta, after the ceremony, said the Panguna issue should not be rushed. In a statement from Arawa, the women said that Panguna needed a peace process on its own in order for the process to flow.

They said that the ABG and the National Government should address Panguna separately and advise that the mine will never reopen if Panguna and its problems are not sorted out separately. "We should never talk about the reopening of the Panguna Mine if first of all our leaders are not united on the issue. "We should see Panguna as a separate entity and address it separately, let's say Panguna needs a peace process on its own. By this we mean the Me'ekamui soldiers need to reconcile among themselves then with the ABG, with the National Government, with us women, the children and with the outside world. After all these are completed, then we can start talking about the reopening of Panguna Mine and take on from there," the women leaders said from Arawa.

MRA pleased with State Working Group

Post-Courier 19.4.2011

THE Mineral Resources Authority (MRA) has welcomed the news that the NEC has approved the establishment of a State Working Group (SWG) to initiate the process of documenting Papua New Guinea's intention to apply to the EITI Secretariat for full membership. "As a member of the SWG on Extractive Industries Transparency Initiative (EITI), the MRA remains committed to realising the Government's intentions in strengthening and promoting greater governance within the extractive industries. "The EITI concept is therefore an appropriate tool against which to measure our performance in terms of transparency and accountability in the receipt and payments of various revenue streams associated with the extraction of gold, copper, oil, gas, and other mineral resources in the extractive industry," Managing Director Kepas Wali said yesterday.

The main responsibilities of the SWG will include: developing an understanding and appreciation of the EITI concept among all relevant extractive industry departments and agencies; engaging in consultations with international development partners for the provision of an EITI technical assistance program; and assisting in the implementation and monitoring of the EITI concept in PNG. The MRA has over the past 12 months provided technical assistance to the Department of Treasury in charting the various revenue streams prevalent in the mining sector which will be the subject of public disclosure in terms of payments and receipts. "We commend the Treasurer for his foresight in initiating what we believe will be a first step in further enhancing PNG's investor confidence in our extractive industry and which could even help the government improve its sovereign credit ratings," Mr Wali said. The MRA promises to assist the SWG in developing a plan and an implementation model that is consistent with the established EITI criteria.\

German vessel to act as base for Nautilus

The National, April 18, 2011

THE world's first seabed miner, Nautilus Minerals, will operate a production support vessel that will serve as the operational base for it to produce high grade copper and gold ore at its first development project, Solwara 1, in the Bismarck Sea. Nautilus has formed a strategic partnership with German shipping company Harren & Partner. This means a joint venture company is to be formed to own and operate the production support vessel in the Bismarck Sea. In a statement last Friday, Nautilus CEO Stephen Rogers said the vessel would be the floating platform for the mobilisation and remote operation of production machinery operating on the seafloor at depths of 1,600m. The seafloor production tools will cut and gather ore which will be pumped in slurry form to the production support vessel, where it will be processed through a dewatering plant before transfer to barges for transport and subsequent treatment. Under the terms of the strategic partnership, Harren will design and build construct the vessel at a cost of approximately €127 million (K460 million), with delivery scheduled for the first half of 2013.

German firm to invest \$900m in West Papua

Linda Yulisman, The Jakarta Post, Jakarta | Mon, 04/18/2011

German engineering firm Ferrostaal AG announced plans to build a petrochemical plant in West Papua at a cost of US\$900 million, a senior company executive says. "The investment is about \$900 million but it can change depending on the project and everything needed, including the gas supply," Ferrostaal petrochemical division senior executive manager Soenke Gloede said after a breakfast meeting with a forum of industrial gas users in Jakarta hosted by the Industry Ministry on Friday. Gloede said his firm planned to procure gas for the plant from the Tangguh LNG plant to support the operation of the plant, which would produce methanol and dimethyl ether (DME). Gloede said he expected his company to complete all planning and preparation in the next one or two years and start construction in 2013. The plant, set to commence operations in 2016, would produce around 1 million tons of methanol and up to 200,000 tons of DME annually.

He said the methanol will be sold both domestically and exported, while the DME, which can be used as an alternative to liquefied petroleum gas (LPG), would be sold on the domestic market. Industry Minister MS Hidayat said the operation of the petrochemical plant was feasible because it could receive supplies of gas from the Tangguh field. The Tangguh LNG plant in Papua, along with the Arun plant in Aceh and the Bontang plant in East Kalimantan, are the largest contributors to the country's LNG production. "It is very possible to develop a petrochemical industry there. Papua is also a site where we want to develop an oil and gas-based industrial cluster," he said. Hidayat said he would discuss Ferrostaal's investment plans with the President and Cabinet ministers in Bogor, West Java, on April 18-19.

Earlier this year, President Susilo Bambang Yudhoyono, Coordinating Minister for the Economy Hatta Rajasa and National Development Planning Minister Armida Alisjahbana launched an economic master plan to grow the economy by 7 to 8 percent per year from 2013 to 2025. The plan covers the development of six economic corridors throughout the archipelago: Sumatra, Java, Kalimantan, Bali and Nusa Tenggara, Sulawesi, and the Papua and Maluku corridors. Economic growth in the Papua and Maluku corridor is targeted to increase six-fold by 2030. However, this would require infrastructure, such as a trans-Papua highway, including to Merauke, Jayapura and Merauke ports, and the coal-fired power plant in Urumka.

Ramu tailing placement case ruling set for May 23

The National, April 18, 2011

JUSTICE David Cannings of Madang National Court announced last Friday that the final ruling on the deep sea tailings placement (DSTP) matter for Ramu nickel project will be handed down on May 23. The plaintiffs are seeking to permanently stop the operation of the DSTP system at the Ramu project. In the same court, at the application of the plaintiffs, Cannings adjourned a notice of motion filed by Ramu NiCo last March 18 seeking the release of the original authorities provided by some of the plaintiffs, which Ramu NiCo and its expert finds around 20 of them highly suspicious. Therefore, Ramu NiCo wants the original authorities to be forensically examined for their authenticity by experts. Tiffany Nonggorr, the plaintiffs' lawyer, was not available in court last Friday due to personal reasons and the plaintiffs sought to adjourn the hearing.

Cannings ruled that the motion would be heard on May 6 as Nonggorr had taken a central role in representing the plaintiffs and there would be enough time to deal with any issues arising out of the motion between May 6 and May 23. Cannings also ordered the plaintiffs to pay the defendants' costs of the proceedings on a party-party basis. The trial on the substantive matter commenced last Feb 9 and evidence was completed by Feb 23. Expert witnesses for the both the plaintiffs and defendants came from overseas for the trial and gave evidence. After evidence, Cannings and all parties paid a visit to the site last March 2. The court was then adjourned to March 23 for final submissions. At the final submissions, Nonggorr submitted that the Environment Act 2000 did not protect an activity that might cause great environmental harm. She also added that there was evidence to suggest there was possible great harm and huge uncertainty if the DSTP were to proceed. She said the court should grant a permanent injunction on the Ramu DSTP.

Charles Scerri, QC, for Ramu NiCo Management (MCC) Ltd submitted to the court that the Ramu NiCo had statutory approvals for construction and operation of the DSTP system and, therefore, the DSTP activity could not be unlawful. Scerri said that, as the evidence showed, there was no real risk for damage, that the relief for injunction was pre-emptive and that it would cause substantial injustice if a permanent injunction were to be granted at this stage of the project when all major components of the project was substantially completed at a cost of about US\$ 1.3 billion. Davis Steven, counsel for the state, supported Ramu NiCo's submissions and further submitted that the onus of proof was on the plaintiffs and, so far, their evidence did not support the allegations and, therefore, there was no cause of action.

PNG ATTORNEY-GENERAL: STATE OWNS RESOURCES

Defends posture as party to gas agreement

By Yehiura Hriehwazi

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 18, 2011) – In Papua New Guinea, all petroleum, mineral, and gas resources under the ground are owned by the State, according to Attorney-General Sir Arnold Amet. He was responding to lawyer Peter Donigi and Warner Shand Lawyers recent claims that the State does not own the natural resources and as such it was not the proper party to sign the PNG Gas Agreement. That assertion, according to Sir Arnold is "not legally correct." Sir Arnold is the Madang Regional MP and former Chief Justice of the National and Supreme Court of PNG. "The Petroleum Act and the Mining Act vest the ownership of mineral and petroleum resources in the State. As such, State is a proper party to the gas agreement and has validly executed the gas agreement," Sir Arnold said in a statement released over the weekend.

"Both the Oil and Gas Act 1998 and the Mining Act 1992 vest the ownership of mineral and petroleum resources in the State. These two Acts of Parliament adopted the State's ownership rights in the minerals and petroleum resources from the pre-independence laws that gave ownership rights to mineral and petroleum resources to the State. "Mr. Donigi had previously raised the same issue in the National Court in a number of occasions and the National Court in passing acknowledged the legislative provisions both prior to independence and post-independence enactments that vest ownership of mineral and petroleum resources in the State. The court said that, the actions of all persons corporations and state vitally interested in mining, whether gold, minerals or petroleum, have been predicated by the continuing expression of ownership in the State," Sir Arnold said. "Nevertheless, Mr. Donigi has and continues to incite the landowners from the LNG project areas with his vague arguments, instead of pursuing legal redress through the higher courts to have the matter resolved," he said.

"Mr. Donigi raised the issue of Section 53 of the Constitution which provides for an Act of Parliament to allow for possession of property (including land) and minerals and petroleum," he said. "The State has done exactly that under the Oil and Gas Act and Mining Act. The Oil and Gas Act requires the state to pay just compensation giving effect to S.53 of the Constitution." "It must be pointed out that the issue of compensation here is confined to the surface of the land only and not below for the reason that State owns the minerals and petroleum below the surface of the land," he said and added that Mr. Donigi is at liberty to go to court and seek legal redress if he is aggrieved by the State's position."

Nautilus signs deal for seabed mining ship for Papua New Guinea

Arnika Thakur, Reuters, 15.4.2011

- Nautilus signs deal with Harren & Partner for a ship
- Says Harren to build ship for 127 million euros
- Harren to own 50.01 pct interest in the ship
- Says ship will be chartered to a mining JV
- Nautilus to hold a 70 pct stake in mining JV
- Shares up as much as 18 pct

Canada's Nautilus Minerals, which mines the sea floor for mineral deposits, signed an agreement with German shipper Harren & Partner for a ship to support operations at its flagship copper mine in Papua New Guinea, the southwestern Pacific Ocean, sending its shares up as much as 18 percent. Nautilus aims to start production at the world's first off-shore copper mine -- the Solwara 1 project -- in the second half of 2013 and getting a contract for a ship was the last big step to get board approval. Harren will build the ship at a cost of about 127 million euros (\$183.34 million) and deliver it in the first half of 2013, Nautilus said in a statement.

Harren will own a 50.01 percent interest in the ship, while Nautilus will hold the rest through a holding company. The Papua New Guinea government, through Petromin PNG Holdings Ltd, holds a 5 percent stake in that holding company. The ship will be chartered to a mining joint venture -- in which Nautilus holds a 70 percent stake, and Petromin the rest -- for eight years at an average daily rate of \$70,000. Nautilus aims to produce about 80,000 tonnes of copper, along with 150,000-200,000 ounces of gold annually from the project. Shares of Nautilus were trading up 6.8 percent at C\$3.15 on Thursday on the Toronto Stock Exchange. They touched a high of C\$3.48 earlier in the session.

Mt Kare landowners call for immediate start of gold project

The National, April 15, 2011

FIGHTING between Mt Kare landowners and mining developers is now a thing of the past, Mt Kare Head Trust Co Ltd chairman Andrias Aiyange (Enga) and deputy Pele Puli (Huli) said. “We want to see the Mt Kare gold project materialise sooner rather than later,” Aiyange said. He made the comment as 12,000 landowners from the Enga and Huli (Hela) sides assured the government and project developer Summit Development Ltd, a private PNG company, they were now ready to go into a real mining. In a show of unity on Wednesday, representatives of the 12,000 landowners who had flown to Port Moresby from Huli and Paiela (Enga), slaughtered three pigs and welcomed Summit and acknowledged government ministers and the Mineral Resources Authority to show their seriousness in developing the mining project.

“It’s been 25 years when many developers came and went and kicked us like footballs without having a tangible development of the project,” Aiyange said. “They came and made profit out of the exploration licence (EL1093) without developing it to the mining stage. “We want to assure Summit and other development partners that it’s a new dawn for Mt Kare landowners and that is we will have a mine developed by Kingsgate,” Aiyange said. Mediator Sir Matiabe Yuwi, who has been advocating unity among the conflicting landowners, was a happy man to see that the project will materialise soon. “We have wasted time and resource just fighting among ourselves and the developers. “Now with the mining licence granted to Summit, we are happy and united to work together as a team and development partner to have the mine get started,” he said.

‘SHOOT TO KILL’: PNG COPS TARGET HIGHWAY ROBBERS

Police patrol crime-ridden Okuk Highway

By David Muri

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 15, 2011) – Papua New Guinea police patrolling the Mendi to Tari sector of the Okuk Highway have been directed to “shoot to kill” any armed criminal elements who terrorise motorists and the travelling public. And communities who clear landslides or construct bypasses and claim compensation will be prosecuted and charged. These stern orders were issued by Southern Highlands provincial police commander Teddy Tei late yesterday. “There are still some road blocks at Tari Gap and police are monitoring this portion of the road. I have directed police personnel to shoot to kill any armed criminal in the execution of setting up road blocks and terrorising innocent people,” Chief Supt Tei warned. The resource-rich province’s top cop said constant road blocks in this notorious section of the highway had declined due to regular police patrols with the assistance of the local communities. But he added that the Tari Gap section was still notorious.

Meanwhile, Mr Tei has also warned those who live along the vicinity of the highway to refrain from imposing excessive fees on the public in the pretext of clearing debris on landslip riddled portions. He said this practise was illegal and police would not tolerate such acts. He reiterated that the communities were claiming compensation and collecting fees for doing maintenance on landslides. “I wish to remind the people that Okuk Highway is owned by the Government including the seven metre perimeters and the maintenance of roads will be done by the Government. The people from the communities have no right to do maintenance and collect fees from the travelling public. It is illegal,” PPC Tei said.

He has asked the Works Department to conduct constant patrols along the highway to identify those affected sites and conduct immediate maintenance as prolonging them were bearing adverse effects. “I am now warning the communities along the highway that police will not hesitate to effect arrests

on any person seen to do illegal maintenance on any affected road sites and collect fees,”he said. He said the people must work on their land to produce vegetables and other products to earn a decent income from impact project like LNG and Oil Search rather than conducting illegal activities on the road.

OIL, GAS DISCOVERIES THREATEN PNG TRIBE

Pawaia people unfamiliar with outside world

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 15, 2011) – The oil and gas exploration work taking place in Papua New Guinea covering parts of Gulf and Simbu Provinces will affect the Pawaia people who are natives of this area. These people have very limited contact with the outside world and live hunting and gathering lifestyles. When the major development activity gets underway, the lives of the people will be completely transformed. As such, a project was initiated to facilitate specific socio-economic development interventions to prepare the people to face the challenges of such major development. The idea of the project emerged when such a need was expressed by representatives of the Pawaia people who visited Simbu Province in March last year. Their main concerns were that since the major oil and gas developments are happening in the area, their people were not adequately prepared to meaningfully participate.

They said they needed schools to educate their children and health facilities to provide badly needed health services. They said they also needed transport and communication infrastructures to increase accessibility. As a result, a project concept paper was developed on the basis of expressed needs and considering the potential impacts of the major development projects in the upper Purari area, and the need to increase the people’s ability to participate. All the major needs have been captured under five major project components with a sixth component for management and co-ordination. Based on the projected physical activities, all cost factors have been allocated. The intended project will be implemented over a period of five years with the possibility of extending the term when required. The resources developer and the Gulf and Simbu provincial governments have been urged to accept the concept paper.

Landowner dissent risks major projects

Post-Courier 14.4.2011

By PETER KORUGL

LACK of awareness and education among customary landowners threatens to derail major resource developments in Papua New Guinea, the Post-Courier has been told. Already billions of kina worth of investments in resources projects from mining, petroleum, gas, timber and fisheries are faced with resistance from landowners who claim to be in the dark over what is going on. And the situation, if allowed to continue and benefits in the transfer of their land and resources are captured by a few individuals and the vast majority misses out, this will almost certainly provoke an upsurge of rural social unrest and civil disorder. Customary landowners from Madang, Morobe, Southern Highlands, Western, East New Britain and Central, sites of some multibillion kina projects said the government needed to come down to their level and talk to them properly. “The relevant government departments like Lands, Trade and Industry, Commerce, Environment and Conservation, Fisheries, Community Development, Mining, Petroleum and Energy, Tourism and Culture, Finance and Agriculture and Livestock must come down to the villages, sit with us and talk to us.

“And when they do come, they must take time to explain the projects, the short term and long term benefits to the State and to us, they must also explain to us the impact of these projects on our lives and what the State is doing to mitigate the impact on our lives,” former councillor and leader of the Sek people in Madang, James Gunagai said. The landowners expressed disappointment that gov-

ernment teams that have gone into the project sites took a day or two, usually in the company of leaders of Incorporated Lands Groups, and talk to the people on the good points about the projects. "Yes, they came here. They went around for three days with the leaders drinking beer. "They were talking to the people under the influence of liquor. In the other meeting at the Divine World University, only nine people from the village attended because there was no tok save," Frank Don Sr of Rempi clan in Madang said. The landowners said they were not against the projects but issues central to their concerns revolved around their customary and constitutional rights to their land and their sea, which were being taken away and government authorities needed to help them make informed decisions.

"We can't make our gardens anymore. We can't collect the kina shells. "We can't use the trees and sago to build our homes. "Our land is everything to us," Viviane Sar of Sek in Madang said. Another landowner of Gulf Province, Noah Tito of Kikori told a recent meeting with the media in Port Moresby that the word "lease" was a foreign word that needed to be explained clearly to the people. "The developers might be genuine in developing the land resources but the process and intent on which the lease leaseback scheme is granted needs to be assessed. "The line government departments need to co-ordinate well to make sure that the lease leaseback scheme is done properly and the intent of the developer will not have impact on the customary landowners," Dr Rodney Kameata of Social Environmental Research and Consultancy Services Limited said. He added: "A lot of these processes are rushed and very often the customary resource owners are forced to accept the situation, or where projects get off the ground, problems are faced by the developers."

LANDOWNER'S LAWYERS QUESTION LEGALITY OF PNG GAS DEAL

'Major flaw' may render agreement void

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 13, 2011) - There are allegedly two major faults that go to the heart of the multi-billion kina 2008 PNG LNG Agreement, rendering it void at both domestic and international laws. As a result, Warner Shand Lawyers have written to developer Esso Highlands managing director Peter Graham to respond to its clients (Boera and Tuguba landowners) who were neither party to the agreement nor the drafting of the Oil and Gas Act 1998 within 14 days for consultation with a view of a new agreement or face the danger of losing their investment. Principal Michael Wilson stated in his letter that the State was not a party in this process as it does not own the gas under his clients land nor the land that was compulsorily acquired pursuant to Section 5 of the Land Act 1996. Esso Highlands yesterday acknowledged receipt of the letter, which was also copied to Prime Minister Sir Michael Somare and other relevant ministers and organizations but they would not comment on matters before the court.

Public and government affairs manager Miles Shaw however said he could provide some key facts; "The PNG LNG Project is committed to managing the project with a priority on social, environmental, health and safety matters and with full consideration of the livelihoods and cultures of the local communities in the project area. The Project welcomes the reports published by the Independent Environmental and Social Consultant in its role to assess and inform on compliance with the provisions contained within the PNG LNG's Environmental and Social Management Plan, and the associated Lender Environmental and Social Requirements. These are in accordance with international best practice, as defined by the International Finance Corporation's social safeguard policies and the laws of Papua New Guinea.

The Project reports publicly through its Environmental and Social Quarterly reports and the independent consultant's reports are also publicly available at www.pnglng.com." Warner Shand identified the first flaw as - the agreement assumed validity of Section 6 of the Oil and Gas Act

1998 which vests ownership of the petroleum and helium under customary land in the State. "This we assert on our clients behalf is contrary to customary law of our clients (Tuguba Tribe of Hela) whose rights are protected under Section 53(5)(a), (c) and (d) of the Constitution and Article 26 of the United Nations Declaration on the Rights of Indigenous Peoples," principal Michael Wilson wrote.

The second, Mr. Wilson said the agreement assumed that the State has a right to compulsorily acquire customary land for the benefit of ExxonMobil and partners. "This we assert on behalf of both of our clients, is contrary to Section 53(5)(a), (c) and (d) of the Constitution. We assert that the State has the power under Section 5 of the Land Act 1996 to only compulsorily acquire "waste and vacant" and "alienated" land from its own tenants or leasees. We assert on behalf of our clients that the State has no power to compulsorily acquire customary land," he said. Wilson however urged EHL and its partners to abide by the law of the land, international law and the Organisation of Economic Cooperation and Development (OECD) principles of responsible business conduct (RBC) adopted by member countries which PNG is a member of. RBC entails above all compliance with laws, such as those on respecting human rights, environmental protection, labor relations and financial accountability, even where these are poorly enforced among others.

South Korean firm agrees to build floating LNG plant

The National, April 13, 2011



INTEROIL and Pacific LNG Operations Ltd (PLNG) on Monday announced they have reached an agreement with Korean firm Samsung Heavy Industries (SHI) for the Elk and Antelope projects in Gulf. The agreement, however, depends on Flex LNG Ltd shareholder approval and final investment decision (FID). A statement by InterOil said the agreement was related to the construction and operation of a two million tonne per annum (mtpa) floating liquefied natural gas (FLNG) processing vessel. The FLNG project was intended to integrate with and augment proposed infrastructure to liquefy natural gas from the onshore Elk and Antelope gas fields. The agreement was pursuant to preliminary arrangements with Energy World Corporation and to link with InterOil's proposed condensate stripping plant being pursued in joint venture with the Mitsui Group and to accelerate the intended monetisation of the gas fields. Commencement of the FLNG vessel's operations is targeted for mid- 2014.

Flex has informed InterOil that it had already completed the generic front-end engineering and design (FEED) in 2009. The project FEED is targeted to start in May with all parties working towards reaching a FID before the end of this year. The agreements represent a continuation of the more than 12-month collaboration between SHI, Flex, InterOil, PLNG and Liquid Niugini Gas Ltd to develop the first floating production facility. Flex and SHI would be responsible for the design, engineering, construction and commissioning of the floating vessel. The company will also be joint operator of the vessel with PLNG.

The FLNG vessel is expected to be moored alongside the proposed jetty located in the Gulf, which will be shared with InterOil's proposed land-based LNG facilities and have a production capacity of up to two million tonnes of LNG per annum and to process an estimated 2.25 trillion cubic feet of gas over a firm 25-year period. InterOil chairman Phil Mulacek said: "InterOil is proud to be partners with SHI, Flex, and PLNG in a proposed project utilising a FLNG vessel to accelerate the commercialisation of our natural gas resources. "The confidence of Samsung, the largest Korean conglomerate, the undisputed leaders in FLNG, with a full completion guarantee, solidified our participation. "All stakeholders will benefit from higher utilisation of the core infrastructure and high quality gas assets required for the project," he said.

Good gold assays found in Woodlark

The National, April 13, 2011

KULA Gold Ltd (KGD) last Friday announced excellent assays from three diamond drilled holes into sediments immediately adjacent to the Busai resource on its Woodlark Island gold project in Milne Bay. According to a new release, the assay results confirmed a new style of gold mineralisation in these sediments at Busai. Reconnaissance reversed circulation (RC) drilling was designed to test volcanic-hosted epithermal mineralisation on the north western strike of the Busai resource. The drilling intersected a sequence of flat lying sediments overlying the volcanic basement. Subsequent analysis of the sediments demonstrated widespread gold assays in a marine/terrestrial interface which coincided with a Redox boundary overlain by black silts with a high organic content and shallow marine sediments. Further RC drilling was planned to determine the distribution of the gold bearing stratigraphy.

KOREA BEGINS SEABED MINERAL EXPLORATION IN TONGA

27 Korean researchers to spend 4 months collecting data

By Tevita Motulalo

AUCKLAND, New Zealand (Taimi o Tonga, April 12, 2011) - Korean research ship RV Araon has embarked on its first exploration expedition for seabed minerals in Tongan waters last Saturday. The vessel berthed in Nuku'alofa held a special ceremony for officials and the Korean expat community in Tonga. The revolutionary icebreaker, built and fitted with the latest technology, and commissioned by the Korean Ocean Research and Development Institute (KORDI) in 2009, sets about not only to determine commercial quantities of valuable minerals of underwater deposits. Another key focus at the moment is to study the impact on the environment and the ecosystem of a wholesale extraction exercise. One of the lead scientists on board the vessel, Kyeong-Yong Lee told Tonga Chronicle although the scan for commercial quantities of underwater deposits is valuable to know, "we are very keen to study specific relationship between the deposits, underwater mineral vents and the ecosystem," an area where there's limited study and data available.

"Because we wouldn't want to exploit an area and cost us more in terms of environmental damages, than the value of minerals extracted," he said. Apart from the specific areas within Tongan waters that KORDI is licensed to explore, they are also doing prospecting exercises in international waters sponsored by the Korean government itself. "The valuable technical information and data collected by KORDI is the essential first step towards discovery of minerals," said Deputy Prime Minister Samiu Kuita Vaipulu, at a special ceremony to welcome the new ship on Friday, in his role as Acting Prime Minister. "The Tonga Government highly values its collaboration with KORDI on mineral prospecting," he said. According to KORDI local officer Mr. Jang Wan Bang, a team of 27 researchers from Korea will spend the next four months collecting data from ocean beds within Tongan waters, in areas where it is up to several thousand meters below the surface.

The expedition is accompanied by an observer from the Ministry of Lands, Survey and Natural Resources. At the completion of the research, the team will submit an evaluation report to the Government of Tonga together with an Environmental Impact Assessment. During the launch ceremony, Korean Ambassador to Tonga Mr. Kwan-il Noh noted that despite the "many challenges and dangers" involved in the Araon's cutting edge work, he is confident that mutual support can boost potential benefits for both Tonga and Korea. "I can say the Korean Government is ready to provide its utmost support and assistance for the development of this project, which will further promote cooperation between our two countries. I hold great hope that this project can bring tangible outcomes which will contribute to the economic development and prosperity of our two countries," he said. Opportunities for further exploration and mineral extraction will depend on the outcomes of the research. Taimi o Tonga: <http://www.taimiotonga.com/Default.asp?db=1>

Indochine set to buy out Mt Kare By MOHAMMAD BASHIR

Post-Courier 12.4.2011

ASX-listed Indochine Mining last week finalised the acquisition of the two-million ounce Mount Kare gold/silver project. According to the miningweekly.com, the company said it would buy project owner Summit Development out for \$27-million, payable in both cash and Indochine shares. Indochine would immediately start on a bankable feasibility study on the Mount Kare project. The gold and copper explorer said that it was hoping to define a Joint Ore Reserves Committee-compliant resource within six months and would complete the bankable feasibility study within 18 months. "This is a significant step for Indochine, catapulting it into developer status," CEO Stephen Promnitz told miningweekly.com's Esmarie Swanepoel last Thursday.

OSL's seismic operation . . .

Post-Courier 12.4.2011

PNG's major oil and gas producer Oil Search Limited operates in some of the most difficult environments, deep in the highlands of PNG. Seismic field camps are only accessible by helicopter and potential drill sites are often inconveniently located between towering limestone pinnacles that shoot up out of the deep tropical forests. It is impossible to build roads in these areas given the difficult terrain. Therefore the Company's seismic operations rely heavily on aerial support to move people and equipment from one location to another. Pictured is the seismic crew helicopter moving a heliportable drill rig on a 200 foot long line. The drill rig is used to drill 10m deep holes, into which a 3kg explosive charge is loaded. The helicopter is being skilfully manoeuvred just a few metres above the tree canopy and the drill is carefully lowered to the ground for use. When a hole is completed the helicopter moves the drill to the next location. The operation is conducted from a camp which consists of accommodation, mess, workshops, offices and a clinic. It takes about four weeks to build a base camp and employees and contractors may spend three to four months to complete seismic surveys with longer surveys lasting up to 12 months.

Cabinet approves resources watchdog

Post-Courier 12.4.2011

THE National Executive Council has approved the establishment of a State Working Group (SWG) to investigate the implementation of Extractive Industries Transparency Initiative (EITI) concept in the country. Acting Prime Minister Sam Abal said the EITI is a concept that aims to strengthen governance by improving transparency and accountability in the receipt and payments of various revenue streams associated with the extraction of oil, gas and other mineral resources. He said membership of the SWG would include representatives from the Departments of Treasury, Petroleum and Energy, Provincial and Local Level Government Affairs, National Planning and Monitoring, Mineral Policy and Geo-hazards Management, Internal Revenue Commission and the Mineral Resources Authority. Mr Abal said the SWG would be engaged to hold discussions and negotiations with the World Bank for the provision of technical assistance to develop a detailed implementation plan for the EITI concept in the country.

“It is also a global standard that promotes revenue transparency and is seen as a means of addressing the ‘resources curse’ that has damaged many mineral and petroleum rich countries,” he said. Mr Abal said the EITI concept started in 2009 when the government requested the Asian development bank (ADB) for funding assistance for equity participation in the now defunct PNG to Queensland gas pipeline. He said one of the ADB’s conditions for providing a sovereign loan and partial credit guarantee was for the PNG government to endorse and implement the EITI concept. “As such, an independent scoping study was set up to identify the key technical, procedural and political issues that could affect the implementation of the EITI concept. “While the concept is acceptable, issues of national sovereignty must be respected by all. Following these discussions, the bank reiterated its offer of technical assistance and it has become necessary that EITI SWG be established,” he said.

PROTESTERS DISRUPT OIL, GAS EXPLORATION IN NEW ZEALAND

Government seeking legal action against protesters

MELBOURNE, Australia (Radio Australia, April 11, 2011) - The New Zealand government is seeking legal advice as to whether action can be taken against protestors who have disrupted oil and gas surveying off the North Island coast. Brazilian energy company Petrobras has a five-year license to explore for oil and gas in a 12,000 square kilometer area in New Zealand's economic exclusion zone. Protestors say deep sea wells pose a threat to the marine and coastal environment and surveying should not go ahead. New Zealand Prime Minister, John Key, says the company has a legal right to explore, but is not sure if the protest action is legal. "If that was happening on dry land then police would be able to do something about that," he said. "The question is whether the police are able to do something about that when it's in the EEZ (Exclusive Economic Zone). That position is being clarified." Police are using an air force plane to monitor the protestors.

Radio Australia: www.abc.net.au/ra

Simberi resumes production

The National, April 11, 2011

ALLIED Gold Ltd (AGLD) has resumed gold production at its Simberi gold mine in Papua New Guinea. The London-listed company, which has assets in both PNG and the Solomon Islands, said it had successfully petitioned the National Court to return to work, after milling and processing were suspended at the start of last month to repair a valve and some onshore piping to the tailings mixing tank. The Department of Environment and Conservation ordered Simberi not to resume production until AGLD had submitted detailed design to show a bunding/containment system to be built around the tank, as well as an additional leak monitoring systems and further environmental

monitoring and re-commissioning plans for the tailings mixing tank, which was done later in the month.

AGLD now expects Simberi to return to steady state production, with 6,000 ounces expected this month, after taking the opportunity last month to advance a number of planned plant maintenance activities and continue mining operations. The update comes just 24 hours after the gold miner announced it is eyeing up a move to the London main market and completed a A\$93.8 million (K250 million) share placement, for which some of the proceeds will be used to expand the Simberi project. Allied plans to expand the mine's capacity from 2.4 metric tonnes per annum (Mpta) to 3.5Mtpa to lift gold production from 700,000 ounce per annum to 100,000 ounces per annum.

Council summons Simberi Gold Mine

Post-Courier 11.4.2011

By Harlyne Joku

Simberi Gold Company Limited (SGCL) was summoned by the Environment Council to explain last Friday whether it had complied with an Environment Protection Order issued by the Council following a reported leakage in one of the mines waste tailings mix tanks last month. The Environment Protection Order was first issued on March 16 and signed by Chairman of the Council and Secretary of the Department of Environment and Conservation Dr Wari Iamo. "It has come to my attention that your activity has caused environmental harm and you have failed to comply with the Environment Permit Condition 45 as follows; the permit holder shall ensure that mine tailings from the process plant facilities are directed to the tailings disposal facilities for disposal into the Pacific Ocean at Pigiput Bay at Discharge Point 2.

The purpose of the order is to restrain the company from resuming Plant Operations at the Simberi Gold Mine until the Director of Environment is satisfied that requirements and measure asset out below have been carried out and that the operation of the plant is unlikely to cause environmental harm," the order read. But SGCL last Wednesday went to court to file for a stay order to restrain the protection order. This was not well-received by the Environment Council Members who felt the need to call SGCL to explain their action to the Council Meeting held at the Gateway Hotel. SGCL instead sent a lawyer from Gadens to represent them. Dr Saulei, who chairs the Council hearings on the Simberi case, said there has been a variation of the Environment protection Order which SGCL has to comply with despite its stay order.

The first Variation of the Environment Protection Order was issued on March 18 and the most recent on April 6 by Dr Iamo. The variation spelt out that: 1. Operation of the process plant cannot commence until all monitoring and contingency protocols are detailed within the response to the Environment Protection Order of the March 16; 2. The existing earthen bund constructed around the mixing/de-aeration tank and the outfall piping reticulation is maintained and that a concrete living is constructed; 3. SGCL provides all the engineering designs and specifications of the entire tailings pipeline system to the director by the 21st of April; 4. SGCL provides the Director a detailed Emergency Response Management Plan for Simberi Gold Mine Operations by April 21. This plan should include a Pipeline Integrity Monitoring Plan which should cover the tailings pipeline works from the process mill to the tailings mixing tank and extending all the way to the tailings outfall pipeline terminus; 5. SGCL is required to install devices in the mixing tank outfall line that allow determination of discharge volumes and samples of the final tailings discharge to be taken for analysis by April 21;

6. SGCL is required to install all the various electronic components to activate the alarm conditions for the automatic shut-off valves by the April 21; 7. Prior to the operation of the deep sea tailings placement (DSTP) system, SGCL is to test the early leak detection equipment by introducing sea-

water into the existing concrete containment bund surrounding the tailings disposal pipe adjacent to the tank to confirm that the installed sump pump functions in accordance with specifications. Dr Saulei and Director Dr Iamo said SGCL has yet to meet the requirements of the variation Protection Order. Dr Iamo said both DSTP system and alarm system has to be in operation and trial tested; and witnessed by an inter-agency State Team before he gives a written authorisation to the company to resume operations.

TWO DIE IN AMBUSH AT FREEPORT'S PAPUA MINE

Two others injured in earlier shooting

WELLINGTON, New Zealand (Radio New Zealand International, April 9, 2011) – Gunmen have killed two workers at Freeport-McMoran Copper & Gold Inc's giant gold mine in Indonesia's Papua province. A Freeport company spokesman says the shooting by unidentified gunmen left the car the two workers were in a blazing wreck, but did not affect production at the world's largest gold mine. Local police say two men died in the burning car and they will increase security in the area, with the deaths coming only a day after another shooting nearby that injured two people. The mine has been a frequent source of friction in Papua because of its environmental impact, the share of revenue going to local Papuans and the legality of payments to Indonesian security forces who help guard the site.

[PIR editor's note: The Grasberg copper mine, majority-owned by U.S. mining company Freeport-McMoRan, is the largest of its kind in the world and employs some 19,500 workers. Operations at the mine have been a major point of conflict with Papuan rebels seeking independence from Indonesia and many Papuans have been killed by Indonesian troops. One point of concern has been environmental damage caused by the huge mine. In 2009, a convoy of buses transporting mine employees was ambushed and two Freeport workers were killed and five wounded.]

Previous deadly attacks blamed on separatists have often been fairly unsophisticated with attackers poorly armed, and the military and police generally keep a tight rein on the province.

Radio New Zealand International: www.rnzi.com

LNG: Rental renewals to increase

Post-Courier 8.4.2011

By MOHAMMAD BASHIR

The Port Moresby residential market has experienced considerable stress over the last few years, exacerbated by the commencement of the LNG project, according to major property developer Nasfund. "Rental prices remain tight at the upper end. High covenant accommodation going for K3500 to K4000 per week a year ago are now ranging from K5000 to K6000 per week. This trend should continue for the next few years until increased supply comes closer to meeting demand. 2010 however will be a year of shock to many tenants, as rental renewals at the upper end will increase by up to 20 per cent." Nasfund January edition of its newsletter reported. "Looking back, the evidence to date supports that proposition. Current antidotal evidence suggests that a small number of apartments are now going in excess of that number with a range of K7000 to K8000 per week for up market accommodation with a very few going in excess of K10,000 per week. We should state that the rental hike experienced over 2010 has occurred largely due to the start up phase of the LNG project and does not reflect the up scaling of works over the two years and inflow of a large subcontractor base," Nasfund said in its March edition.

Much of the subcontracting work will be centered out of Port Moresby in various camps being established to house the construction crew. However, Nasfund said there will be a requirement for head office and senior executive staff accommodation that has not been earmarked as yet in Port

Moresby. "This heightened demand exacerbated by a growing interest in other resource projects will propel top end accommodation in Port Moresby in excess of K7000 with a potential ceiling around K8000 per week over the next 12 months. This is compounded by limited supply of new quality stock which will not become available within the next 12 months," the report stated. The 63 Apartment Complex called the edge rising out of the ground at Harbour City is Nasfund's final apartment complex for Port Moresby due for completion December 2012, pre leasing will commence shortly. In any assessment of a property market the three determinants of house prices are per capita income, supply and availability of credit. Interestingly, in Port Moresby Nasfund said there is a negative convergence in all three factors meaning crunch time is coming in most residential sectors.

PNG ECONOMY STABLE FIVE YEARS RUNNING

GDP increases 31% since 2007

PORT MORESBY, Papua New Guinea (The National, April 7, 2011) - This year will be the fifth year that Papua New Guinea will enjoy economic stability, Bank of PNG Governor Loi Bakani said. He said this on Tuesday when presenting a paper on PNG economic update at the PNG Indigenous Business Summit and Trade Expo at Kokopo, East New Britain. He said the estimated gross domestic product (GDP) from 2007 to this year was 7.6 percent. He said this was an increase of 31 percent -- from PGK1,348 [US\$521] per person in 2007 to PGK1,760 [US\$681] per person this year -- and was a major improvement on the economic conditions of economy and average per capita income in PNG. "This trend is projected to continue for the next two years or so during the construction of the liquefied natural gas project. When we come to the production and exportation of the LNG project, this is projected to go on further." He said to give a background of improvement in economy in the last few years; we had to depend on the external sector which was the global economy.

"PNG has the opportunity of having a stable government in the last few years and that was our problem in the past as unstable governments created a lot of uncertainty in terms of having inconsistent policies. Stable government has been one of those prominent components in stability and is reflected in our economy." Bakani said while there was macroeconomic stability, businesses should take advantage of it to expand activities because when the tide changed (instability), volatility in exchange, high interest rates and volatile inflation would cause businesses to have doubts about doing more business. "The improvements to rural infrastructures, marketing, downstream processing, value-added activities and products and participation of local businesses and entrepreneurs in the agriculture sector should be the focus of government."

Bakani said the summit would address how best local businesses, groupings like corporative societies, youths and women's groups could participate meaningfully in some of these activities to empower them in deriving benefits from the LNG project and strong economic growth. "We, at the central bank, will do our best to ensure the exchange rate appreciation is not pricing out our traditional export sector, making us uncompetitive in the international commodity markets." Meanwhile, Bakani said the government must focus on developing the traditional industries especially the agriculture sector which could alleviate the Dutch Disease. Dutch Disease or the resource curse refers to an economic condition where a mineral boom leads to an appreciation of the exchange rate, which in turn depresses output in the tradable sector, in this case, agriculture. He said the government must concentrate on improving the social indicators such as health, education, law and order and encourage local business as ways to lessen the Dutch Disease.

Bougainville: Miriori urges wider view on re-opening

Post-Courier 7.4.2011

By FABIAN GHATANA

A KEY architect in the Bougainville peace process has strongly appealed to all stakeholders who are aggressively pushing for the re-opening of the Panguna mine to first of all consult with the people of Bougainville. Panguna landowner Martin Miriori, who is the elder brother of the late President Joseph Kabui, said that a referendum on the re-opening of the Panguna mine and any other future mines should be conducted throughout Bougainville at the landowner level and among all Bougainvilleans. He said that if the majority voted towards the re-opening of the mine then talks on the BCA review could go ahead. He said this would avoid any potential problems in future. "Surely nobody wants to see a repeat of the same problem happening again in the future due to lack of awareness and close consultation being carried out among the people. "Therefore we must be prepared to commit all the necessary resources to approach the issue in a right way," said Mr Miriori.

He said that the application of short-cuts on the possible re-opening of the Panguna mine should be avoided at all cost. "Most people throughout Bougainville, particularly among the landowners, are already quietly complaining. "They are expressing their disappointment, claiming that they are being kept in the dark as to what has been happening so far with regard to the discussions towards a possibility of re-opening the mine. "All they get to hear is only through the media which is not good enough. "It is important that whatever we do along the way, we must always try to move together with our people instead of a minority pushing for the re-opening of the mine in isolation from the majority. "Having said that, I therefore want to re-assure the public that I am for the re-opening of the mine as long as we do it properly this time and negotiate the best possible deal for our people," said Mr Miriori.

LNG project achieves milestone

Post-Courier 7.4.2011

The PNG LNG project recently celebrated a milestone, as the first foundation was poured for the LNG plant. The LNG plant is located 20 kilometers northwest of Port Moresby and is where the natural gas will be liquefied and stored once it has been transported from the Southern Highlands and Western provinces. Peter Graham, Esso Highlands Limited managing director, said a significant amount of work had been done to pave the way for the construction of the LNG plant. "Over the past two years, the project has been progressing site preparations, road development and infrastructure to prepare for construction of the LNG plant," he said. "The pouring of this foundation represents another milestone towards building a lasting partnership between the PNG LNG project and Papua New Guinea.

"The newly poured foundation, along with hundreds of other columns, will form the skeleton of the LNG plant. "It contains 20 cubic meters of concrete and nearly 2000 kilograms of steel reinforcement – a small fraction of the steel that will eventually be needed to build this plant. "Importantly, there are currently over 1100 PNG national workers at the site, and we expect the number of workers at this world-class LNG plant will continue to grow as work begins on other parts of the plant." Esso Highlands Limited will operate the LNG plant, which has been designed by the Chiyoda-JGC Joint Venture (CJ JV). Daewoo E&C is the sub-contractor responsible for building the process facilities.

LNG: Infighting irks Sir Matiabe

Post-Courier 7.4.2011

By MOHAMMAD BASHIR

SOUTHERN Highlands statesman and three time Member of Parliament Sir Matiabe Yuwi yesterday expressed dissatisfaction over the infighting among leaders of Hela and Southern Highlands

Province. The knight was critical of the continuous infighting and disagreement among governor Anderson Agiru, Hela Transitional Authority (HTA) chairman and Education Minister James Marape, the other Open MPs and landowner leaders of the project. “What we need is for all leaders to sit down and work together for the good of the 500,000 people of SHP and Hela and not for self interest of individual leaders,” he said. Sir Matiabe said the PNG LNG developers must also not forget that gas which will be extracted from Hela Province was not a small matter to be swept under the carpet and forgotten. It must be attended to proactively and facilitated because at stake is the security of investment worth K38 billion (US\$10 billion) for the investor with a potential 10-fold rate of return to be shared by investor and the nation over a minimum of 30 years. “Esso Highlands must not forget that HTA is the vehicle which will have upper hand to the success the project. Esso Highlands Ltd neglected to understand the commitment to support the roles, functions and services of the Hela Transitional Authority (HTA) and its administration. Although the developer had articulated advertisement in one media outlet but forgot to formulate and implement HTA’s ‘outline of New System Policies’ in line with the set objectives,” he said. Sir Yuwi is a Committee Member of the HTA and person in-charge of Law & Order in Hela but questioned the creditability of the developer’s advertisement of the 4th Quarter Report of projects executed. He said the projects delivered were for the benefit of the developer.

Teachers get 16% pay hike

Post-Courier 7.4.2011

By BOLA NOHO

TEACHERS – about 46,000 of them – are the biggest winners in the government’s latest lures to keep them in their jobs because of the more attractive offers in the resources sector and compensate them for their hardship. Teachers will progressively receive a total of 16 per cent increase in their wages and various allowances starting this year and up to and including 2013. This will cost the Government a whopping K300 million, which it budgeted for with the knowledge that their previous three-year agreement expired on December 3 last year. The teachers’ biggest pay increase ever implemented since independence is 8.5 per cent more than what other public servants of the State will get – 7.5 per cent. The increase will include their salaries, housing, hardship and other allowances they are entitled to to compensate for their tireless efforts – many of them live and work in some of the most remote parts of PNG. This covers all the teachers from elementary right up to secondary schools.

The PNG Teachers Association, which had successfully negotiated the pay increases, signed the memorandum of agreement (MOA) yesterday with the Department of Personnel Management (DPM) and they should see the difference in their wages as early as next month if all goes well. DPM Secretary John Kali said a major concession was a 6 per cent increase per annum for three years on base salaries together with teaching service allowance with a minimum payment to lowest paid teachers of K75 per fortnight in 2011, K100 in 2012 and K120 in 2013. Mr Kali said the association had also opted out of K7 per fortnight and K11 per fortnight subsidies in accommodation for an across-the-board increase in all salary scales of K500 per annum. “The result of the increase is that in 2011 the lowest paid teachers will receive not less than an additional K120 per fortnight in salary and teaching service allowance and over the three years a total increase of K230 per fortnight,” he said.

Mr Kali said the starting rate for a base grade teacher would rise from K440 per fortnight in 2010 to K670 per fortnight in 2013. He added that the Government also approved the increases to allowances previously set in 2001 including the remote schools allowance to K3000 per annum, the boarding school after hours duties allowance to K2000 for principals and increased domestic market allowances for heads and deputy heads of the biggest schools and colleges and their lecturers. “Recognising that the agreement was due to expire, the Government had made provision in this

years budget for a significant pay rise for the teachers.” Mr Kali said PNGTA made a case to TSC on behalf of the teachers based on past and future cost of living increases impacting the lowest paid teachers, increased workload due to increased class sizes as a result of the universal basic education (UBE) policy and rapidly rising population.

Mr Kali said the case was also on increasing curricular demands due to educational reforms, low and uncompetitive levels of pay for all teachers particularly base grade teachers with three year diploma, increasing demands by the communities on the teachers’ own leisure time and teachers leaving the teaching service due to the high work demands, inconvenience and low pay levels. Many teachers in the Highlands have resigned from their teaching positions to work for the PNG LNG project in the Southern Highlands Province.

JAPANESE, AUSSIE MINERS VIE FOR SOLOMONS NICKEL

Sumitomo, Axiom file conflicting claims

HONIARA, Solomon Islands (Solomon Star, April 6, 2011) - Sumitomo Metal Mining company says that it is not deterred, despite recent media reports that a little known company in Australia called Axiom is pushing for a prospecting license for Isabel. Representatives of Axiom claim that they have a signed agreement with the Landowners of the proposed mining area, and are now looking at getting a prospecting license. However, the Managing Director of Sumitomo, Yoritoshi Ochi, told local media today that the company, in February, also submitted to the Mines and Minerals Board Surface Access Agreement signed with 16 land owning groups on Takata and San Jorge. "So while waiting for a response we are moving ahead with our plans and we have the strong backing of our government," said Mr Ochi.

"The Japanese government is providing at least 30 percent support to the company's investment efforts in Isabel." Mr Ochi says that this would give Sumitomo an edge over competitors as they not only have the support of its government, but a proven track record within the mining sector. "If our company mines nickel on Isabel, the operation will triple the economy of Solomon Islands," said Mr Ochi. Mr Ochi said Japan's Vice Foreign Minister Makiko Kikuta, while on a visit to Honiara in February, expressed her government's support when thanking the Government of Solomon Islands for awarding the Sumitomo Metal Mining group to carry out nickel mining on Isabel. Growing demand for nickel, particularly from emerging economies such as China and India, has made the proposed nickel mining in Isabel very lucrative. [Solomon Star](#)

Landowners take to the airwaves with their complaints

Ramu Nickel Mine Watch 6.4.2011



Common experiences in Morobe and Madang have drawn together members of various communities affected by large-scale mining and today they visited the studios of Radio Madang to air their grievances about the Hidden Valley and Ramu mines. Pictured in the Radio Madang studio is Reuben Mete, President of the Union of Watut River Communities, and other leaders speaking on Maus blo Garamut. The Union has been campaigning against environmental damage by Australia's Newcrest Mining and South Africa's Harmony Gold, owners and operators of the

Hidden Valley gold mine. Reuben is calling for government recognition of the pollution problems in the Watut river and for a compensation package that also benefits future generations.

PNG LANDOWNERS PREPARE FOR NEW OIL, GAS DISCOVERY

Deposits found in Usino, Raicoast areas in Madang

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April. 5, 2011) – In Papua New Guinea, the discovery of oil and gas in the Usino and Raicoast areas in Madang has already set momentum for mobilisation of landowner groups in the area. The oil and gas deposit in these areas has been predicted as being much bigger than the current Liquefied Natural Gas project in the Hides area. One landowner group, near Ono, Usino LLG, has already stepped up to embrace the changes that have come with this discovery and has moved to form a landowner association in the South Ramu Basin. Sagi Oil and Gas Landowners Association in the Banam Project PPL 337, received the backing of the local MP Samson Kuli through the Usino Bundi Joint District Planning and Budget Priority Committee last weekend with a whooping K60,000. At the presentation, MP Kuli assured the people that he would make sure that his people would get the same benefits or even greater like those in the current LNG project.

He also strongly advised chairman and chief negotiator Gabriel Aimai to use the money to form an incorporated land group, seek avenues for negotiations and all mobilisation matters. Mr Kuli advised against entering into all sorts of illegal deals, womanising, hire vehicles, booking hotel rooms and alcohol which he said was the result of the current demise of many landowner groups in resource rich areas. He also appealed to the people to be more humble, think more carefully, and always do things in consultation with the Usino Bundi district and the Madang provincial government. He said that this was one project that would benefit everyone and should not be seen as a family thing or individual gain. Meanwhile, the Madang provincial government also assisted with K25 000, which was disclosed by the provincial director of planning, Simon Simoi, who was also present at the event.

Australia: Mini gold rush hits Victoria

Post-Courier 4.4.2011

MELBOURNE: A mini gold rush is occurring in central Victoria, sparked by recent rains washing away topsoil and exposing glimmering nuggets. From Maryborough to Castlemaine, Bendigo to Ballarat, gold panners are scouring every watercourse they can find in hopes of making their fortunes. David Watters, who owns and operates Gold World in Bendigo, said the year's heavy rains had helped him to a 15 per cent hike in business, with prospectors regularly coming in with news of significant finds. "We had one bloke who bought a metal detector off us and made \$2500 on his first day. He found nearly two ounces," Mr Watters said. "Another customer found 25 small nuggets worth around \$1000 in a day. That was somewhere in the central Victorian goldfields, but they'll never tell you exactly where. The heavy rains wash away all the debris and move the soil, cleaning out the gullies and creeks, exposing the bedrock."

Mr Watters said 80 per cent of the world's giant nuggets (more than 500 ounces) had been found in central Victoria. "And it's likely more of the big ones are out there," he said. Mr Watters sells top-of-the-range metal detectors for \$6500, hires them from \$85 to \$125 a day, and offers a three-hour training session for \$170. Since most of the gold exposed by the floods is in creeks and gullies, panning and sluicing has become even more popular. A gold pan costs \$20, a river sluice \$235 and larger sluices up to \$700. Bush poet and prospector Peter "Whipstick" Worthington, 65, said the rains had done wonders for gold panning. "I've had a few good finds since the rains.

LNG: Tempting offer

The National, April 6, 2011

By JAMES APA GUMUNO

DOCTORS engaged by the LNG project are paid three times more than their counterparts engaged in the public sector. A surgeon at the Mt Hagen General Hospital said yesterday a doctor engaged in the LNG project earned between K7,000 and K11,200 a fortnight while the Health Department was paying its doctors between K1,500 and K3,000. This discrepancy is known by working doctors, who are currently agitating for increased perks and privileges with their employer, the state, and unless remedied, is likely to see an exodus of doctors from the public sector. Although the claim could not be substantiated by the LNG project developers, the surgeon, who wished to remain anonymous, said many of his colleagues had been and “are being lured” by the LNG project and other resource companies.

Dr Thomas Vinit, the chairman of the review committee, confirmed last night that there was a grave danger of too many specialist doctors leaving the public sector unless the state could break away from the single line salary structure to compensate specialists properly in order to retain them. “We actually did a job value study and established that there is too much discrepancy between what is on offer from private sector and what the government is paying doctors. “The government spends so much money on training doctors for up to 14 years. “ If these doctors were suddenly to leave, it would leave a big vacuum in the public health sector. “What we did (going on strike) was to prevent people from moving out. The government has got to see that.”

Vinit said if the national doctors were to be involved in a mass resignation and then return on individual contracts with the government, it would cost the government a lot more because each specialist would be demanding the market rate. “It takes the government up to K200,000 to train one doctor. To have that doctor leave with all the skills is a big loss,” he said. The Mt Hagen surgeon said it was common knowledge that ExxonMobil and its sub-contractors were attracting specialist doctors. The surgeon was considering his options too, he told The National. He said: “Why should I keep on suffering on substandard pay when there are opportunities out there which I can explore and earn a decent living for me and my family?” He said the week-long NDA strike last week should send a clear message to the government that they must improve the pay and working conditions of national doctors – pay and conditions which he claimed had changed very little in the past 20 years.

COOK ISLANDS DEPUTY TO PROMOTE SEABED MINERALS

Deputy Prime Minister London bound

WELLINGTON, New Zealand (RNZI, April 4, 2011) - The Cook Islands deputy prime minister, Tom Marsters, is traveling to London to promote his country’s vast seabed mineral reserves. He says the Cook Islands needs to market itself. Mr. Marsters is accompanied by chairman of the Seabed Minerals committee, Ben Ponia, and both will attend the Commonwealth Natural Resources Forum. The two will also be holding side meetings with Commonwealth Secretariat officials to discuss the contracting of a national mineral resources adviser. The Secretariat is managing the recruitment process of the advisor and it’s understood it will partially fund his or her employment. *Radio New Zealand International:* <http://www.rnzi.com/>

Wafi-Golpu gold deposits threefold

The National, April 1, 2011

HARMONY Gold mining company, Africa's third largest producer of the precious metal, has revealed that the company's Wafi-Golpu joint venture with Newcrest Mining Ltd in Papua New Guinea may be three times the size of its next biggest mine. According to a presentation posted on the Harmony website, Wafi may yield as much as an annual 700,000 ounces of gold and 320,000 tonnes of copper. The company was still working on sizing up the resource. Harmony, which produced 1.43 million ounces of gold last fiscal year, was digging mines abroad as depleted South African reserves became more difficult and dangerous to excavate, coupled with rising cost of labour and electricity. In the financial year ended June 30 last year, Harmony's Tshepong mine yielded about 217,000oz of gold.

The company climbed 3.66 rand, or 2.7% to 99.61 rand - the highest level since April 2009 close of the Johannesburg trading, giving Harmony a market value of US\$6 billion. Wafi may add US\$1.5 billion to US\$2 billion, or about 40%, to the value and make the company a takeover target, RBC Capital Markets said last week. Wafi's content was estimated at 16moz of gold, 4.85mt of copper and 55,000t of molybdenum, or a total gold equivalent of 38.5moz, according to the presentation. It added that only Freeport-McMoran Copper & Gold Incorporated's Grasberg mine in Indonesia and Ivanhoe Mines Ltd's Oyu Tolgoi deposit in Mongolia have higher gold equivalent grades. Harmony's management last year estimated the cost of building a mine at Wafi at US\$2.5 billion to US\$3 billion.

World Bank warning

Post-Courier 4.4.2011

By Harlyne Joku

MINERAL rich countries have been struck by the 'resource curse', hence many have ended up worse off rather than better off in terms of human and economic development indicators. These resource rich countries also have often suffered from corruption and poor governance, according to research by The World Bank Country Manager for PNG Laura Bailey. Ms Bailey made the comments during her presentation to the CIMC (Coordination and Implementation Monitoring Committee) forum on the "Impact of LNG on the Agriculture Sector" last Thursday, stressing that PNG needs to mitigate the effect of the "resource curse". Ms Bailey said the World Bank was concerned about the agriculture sector and the impact the LNG project would have in the four largest export crops, coffee, cocoa and oil palm. She said there was a connection between the resource curse and agriculture called the 'Dutch Disease'.

The Dutch Disease Ms Bailey explains, refers to the rapid increase in wealth due to appositive shock either from large inflows of foreign capital from a resource discovery. If the inflow of foreign exchange is converted into domestic currency and boosts spending in the non-tradable services sector, the real exchange appreciates. Productive resources will shift to the non-tradable sector and booming mineral sector while the no mineral sector will be adversely affected. Ms Bailey said there might have been evidence of the Dutch Disease in Papua New Guinea in the late 1990s. Between 1998 to 2000, mineral export prices rose, the real exchange rate appreciated and growth in the non mineral sector lagged that of the mineral sector.

In 2004-2008 however, when the mineral export prices were accelerating and the real exchange rate of strengthening, growth in the non-mineral sector led that of the mineral sector. Ms Bailey said it was because the government then was making sensible choices and an economy that was growing in a more balanced way then before. Ms Bailey said it was therefore critical that the Papua New Guinea government consider joining the EITI Extractive Industries Transparency Initiative. "Both

revenue management and expenditure management, communicating transparently with Papua New Guinea's citizens and with the world on how revenues are received and used, is critical to avoid the resource curse. It is critical that the government consider joining the EITI," Ms Bailey said.

Coffee industry loses to LNG

The National, April 4, 2011

THE liquefied natural gas project could have disastrous implications for Papua New Guinea's coffee industry, according to Coffee Industry Corporation economist Kessy Kufinale. He said this at a workshop last Friday focusing on the impact of LNG on the PNG economy, with particular reference to agriculture. In an apparent reference to the dreaded Dutch Disease, where a mineral boom leads to an appreciation of the exchange rate, Kufinale said this appreciation would negatively impact on kina export revenue for coffee. He painted the scenario of a 10% appreciation in kina against the US dollar from 0.339 to 0.3729. "Given the price of 100 US cents per pound will result in a loss of K35 million, 10% of total coffee revenue," Kufinale said. "Any change in the export price always affects the producers, not middle men. "A combination of lower export prices and appreciated exchange rate could spell disaster for our export industries. "Our export products will become dearer, hence, less competitive on the world markets.

"Agricultural export producers are currently enjoying high prices and a fall in price will result in more plantations, especially, going out of business." Apart from Dutch Disease, Kufinale said the coffee industry was already losing a significant portion of its skilled labour force to LNG. "Coffee exporters and plantations have reported that they have lost workers to LNG project," he said. "This creates skills gap within these organisations. "To retain skilled workers would add to their already high labour costs." Kufinale said major freighting companies operating along the Highlands Highway were shifting to service the LNG and neglecting the long-established coffee industry. "Smaller coffee exporters, especially nationals, are resorting to small private truck operators, despite the higher risks this entails," he said.

Kufinale said the port facility in Lae was unable to handle increased traffic. "Delayed shipments due to congestion is potentially damaging to PNG's reputation as a reliable supplier of coffee," he said. Kufinale said appropriate fiscal, monetary and exchange rate policies needed to be in place to mitigate these negative impacts on the competitiveness and sustainability of the country's agricultural export commodities. "LNG windfall revenues must be invested in agriculture, particularly in areas like infrastructure development; rehabilitation and expansion; quality improvement; freight subsidy; and research and extension. "We need investments in the agriculture sector that have had significant impact on the lives of our rural citizens abound. "Use these as guides to invest windfall LNG revenues if our economy and its people are to be continued to be sustained long after LNG is gone," Kufinale said.

PNG ECONOMY FORECAST TO GROW BY 9.5 PERCENT

Gas, metals, oil drive growth

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 1, 2011) – The Papua New Guinea economy has been projected to grow by 9.5 per cent in 2011 supported by the continued construction of the PNG LNG project. The economic activity in the country is measured by the growth in real Gross Domestic Product (GDP) which was around 8 per cent last year. The high growth rate in 2010 was also bolstered by increased activities in building and construction, transportation, manufacturing, housing, and some service industries related to the PNG LNG construction work. Increase in government expenditure, which included the supplementary budget

of K653.3m passed in November 2010, also contributed to the growth. High international prices of copper, gold, oil, and agricultural commodities funded the increase in government expenditure. Increased income from exports, combined with income from those industries benefiting from the LNG project, and the payments to landowners, led to an increase in private sector consumption and capital formation.

This was announced in the bank of PNG's monetary policy statement released by Governor Loi Bakani yesterday and published in full on pages 25 and 26 in today's newspaper. The production of Ramu nickel and higher expected international prices for mineral and agricultural commodities, as already seen in the first three months of the year, will result in high domestic demand by the Government and the private sector as well as capital formation at levels similar to those in 2010. Based on these developments, the BPNG projects that real GDP growth in 2011 will be high at around 9.5 per cent. Annual inflation was 7.2 per cent in 2010 in line with the bank's projection but in 2011 it is expected to rise to 8.5 per cent, which indicated that inflationary pressures still remain, including the Dutch Disease, however the BPNG says it is tolerable given the high economic growth rate. However, the bank had cautioned the government to do certain things to help maintain price stability this year and into the medium term. Among them, the bank encouraged the government to keep its expenditures within its 2011 budget of K9.3 billion and moving all trust accounts from commercial banks to the central bank.

The central bank will also open an offshore bank account for the Government, to insulate unbudgeted foreign currency tax flows from impacting on domestic liquidity. In the 2012 budget to be handed down in November this year, the bank urged the Government to appropriate for interest payments on treasury bills, inscribed stocks and central bank bills to be placed on tap for the public. It said the government should also refrain from competing with the private sector for limited production resources and instead should concentrate on maintaining existing transportation and social sector infrastructure that have deteriorated in many parts of the country, in order to improve health, education and law and order during the construction phase of the LNG project; The bank said the government should also increase capacity of the workforce by providing appropriate training in schools and colleges.

"This would also allow for the utilisation of the expertise, physical and human resources that are built up by the LNG project development, to be efficiently and productively used as and when they are released from the project," the bank said. The bank also urged government agencies to carefully monitor prices of goods being imported from lower-cost countries like China and India and ensure they behaved prudently and responsibly in passing on the lower imported prices of goods. "If the above recommendations will be accepted and implemented, the Bank is confident that the Dutch Disease phenomena will be minimised, and inflation would be contained to an acceptable rate of below the two digit level during the construction and the production stages of the LNG project." "When the flows from dividends, royalties, and taxes of the LNG project commence, the nation will be ready to use them in a sustainable, efficient, and productive way that will benefit the majority of the population," it said.

HUGE INFLUX OF FOREIGN CAPITAL POSES RISKS FOR PNG

'Dutch Disease' could backfire on agriculture

By Harlyne Joku

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 1, 2011) – Two Papua New Guinea economic experts warned yesterday that the 'Dutch disease' will be the biggest risk and threat to the agriculture sector - the backbone of PNG's economy - if not mitigated. The experts, the Governor of the Bank of PNG Loi Bakani, and the Deputy Secretary for Treasury Anthony Yauieb

said the 'Dutch disease' will result from the impact of the LNG Gas project and the new mining projects not during the construction phase but during the operation phase in 2014 in the next two years. They explain the 'Dutch disease' as a rapid increase in wealth due to a positive shock either from large inflows of foreign capital from a resource discovery such as the LNG Gas which will result in the appreciating or strengthening of the kina.

Governor of the Bank of PNG Loi Bakani told the CIMC (Coordination and Implementation Monitoring Committee) forum that the appreciation of the kina will benefit the manufacturing, building, construction, transportation and communications, commerce and service industries such as hotels but not the agriculture sector. "The LNG project has the potential to significantly raise standards of living in PNG but the other sectors such as agriculture, forestry and fisheries will not benefit directly from the project, the Governor of the Bank of PNG Loi Bakani said. He said majority of Papua New Guineans survive and depend on the agriculture sector and could be adversely affected. Mr Bakani said there is a lot of hype about the size of the project and the huge money involved- [with a large influx of capital from the] construction-phase expenditure in 2010-2012 and annual exports averaging US\$4 billion, however it has to be understood that the bulk of the setup expenditure will be on imported inputs and short term foreign labour.

Mr Bakani stressed that the LNG receipts will be owned by overseas based entities. "What is relevant for PNG is the taxes, dividends and royalties that will accrue to PNG government, and landowners which will be in the range of a low K2 billion a year to a peak of K14 billion a year. "Another way of putting it is to recall that the country's welfare depends on its GNP (a measure of its income), not GDP (a measure of quantity of output that takes its place within its borders," Mr. Bakani said. "What matters most after receiving the revenue from the project is how the government manages it to benefit the rest of the country without creating an economic environment in which growth in liquidity of the banking system and in inflation do not spiral out of control,"

Mr Bakani said. The Governor advised that the government can mitigate the effect of the Dutch disease by prudent conservative spending which will see some savings and accumulation of assets by the government over time. This will allow for the welfare of the people to improve. He also said that the BPNG will minimise the effect of the 'Dutch disease' effect through the management of the kina exchange rate. Deputy Secretary of Treasury Anthony Yaueib stressed the need for PNG to establish the Sovereign Wealth Fund abroad which will include an infrastructure fund, stabilisation fund and a future savings fund. Mr Yaueib said this would help the government mitigate the 'Dutch disease'.

Landowners shut Wafi gold operation

Post-Courier 1.4.2011

By CHRIS DONALD

THE Morobe Mining Joint Venture's (MMJV) Wafi exploration camp was shut down after disgruntled landowners closed the Wafi access road at Timini village on Wednesday. The closure came after local villagers from Gurakor and Timini villages in the Mumeng area of Bulolo District demanded compensation for a cemetery that was destroyed by the company during the construction of the access road. The villagers lodged their claims demanding compensation, saying that the cemetery was destroyed in the 1980s when the Wafi Golpu explorations started. Disgruntled villagers, numbering up to 800 men, women and children blocked the main gates of the access road at Demakwa camp site in the early hours of Wednesday morning. Gurakor village spokesperson Patrick Tai said they have written to the community affairs officer in charge at Wafi camp some months ago but he did not reply their letter. He said the community affairs visited the landowners only once before but never went back since. Mr Tai said Gurakor clan Venyangabu demanded MMJV to pay compensation on their ancestors' graves which had been dug out to make way for the access road.

He said EL 1105 and EL 1590 were their secret sites and their hunting land but the exploration has caused damage to the area. During the meeting yesterday with MMJV community affairs superintendent for Wafi Fred Teang, Mr Tai gave him 24 hours to act upon their petition. He told Mr Teang that he never consulted him (Mr Tai) as the landowner for the access road and EL 1105 and EL 1590. He said further operations of MMJV in Wafi depends on how the company addresses the first issue because it did not want to see the same mistake like in Hidden Valley to happen in Wafi. Mr Tai said the 24 hours started yesterday and will end today. But the Mumeng Local Level Government patrol officer Benson Waninara has failed to negotiate the dispute between the company and the landowners. A senior MMJV officer claimed that Mumeng LLG officers and police officers from Bulolo have received payments from the MMJV community affairs and that has become a tradition. Mr Teang said he was in no position to make any decision and urged the villagers to meet today at Gurakor village.

PNG LANDOWNERS VOW TO DISRUPT EXXON GAS PROJECT

Group says oil company reneged on promised contracts

WELLINGTON, New Zealand (Radio New Zealand International, March 31, 2011) – The chairman of a landowners group at ExxonMobil's Hides 4 liquefied natural gas development says the project won't go smoothly until the multinational company gives landowners contracts. Chris Payabe of the Hides 4 umbrella landowners association says ExxonMobil and a contracting company involved with the project, Curtain Clough Joint Venture or CCJV, promised it would award contracts for work such as catering and maintenance to a landowners' company. But he says it's given those contracts to outsiders and as a result his association shut down work at the site a week ago. "If they don't give a contract to the landowner company then I think the project won't go smooth. If CCJV and ExxonMobil don't give contract to the landowner company there will be further problems at the project site." Chris Payabe says ExxonMobil has until April the 15th to sort out a contract for the landowners company. Radio New Zealand International: www.rnzi.com

EXPERT: PNG NEEDS LAWS GOVERNING UNDERSEA MINING

Current regulations called inadequate

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 31, 2011) - THERE must be a specific legislation governing the recent approval by the Government for the world's first offshore mining project in the country, a senior lawyer has said. Camillus Narokobi who has written a thesis on the Bismarck Archipelago seas while doing his Masters degree on the studies on law of the sea, said PNG doesn't have any legislation governing the mining of our seabed. But PNG is a signatory to the 1982 United Nations Convention on the Law of the sea. And it is obliged under this International law to enact specific legislations in relation to seabed mining and the protection of its marine resources. He argued that the Mining Act and the Environment Act that are being relied on, may not be adequate for these purposes. "Under the International Convention on the Law of the Sea, PNG has to have some enabling laws so that freedom of navigation, freedom of laying submarine cables, pipelines and scientific research, freedom of fishing in the high seas and the right to transit through PNG waters. We are obliged to enact legislations to provide for this" he said.

Another PNG national, a mining expert at the Western Australian School of Mines, Kaul Gena, also supported this call and posed these questions to developer Nautilus Mineral Corporation.

* What are current ore reserves of Solwara one project and its adjacent areas?

* What mining methods are they going to use at 1700 metre depth when the ores are hosted by hard dacitic to rhyolitic lava?

* The ores consist of lead and arsenic bearing minerals, what are the possible mitigation measures that the company will use to avoid environmental contaminations?

Ok Tedi Mining tax credit scheme boosts Western's development

The National , March 31, 2011

THE Ok Tedi Mining Ltd tax credit scheme programme has contributed significantly to the infrastructure development in Western province. Since 1997 when it was launched, the programme has spent more than K187 million, with another K200 million expected to be spent in the coming years on key infrastructure projects such as health, education, government housing, government offices, water, airstrips, wharves, jetties and roads. In Kiunga alone, the scheme had funded various upgrades to schools, sealing of roads and airstrips and the construction of 38 government houses, which were completed and handed over to the provincial government last year. Currently, the tax credit scheme is funding the upgrade of the Kiunga water and sewerage system which is due for completion later this year.

Another K29 million was recently approved to develop 300 residential allotments in subdivision two, three and four in the town with work expected to begin this year. OTML community support executive manager Leonard Lagisa had called on the government to look after these facilities. He made the call when he presented the brief background on the programme at the official opening of the new North Fly office complex on March 11. "These projects, together with the new administration building, would enable the Fly River provincial government to ensure its employees are provided with a good place to live with the best facilities, and hopefully this would translate to better services to the people of Western province." The programme provided the Western between K15 million and K25 million every year," Lagisa said. "These funds were derived from 0.75% of OTML's accessible income.

Lawyer warns government on seabed mining

Post-Courier 30.3.2011

By TODAGIA KELOLA

A SENIOR lawyer has warned that the Government must be very careful in its handling of the world's first offshore mining project in the country, the Solwara 1 project. Senior lawyer Moses Murray, who may also be the only Papua New Guinean lawyer that has studied Seabed law, raised this concern saying there is yet to be a proven technological know-how for marine mineral exploration where developing and developed countries are yet to experiment on and PNG might be a guinea pig in this project. He raised these concerns after Prime Minister Sir Michael Somare announced yesterday that Cabinet has made a decision to approve the arrangement for the State to take up 30 per cent equity in the Solwara 1 project. "Let us not be blind by the kind of money to be generated and ask ourselves if we are ready to take control of such an adventure or is owning 30 per cent of the profit good for PNG as a whole. Can we not wait and check this out carefully first.

"Is there a country or mining company in the world that has successfully mined the ocean sea bed? Or is PNG a guinea pig in this exercise that has inflated our minds with big bucks and generate employment. What about the negative effects that would be borne on the sea life which in turn will affect the people closer to the sea bed mining?" he asked. Mr Murray said the international situation on marine mineral exploration at present is unstable, and because of the importance of detailed knowledge of the processes regarding the ocean floor exploration, it requires generous funding. Even national oceanographic efforts at present can be best described as stagnating and somewhat confusing, because very few results are known. Environmental, pollution, and resource studies are

needed everywhere, especially following the introduction of an Exclusive Economic Zone around the coastal States.

He explained that because PNG's knowledge about the oceans and their influence on the earth environmental state as a whole is limited, stimulation and international co-operation are necessary in all sectors of oceanography, including the marine minerals. "It is most important that we increase our efforts on sea-floor inspection," he said. He also posed these questions. Do we have trained manpower in this kind of sophisticated mining as opposed to onshore exploration and mining? Do we have our own trained scientists to properly assess and evaluate environmental damage and pollution of our sea waters or are we to use what other scientists tell us as truth? Do we have our own trained exploration geologist who can understand mineral deposit models, interpreting geophysical and geochemical results, and properly treating large number of data from exploration surveys or are we again to depend largely on explanations given by outsiders who are part of the company conducting the mining?

Deal on Solwara 1 inked

The National, March 30, 2011

By BOSORINA ROBBY

THE Solwara1 deep-sea mining project of Nautilus Minerals Inc is set to begin production in 2013 following the official contract signing between the company and the state nominee, Petromin Holdings yesterday. The deal will finalise project details to pave way for it to start. The project is said to set the benchmark as the world's first deep-sea mining venture with capital investment of about US\$387 million, which is almost K1 billion in the 20 years of its lifespan. Operating in the Bismarck Sea near New Ireland, Nautilus' exploration results had shown that there were high-grade mineralised copper deposits 1,600m below sea level and extending to a maximum depth of 52m below the seafloor.

The exploration and drilling results showed that the site was expected to produce around 800,000 tonnes of copper and up to 200,000 ounces of gold a year. It is speculated that the project begins a new factor in the mining industry with the start of the first deep-sea mining project. Nautilus chief executive officer Stephen Rogers said yesterday the signing signified a milestone for both parties as they moved into finalising the details to start production. Petromin chief executive Joshua Kalinoe said this was also a significant opportunity for Petromin in terms of exposing staff to the opportunities to advance in all fields that the new technology that would be used in the project. He said Petromin, which owns 30%, would be meeting the costs on its own strengths while Nautilus as the operator would put up 70%.

Prime Minister confirms state's stake in seafloor mine

The National, March 29, 2011

CABINET has approved the arrangement for the state to take up equity in the Solwara1 project that it hopes will be the first in the world to lead to mining of the seafloor. The project, by Canadian developer Nautilus Minerals, involves mining for gold and copper found in high concentrations in massive sulphide deposits over a 59km² section of the Bismarck Sea, at depths of about 1,600m, 50km north of Rabaul. Prime Minister Sir Michael Somare's announcement yesterday of the cabinet approval followed an earlier announcement last month by Mining Minister John Pundari that the government would take its full 30% stake in the venture – more than US\$100 million. Sir Michael said in a statement that Solwara1 was among the priority projects to create jobs, increase revenue earnings and boost foreign exchange. "The project will be mining very rich seafloor massive sul-

phide (SMS) deposits and will generate over US\$140 million directly into the economy.

“The approval of the arrangement has preserved the right of the state to acquire up to 30% equity in the whole value chain of the project,” he said. “Being the first offshore mining project to be granted to mine massive sulphide systems on the sea floor, the government had ensured that the people of Papua New Guinea benefit through the state’s participation in the whole value chain of this milestone mining project.” He said the state’s right for equal participation would be exercised through its nominee Petromin PNG Holdings Ltd. This was consistent with current policy and law that Petromin was the state nominee for designated mining and petroleum projects. Sir Michael also said Solwara1 was a first of its kind, involving an equity position by the government.

“This is the first time that the government has taken an equity position in a medium scale mining project that will be developed under a mining lease,” he said. “This now sets a policy precedent that the state will take equity participation in future mineral projects that are to be developed both under special mining lease and mining lease, for both onshore and offshore mining developments.” Nautilus Minerals capital investment in the project would be about US\$387 million over the lifetime of the mine. Early this year, the government granted a 20-year mine lease for the project as well as set certain conditions in the mining lease to guide and control development. “I must commend Pundari, for successfully securing the project development as well as ensuring the state’s equity participation in this project,” Sir Michael said.

CHINESE MINING FIRM DENIES NEW PNG TOXIC SPILL

Allegations of second spill at Ramu Nickel mine

By Joshua Arlo

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 29, 2011) - China Metallurgical Company (MCC), developer of the Ramu Nickel mine has denied allegations of a second chemical spill in the waters of the Basamuk area recently. Unverified reports coming in from Madang claimed that a Chinese mine worker was injured as a result which had resulted in the locals raising concerns that the government was yet to show up and address their safety concerns. MCC General Manager, Corporate Officer, Wu Xuefeng said that although he was ‘aware’ of the reports, he stated that it was not true. He alleged that it was just part of a smear campaign to sabotage the mine operations by the mine’s ‘invincible friends’ from the ‘Mine Watch.’ According to Terry Kunning of the Mindre village in the area, he was told about the second spill by a visiting Australian safety officer and a Dr. George Wang of the MCC Ramu Nickel mine, along with some locals who were working with the mine as Community Affairs officers.

Mr. Kunning claimed he was told that workers on a second ship, that was also transferring chemicals to the mine’s storage tanks for the Deep Sea Tailing Operation (DSTP) while rushing to flee out to sea following the tsunami alert on the night of March 11, had disconnected the clip hose used in the chemical transfer when the pump wasn’t properly turned off, and this caused the chemical alleged to be sulphur, to spray into the air and back into the sea. A local security officer on duty at the time is alleged to have told Kunning that a Chinese worker from the mine was in the way when the spraying occurred, and was rushed to the hospital with skin burns. However he was unable to say what was the current status of the injured worker.

Kunning was however unable to reveal how long the liquid chemical was left ‘spraying’ into the air before it was turned off, but said he hoped it did not exceed the ‘only’ 2 liters that was spilled into the Bay by a ‘leak’ during the first transfer. So far no government agency had visited the Basamuk men, women and children, since their calls for a study to assure them that the sea water and corals were safe right after the first spill, when the reefs turned white and now, the second spill. He alleged

the company was saying the sea would not be affected and the reefs turning white still stands as 'nature taking its course,' despite that happening coincidentally after the first spill.

PNG LANDOWNERS AWAIT COURT DECISION ON RAMU MINE

Plaintiffs oppose plan to dump toxic tailings in Astrolabe Bay

By Joshua Arlo in Madang

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 29, 2011) - Over 1,000 affected landowners of the Ramu Nickel mine project site in Astrolabe Bay were waiting to see if the National Court would permanently stop the mine's developer China Metallurgical Company (MCC), from going ahead with its proposed mine waste dumping system (DSTP). Justice David Cannings was expected on April 15 to get a tentative date for when the decision would be delivered. Parties in the case were to appear on that date to fix up some related issues and confirm the filing of the summary of the project site visit taken by parties' lawyers and Justice Cannings on March 2. The visit followed a three-week substantive trial from February 8 to 23. The plaintiffs, represented by Tiffany Nonggorr alleged that MCC had breached the Environment Act and made a claim of nuisance that the proposed waste dumping of the mine tailings - deep sea mining disposal system (DSTP) – which contains toxic chemicals, was likely to cause serious irrevocable damage to the bio-diversity of the marine resources they depended on.

The 1,081 plaintiffs led by principal landowner plaintiff, Louis Medaing, had made statements to the effect that they did not want their and their peoples' land and sea destroyed by the DSTP. They sought a permanent injunction to restrain the dumping by Ramu Nickel, of their mine waste into the sea. An interim injunction was obtained in October 2010 which restrained any dumping of mine waste by Ramu Nickel into the sea pending this trial. The main thrust of this action was a case by way of nuisance against the miner seeking a permanent injunction to prevent destruction of the Plaintiffs' marine environment. They submitted that both the miner and the government had failed to conduct the proper studies to ascertain whether or not this marine tailings dumping would have an environmental impact and that the miner had been aware for 11 years of the need for further oceanographic studies but had simply failed to conduct them.

Mrs Nonggorr submitted that government was aware for 11 years of the potential disastrous effects of the dumping but to date had failed to carry out the necessary investigations and had not conducted the necessary oceanographic studies and had 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. MCC counsel, Charles Serri, QC, submitted that the plaintiffs showed 'zero evidence' on their claim of nuisance. He submitted that the for the proposed waste dumping which would be 400 meters offshore and dumped at a depth of 150 meters, there would be no damage as nothing was there. He submitted that assuming that the tailing did not behave as expected to be settled in the expected footprint, the effect of damage would be relatively 'benign' when it did reach the surface or drift onshore.

Bougainville: Government, ABG aim to sign agreement

Post-Courier 28.3.2011

By GORETHY KENNETH

THE National Government and the Autonomous Bougainville Government are aiming to sign the Panguna Mine Heads of Agreement by end of November 2011. Bougainville Affairs and Trade Minister, also Regional MP Fidelis Semoso announce recently in Panguna and Arawa during his meetings with rebel hardliners that he plans to have responsible authorities sign the Panguna Heads of Agreement by November 2011. ABG vice president Patrick Nisira also told the Post Courier it is

possible to sign the HOA in November and if that is the plan by the National Government, ABG is in full support and would work together to implement it. Nisira was speaking at the reconciliation ceremony between ABG president John Momis and the representatives from the Panguna landowners in Buka last Friday.

The HOA is part of the four steps agreed during the recent Joint Supervisory Body (JSB) meeting, and is the last of the four to set the pace for the beginning of the review of the Bougainville Copper Agreement. The steps include social mapping, environmental impact study, baseline survey and eventually the HOA. "I want the Heads of Agreement by November 2011. By doing this, it basically means we can now begin the Bougainville Copper Agreement review," Mr Semoso said in Arawa. "Basically the issue means that we will commence the review of the Bougainville Copper Agreement once the HOA is signed....the heads of agreement will decide...it's like a playing field. It will decide what is inside and what is outside.

"Bougainville, we are not like other provinces, Bougainville we have a time limit, we don't have the time anymore. We don't have time to waste. "As the National Minister responsible I want to make sure we get the heads of agreement signed by November 2011. "The National Government is fully committed and I want to see the HOA fully complied with. "I believe all these things can be done in three months but only if the responsible authorities like the ABG, National Government and basically the PNG and Bougainville Mining Divisions work together to make this happen. "I am sure if we all work together we can actually achieve this ... That's an issue I want to discuss with Ishmael (Toroama), Chris (Uma) and Moses Pipiro.

"I am now issuing a challenge to the ABG, and specifically the Department of Geohazard and Mining plus the Mining Division in Bougainville to progress the resolution. "The onus is now on the technocrats with the drive from the responsible leadership. "The people of Bougainville don't need an open ended negotiations. The process of the review is very important and the people need to be fully informed on what is happening. I am more concerned about the review and focus on when the first gold will be produced," he said.

Landowners make peace over mining issues

Post-Courier 28.3.2011

By GORETHY KENNETH

BOUGAINVILLE witnessed another milestone achievement last Friday — the reconciliation to end issues, differences and misunderstandings among landowners of the now defunct Panguna mine and the region's president John Momis. President Momis and the Panguna landowners' association executives created a breakthrough in the history of the region and reconciled for the first time since the crisis. The reconciliation ceremony between President Momis and the representatives of the six mine lease areas led by interim chairman Chris Damana and Lawrence Daveona paves the way for Bougainville's prosperity and easy access to negotiations of re-opening the Panguna Mine. The ceremony was two-phased; a meeting at the Parliament's Executive Council room at Kubu with Momis and his Cabinet and later the reconciliation ceremony at the Bougainville Administration conference room in Buka.

Head of the six mine lease areas took their seats. Chris Damana as the interim PLA chairman, Theresa Jaintong as the interim chairperson of the Siokate lease which covers Arawa urban, Benedine Kira as spokesperson for the Lower Tailings, Scholastica Meuka led the Port Access Road Mine, Severinus including those of the Upper Tailings and the Special Mining Lease and Tarciscius Karuai of the Port Access Road Mine. Momis was happy to hold the hands with leaders again and shake hands. All present shed tears during the ceremony. ABG vice president Patrick Nisira, at the forefront of this ceremony said he started working on the reconciliation plans since December 2010

and last Friday, he was proud to see the fruit of his work. Before the ceremony Nisira announced it would only be refreshments served and that there was no pig feast to celebrate. “The size of the pig doesn’t matter, the size of the occasion does,” he said.

This ceremony now paves way for us to further our negotiations on the re-opening of the Panguna mine.” Momis congratulated the leaders for coming together to negotiate the mine re-opening and other issues. He spoke of the wealth of experience Bougainville enjoys and has appealed for unity to move Bougainville forward. Chris Damana who spoke on behalf of the landowners said he was a happy man as it singled out the way forward for the ABG and the people of Bougainville. He said the ceremony will now pave way for economic recovery on Bougainville. He appealed to the media to report the truth and be sensitive to the Panguna issues. He also challenged the landowners to take the reconciliation from their hearts and to work with ABG for prosperity on Bougainville.

Porgera: Barrick says chief’s comments taken out of context Post-Courier 28.3.2011

MINING Minister John Pundari is angry over comments by Chairman of Barrick Gold Peter Munk that “gang rape is a cultural habit” in the Porgera gold mine area which had been attracting international attention particularly among the NGOs in Canada. But Barrick Gold which owns majority shares and is also the operator said at the weekend that the Canadian newspaper ‘Globe and Mail’ which reported the issue had taken Mr Munk’s comments out of context and reported only a small portion of the whole interview. Mr Pundari said the comments were unwelcomed and insensitive. It was reported in the Post-Courier on Tuesday January 18. that police had began arresting terminated employees of Barrick at the Porgera Mine who were implicated in alleged sexual assaults against women. “Barrick conducted its investigations and subsequently invited the Chief Ombudsmen and the Police Commissioner to conduct their own investigations into these allegations of human rights abuse and the Police chief was very vocal and firm with the issue and those involved,” Mr Pundari said.

Mr Munk, the founder of Barrick commented in Globe and Mail in defence of his company by stating that firstly, it would be impossible to police the behaviour of 5,500 employees and secondly, that it was so particular in countries “where gang rape is a cultural habit.” Mr Pundari said Mr Munk comments that this was a cultural habit was totally insensitive and disrespectful to the country that Barrick operated in. Barrick Gold’s Australia-Pacific President, Gary Halverson, said at the weekend that the recent comments attributed to Mr Munk did not fully represent his complete view on the subject of human rights and the Porgera Joint Venture. Mr Halverson said that Mr Munk strongly condemned the allegations of rape as unacceptable to Barrick, and expressed his desire to see anyone guilty of such a crime brought to justice. “During the interview with the Globe and Mail Mr Munk repeatedly condemned human rights abuses, but regrettably, only a small portion of this conversation was included in the resulting article.

“I can reassure the people of Papua New Guinea that everyone at Barrick, from the chairman to our frontline employees, condemns human rights abuses in the strongest possible terms. Such behavior is completely incompatible with our values, and our commitment to responsible mining with respect for human rights and human dignity.” “We fully acknowledge that such abuses are as unacceptable to the peoples of Papua New Guinea as they are to us, and we recognise the deep respect with which women are held within traditional PNG society.” “Furthermore, we have publicly applauded the response of PNG authorities to these matters, and our officers in PNG continue to work closely with police and others in their work in this regard.”

Mr Halverson said that the company continued to advance and implement a wide range of measures to ensure human rights compliance at the Porgera Joint Venture. “To help address this problem,

Barrick and the Porgera Joint Venture are funding research and expanding services for victims of violence through the creation of an independent Women's Welfare Liaison Officer based in the Porgera community." "We are also evaluating further initiatives aimed at tackling violence against women in the country," he said. "Everywhere in the world where Barrick Gold operates, we remain fully committed to a zero tolerance policy when it comes to human rights abuses," Mr Halverson said.

Letter to the editor

Simberi gold mine: A national disgrace

Post-Courier 28.3.2011

Thank you Post-Courier for the highlight on the front page of your paper Wednesday March 9 "Cyanide spill shuts Simberi Mine". The spillage demonstrates carelessness on the part of the operator and I urge the Minister for Mining to cancel the developer's license and shut down the mine for the good of Simberi Islanders and the whole of the Tabar Group. Simberi Gold Mine is a national disgrace! From the beginning, the developer was allowed to establish itself on Simberi with little or no involvement from both the National and Provincial Governments. There had been various forums and stakeholder meetings held to review the MOA and deal with the unscrupulous investor who is being allowed free reign and heavy handed tactics to exploit the landowners.

The State is overly concerned about investor confidence at the expense of the resource owners. The National Government is well-versed with the problems there and has failed miserably in its duties to protect the landowners. In fact, there are a lot of unresolved issues pertaining to the MOA and the future of the mine and I invite the Minister for Mines to seriously consider and approve delicensing of the Simberi Gold Ltd. The benefits to the landowners and the whole Tabar Islands Community are of no real value to us in comparison to the millions of kina the developer is sending overseas and the apparent damage to the environment. Simberi Gold Ltd has not made any improvements in the living standard of Simberi islanders or the entire New Ireland Province for that matter, and the situation is much the same or even worse than before. There is no justice in the benefits sharing and be warned that God will punish those who marginalise the resource owners.

John Blaise Maradangoi, Mangi Tabar Island

PNG'S NEW IRELAND PROTESTS HEAVY TAX BURDEN

Provinces 'squeezed like colonies'

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 28, 2011) - Provinces are being squeezed like colonies, says the New Ireland Provincial Assembly chief and PEC chairman for Economic and Infrastructure sector, Marius Soiat. He said, "It is as if the provinces of this country are colonies. The National Government squeezes New Ireland for every kina it can get. Our gold mines provide the National Government with hundreds of millions of kina a year, but when it comes to paying New Ireland the liklik toea [little money] they have promised us they just ignore us as they laugh on the way to the bank." [*PIR editor's note: New Ireland is an island province in Papua New Guinea located to the north of the country's main island. The Kavieng Airport is on the northwestern tip of the island.*]

Mr. Soiat said the closure of the Kavieng Airport was the latest in a long series of insults to the people of New Ireland and the people of the country. "The National Government has promised for years to pay the PGK4.4 million [US\$1.6 million] they owe the landowners for the land at the

airport, but so far they have not paid a single toea. "The Minister for Finance and Treasury promised the money in January. But all we get is promises, promises, promises, and no action." "It is the same thing with the hundreds of millions of kina worth of money and projects National Government owes New Ireland under the Lihir MOA," he said. "We have sat down to negotiate more than a dozen times and have been promised payment over and over, but again it is all promises, promises, promises and no action."

Chief Soiat said the National Government had had the same disrespect for the people of the province in the dealings over the Nautilus Minerals Solwara 1 Project. "We told them, the people of New Ireland told them - over and over - that we do not want deep sea mining in our waters. The solwara is the garden of New Ireland, and we do not want it spoiled. But do they listen? No. The National Government went ahead and issued a deep-sea mining lease to Nautilus even though the people refused to take part in any of the discussions." "Just last week we had a visit from Petromin, and they told us they had been granted an exploration license to explore for oil and gas."

Ramu: Power project MOA reviewed

Post-Courier 28.3.2011

By FRANK RAI

THE Ramu 2 landowners for the proposed 240 mega watts power plant in Yonki are all geared up to get the project off the ground after a successful review of the memorandum of agreement (MOA) last week. The landowners from the project site with their consultant McKoinal Engineering and Computer Technologies, a local consultant firm successfully reviewed the draft MOA and will present it to PNG Power Limited for further deliberations. The four clans of Ramu 2 in the Kapore area at Yonki reviewed the MOA where additional changes were made to accommodate local participation in the project. According to the locals during the meeting in Lae last week, the proposed project will cost PNG Power Limited (PPL) a massive K1.5 billion to K3.5 billion to construct the 240 mega watts power plant, the Ramu 2.

The proposed site for the Ramu 2 Hydro Power Plant will be at the foot of the current 80 mega watts Ramu Hydro Plant. This will be a hallmark for PPL to alleviate the burdening power outages in the Highlands and the Mamose regions including the mining areas. Ramu 2 landowners meeting Chairman Eddie Yainta said the MOA had been reviewed to basically screen local participation in the project, business spin offs, benefits and environmental issues. "We have gone through the terms and conditions of the project, business spin offs, employment opportunities, environmental issues and scope of work. We do not have to be spectators all the time on our own land," Mr Yainta said. The chairman said the review would also help them to work closely with PPL to get the project off the ground on a mutual understanding for the benefit of all parties involved. Mr Yainta, who is also the chairman of Anonantu Landowners Association pointed out that the land dispute between the Baene and Umanantu clans of Kapore has been settled by the Eastern Highlands provincial Land Court.

Government: Mine wastes policy vital

Post-Courier 28.3.2011

By HAIVETA KIVIA

MINING Minister John Pundari says the Papua New Guinea Government needs to have its own policy regarding mining waste disposal. The PNG Government is currently developing the policy guideline with funding from the European Union. Mr Pundari's speech was delivered as the keynote address at the launching of the Inaugural Mining Emergency Response Challenge staged in Lae, Morobe province over the weekend. Ok TedI, Lihir, MMJV's Hidden Valley, Porgera, Niugini Mining, Simberi Gold and Tolukuma mines took part in the two day challenge staged at the Lae

Show Grounds. The minister's speech was read on his behalf by his First Secretary Sam Talepakali, because he had to attend to an urgent National Executive Council meeting after Prime Minister Grand Chief Sir Michael Somare was suspended by the Leadership Tribunal.

Mr Pundari stated that the national government had realised that it needed to have its own policy guidelines on mining waste disposal. The policy will also guide the screening of mine waste disposals submitted by mining companies. He stated that from this policy guideline the national government would be able to approve or disapprove the waste disposals plans of a mine, and also make recommendations for improvement or adjustments. He said the national government is in the process of developing a policy guideline with sufficient controls to regulate mining waste disposal in the country. "This is to ensure a safe and responsible manner that does not endanger the environment and the lives of the people," he said.

Mr Pundari stated that further public consultation would be carried out by the Department of Mineral Policy and Geohazard Management in the regions, commencing next month. The program for the public consultation will be published in the newspapers shortly. Mr Pundari also stated that the other policies such as downstream processing, mine closure and the social impact assessment policies were also being developed. He also stated that the government was looking at reviewing the Mining (Safety) Act 1977 to suit the international best practices in areas of mine, health and safety. He said currently, Papua New Guinea could boast of mines of the highest international standards.

MELANESIA LEADS ECONOMIC GAINS IN PACIFIC

6.3 growth reflects rich natural resources

By MA. Stella F. Arnaldo

PASIG CITY, Philippines (Marianas Business Journal, March 27, 2011) — The Asian Development Bank projects a 6.3 percent economic growth for the Pacific region in 2011, as most of the nations are seen benefiting from the overall recovery of the world's major economies. But the Manila-based multilateral bank also warned of the risks of even higher inflation among the few import-dependent island economies owing to higher world food and fuel prices. The new estimates and insights on the region were published in the February 2011 edition of the ADB's Pacific Economic Monitor which reports on economic developments of 14 Pacific nations: Cook Islands, Fiji Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Palau, Papua New Guinea, Nauru, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu. The estimated 6.3 percent growth in 2011 was higher than the 5.1 percent projection earlier published in the ADB's Asian Development Outlook update of September 2010, the bank's annual report card on member-economies.

The 6.3 percent growth was also an increase from the 5.3 percent growth posted by the region in 2010, according to the PEM report. Excluding PNG and Timor-Leste, the Pacific island economies are estimated to grow by 1.7 percent in 2011, from 0.8 percent in 2010. The PEM reported "the strongest gains are expected in the resource-rich countries that are benefiting from both major new resource projects and better world commodity prices." These countries are Timor-Leste, PNG, the Solomon Islands and Nauru. "Timor-Leste is projected to grow by 10 percent on the back of continuing expansion in government expenditure funded by offshore petroleum revenue. Preparations for production of liquefied natural gas will continue to support the PNG economy, which is projected to grow at 8.5 percent in 2011. The recommencement of gold production is projected to help expand the Solomon Islands economy by 7.5 percent in 2011. Increased phosphate exports are expected to help Nauru return to a moderate growth rate," the PEM said. "Overall, the Pacific economy is doing better thanks to improved world economic conditions.

However, this masks sharply different performances across the region," Robert Wihtol, director general of the ADB's Pacific Department, said in a press statement. "The resource-rich economies are well placed to record high rates of economic growth, but the smaller and more remote economies are exposed to the costs from rising world fuel and food prices." The Palau economy is seen expanding by 2 percent in fiscal 2011 (year ending Sept. 30), on the back of stronger tourist arrivals. The 2011 projection matches the 2 percent growth in fiscal 2010, which was actually higher than the 0.5 percent earlier projected by the ADB's Asian Development Outlook last September. The fiscal 2010 growth was a turnaround from the 3 percent contraction in 2009 as the boost in tourist arrivals - up 11.7 percent in fiscal 2010 - compensated for a reduction in public expenditures. The PEM reported that before fiscal 2010, tourist arrivals had posted a cumulative 16.5 percent decline in the previous two years. "This marks the first year of GDP (gross domestic product) growth after four consecutive years of contraction. Growth in tourist arrivals is expected to continue this year....," the PEM report said.

According to the Palau Visitors Authority, for calendar year 2010, tourist arrivals jumped 19 percent to 85,593, from 71,887 in calendar year 2009. For January 2011 alone, tourist arrivals reached 9,308, up 35 percent from 6,909 recorded in January 2010. A large chunk of the January 2011 tourist arrivals came from Japan (3,453), Taiwan (3,066), and Korea (1,204). The ADB continued to stress the need for the Palau government to maintain fiscal discipline and keep addressing the weaknesses in the budgetary process. "Although expenditure cuts were initially imposed on the fiscal 2010 budget, these were partially reversed by supplementary budgets passed later in the year." But the PEM noted: "Some progress, however, has been made in terms of correcting the recent trend of over-optimistic government revenue projections, which had led to drawdowns in cash reserves and an accumulation of debt." For the FSM, the economy is projected to widen slightly to 1 percent in fiscal 2011, from the 0.5 percent estimated expansion in 2010. The optimistic estimate is based on the assumption that infrastructure projects lined up this year would be fully implemented with the release of much-delayed infrastructure funds. The PEM added that "the completion of the Pohnpei airport this year could potentially expand opportunities for tourism and exports." But the report warned that the "continued sluggish development in the private sector" would remain to derail sustained economic growth.

The report noted that fiscal initiatives by the FSM government have vastly improved since fiscal 2009. But it also stressed that there has to be a "comprehensive approach combining expenditure cuts, increased revenue, and structural reforms is needed to address fiscal sustainability." Similarly, the Marshall Islands is projected to grow by 1 percent in 2011, from an estimated 0.5 percent GDP increase in 2010, due to an anticipated increase in foreign grants. The growth in 2010 was a reversal of the contraction in the economy in the past two fiscal years, and was supported by the increased government spending funded by official development assistance, and larger fish processing output. The Marshall Islands economy this year is also expected to benefit from the new licensing system for long-line fishing vessels that went into effect in the Pacific region in January 2011 that would help manage the catch of tuna among eight participating nations. The seven other participating island nations in the regional fisheries agreement include the FSM, Kiribati, Nauru, Palau, PNG, Solomon Islands, and Tuvalu. In October 2010, the same licensing system was also adopted for purse seine vessels which catch skipjack tuna. Long-line vessels, on the other hand, catch bigeye tuna.

The PEM warned, however, that the Marshall Islands' growth "could be undermined by the rise in global commodity prices as the country is highly dependent on imports, and possible further downsizing of the U.S. military base in Kwajalein." The PEM also underscored the improvement in the Marshall Islands' fiscal balance, undertaking major reforms in anticipation of the termination of grants from the U.S. under the Compact of Free Association agreement between both countries by 2023. These fiscal reforms "include developing a comprehensive tax reform plan and expenditure-

side reforms. Broad-based expenditure reduction was imposed by the government in the FY2011 budget. However, more specific expenditure cuts remain necessary to achieve fiscal sustainability." Meanwhile, the ADB projected a rise in consumer prices in the Pacific by an average of 6.5 percent in 2011, faster than the 5.3 percent posted in 2010. For the island economies (excluding PNG and Timor-Leste), the inflation rate is estimated at 4 percent for 2011. "Learning from the 2008 experience of high commodity prices, the FSM, Kiribati, Marshall Islands, Palau, and Tuvalu are at most risk from the inflationary effect of higher world commodity prices," especially for fuel and food, Wihtol emphasized.

For Palau, FSM, and the Marshall Islands - more remote and import-dependent economies - consumer prices are projected to rise by an average of 4 percent in 2011. In the ADO update of September 2010, the inflation rate in these economies were predicted to average only 2.93 percent inflation in 2011. Most of these economies import their fuel, food and agricultural products but their distance from major shipping points and hubs have pushed up local prices. "The increase in commodity prices became acute in the latter part of 2010, the PEM cited. "The IMF's food index rose sharply in December 2010 to a level close to its June 2008 peak. Prices of coconut oil, palm oil, and logs, the region's major export commodities, are also up. Continued robust demand from Asia and weather-induced supply disruptions are among the factors contributing to the price increase." The volatile political situation in the Middle East and North Africa has also contributed to the jump in crude oil prices, the PEM said, thus pushing higher the inflation risks for the FSM, Kiribati, Marshall Islands, Palau, and Tuvalu. [Marianas Business Journal](#)

Ramu: Lack of govt support disappoints Semri

Post-Courier 25.3.2011

By Luana Paniu

Fisheries Minister and Middle Ramu MP Ben Semri is disappointed that the Government is not helping landowners of the Ramu nickle mine in various benefits sharing and other projects as is the case with the liquefied natural gas project. "I am totally disappointed that there is no Government presence through the Mineral Resources Authority to guide you through your projects and benefit sharing the way they have with the LNG project," Mr Semri said when addressing three landowner clans. Mr Semri said a lack of guidance for spin-off businesses and activities that would clearly benefit the landowners was not clearly verified. "We have been kept in the dark as to the status of what is happening so far (with these developments)," he said.

Mr Semri said in the event that government assistance was given, then money must not be misused but injected back into the community from Usino Bundi to Basamuk and eventually into Madang. "If government assists, then you must learn from other resource rich landowners and don't make the same mistake of misusing money (like grants), instead inject it back into your communities," he said. Mr Semri was addressing members of three clans who signed a memorandum of agreement yesterday to settle an out of court dispute over block 3 of the Krumbikari Special Mining Lease (SML) area at the Parliament house yesterday. Under the MOA, the Tingina, Nokomboi and Sirigami clans of the Krumbukari SML area have now united under one association and have agreed to share benefits from royalty distribution.

Consultant Paul Piru told the Post Courier that the delay in the Lands Title Commission (LTC) hearing had resulted in landowners of the Ramu nickle mine project missing out on benefits resulting in the Alternate Dispute Resolution or out of court settlement to unite as an association. "The clans have been waiting patiently for four years for the LTC to conduct their hearing which is scheduled at an indefinite date next month pending renovations to the Madang courtroom by MRA," he said. Sir Arnold Amet also stated the MOA between the State, landowners and developer

did not clearly define how royalty payments would be distributed and this needed to be reviewed. “Government does not recognize the ILGs, just the landowner associations,” he said.

Ideal climate urged for mine investment

The National, March 25, 2011

By PATRICK TALU

THE mining sector, which was said to have contributed K9 billion, or 76% of the total export value to the economy, is being challenged to create an environment conducive to mining investment. Dr Friedrich-Karl Bandelow, the project manager of the Geological Mapping and Mineral Potential Assessment of the PNG Highlands (Geomap), said the onus was now on the government through the Mineral Resources Authority to sustain the project and attract mining investors. He made the comments when he disclosed the conclusion of the Geomap project. Bandelow, who uncovered some hidden mineral deposit from the five-year project under major a component of the mining sector support programme (MSSP) funded by the 8th European development fund, said PNG had vast mineral deposits that if made conducive to investment, would have an immense impact on the economy.

He said the Geomap project had delivered 15 geological maps and 17 sets of geochemical maps. It also analysed 48 mineral elements while working on the compilation of 38 technical reports alongside the training of nine local geologists. All this, Bandelow said, had set the foundation for mineral sector to be competitive in the global mining sector. Dr Bill McCourt from the British Geological Survey, who was also part of the consortium, said it would be a pity if the MRA and the government were unable to sustain the Geomap project and its recommendations. “This Geomap was one of the most difficult and successful projects in the world. “It would be a shame on the part of the government if it was unable to build on the foundation set. “It would be a pity if it (Geomap) is not being sustained and extended to other three regions in PNG apart from the highlands,” McCourt added.

European Union head and ambassador Martin Dihm assured MRA and the mining department that while the Geomap project came to its ending, they would continue with the dialogue to sustain the project. Meanwhile, MRA managing director Kepas Wally said his board and management were committed to the project and “would endeavour to sustain it and make PNG a haven for mining investment”. The overall objectives of the project were to increase export earnings through mining sector strengthening, to increase employment and to contribute to poverty alleviation. To achieve these objectives, the project aims to attract private exploration companies by reducing the high risk of grassroots exploration and to train PNG geologists. The project is expected to cost K50 million.

Decision nears on Papua New Guinea coastal mine waste dumping

Ramu Nickel Mine Watch 24.3.2011

*By John Luick, Gregg Brunskill, Gavin Mudd, Amanda Reichelt-Brushett, and Philip Shearman**

The dumping of mine tailings waste into the shallow coastal marine environment is currently before the National Court of Papua New Guinea, in a case that will have far-reaching implications. At stake are the pristine waters of the Bismarck Sea and the livelihoods of thousands of coastal inhabitants on one hand, and the future of mine waste disposal on the other: a number of other mine operators are reportedly waiting on the result before announcing their own plans for waste disposal. While a decision may come as early as 23 March, the issues raised make the information timely and important regardless.

The newly-constructed Chinese nickel cobalt mine, coastal treatment facility, and submarine waste pipeline are fully constructed. The only thing standing in the way of operation is a temporary injunction, brought on behalf of 1081 local landowners, who fear that the proposed dumping threatens their livelihoods. They seek a permanent injunction against dumping, which would require the mining company to use some form of on-land waste disposal. Specifically, they fear that the pipe will leak waste into the local reef lagoon; that upwelling will carry a suspended fraction back up into the upper mixed layer and thence into the lagoon; or that the local fishery will be impacted by the discharges.

The waste pipe runs 450 metres from the shoreline out to the 150 metre isobath. The bottom slopes are fairly gentle: about 12° or less from the shore out to 1300 m, where the slope is less than 1°. For part of the way, the path is constrained by the walls of a submarine canyon (Basamuk Canyon, located 40 km due SE of Madang, PNG, at the eastern side of Astrolabe Bay). The dominant large scale oceanic features are: the strong New Guinea Coastal Undercurrent that flows west along the coast at about 200 metres depth; the New Guinea Coastal Current that reverses with the monsoons; and a wind-driven upwelling plume during the SE monsoon that spreads along the PNG coast (Cresswell, 2000). In the vicinity of the mine outfall, none of these appear to drive massive large-scale upwelling (Hasegawa et al., 2010). However, progressive vector diagrams published in the Environmental Impact Assessments (EIA) (NSR, 1999 and Coffey enesar, 2007) show clear evidence of onshore drift near the seabed above the proposed outfall site at about 1 cm/s (750 metres/day). The drift is persistent; while it occasionally swings alongshore, it was seen most of the time and in all months of the year. If it continued onshore beyond the point of observation, it would advect a suspended fraction up into the base of the mixed layer and possibly beyond. The mixed layer is often as little as 30 metres vertically above the proposed outfall. Thus, the fears of the local landowners are well-founded.

Upwelling is not the only matter of concern in this case. The lateritic Ni and Co ore refinery solid tailings are predicted to form a sedimentary apron within the submarine canyon and seaward between the 500 and 1500 metre depth contours, over an area of at least 150 km² of ocean floor, to a thickness of tens of meters. The area in which this occurs is within the “Coral Triangle”, an area described by marine biologists as having the highest diversity of corals, fish, crustaceans, molluscs and marine plant species in the world (Veron et al., 2009). SE Asian countries (including PNG) have vowed to protect and conserve this region of exceptional biodiversity. This region is also the location of one of the few healthy tuna fisheries in the ocean (Lehodey et al., 1997). Aside from a few scattered bottom samples, virtually nothing is known about the deep area that will be buried in Fe/Mn rich silty clay refinery tailings, that are enriched in a chemical soup of trace elements and refinery reagents. Submarine canyons are thought to be “hotspots” of poorly known biodiversity and biomass (DeLeo et al., 2010). It should be added that nearby larger mines are being developed; their owners are waiting on the outcome of this case before deciding on whether to use the same method of waste disposal, in the same submarine canyon. Finally, it has been suggested that the coastal treatment facility be expanded to process ore barged in from distant mines. Thus, quite a significant fraction of the continental slope of the Astrolabe Bay/Vitiaz Basin would be buried deeply in tailings waste. Regrettably, this method of deep sea tailing placement has already happened at Lihir and Misima Island, where significant areas of surface water and deep seafloor have been deleteriously impacted (SAMS 2010).

The mining company and its consultants have argued before the Court that, because the site is located in a seismically active and high rainfall zone with sharp topography, a conventional land-based tailings storage facility (TSF) is too expensive. This is due to the heavy engineering which is required for site investigations, design, construction, operations and then decommissioning a TSF in these conditions. The fact, however, that they readily acknowledge that TSFs have been built in similar contexts around the world - and safely - is proof that the primary driver for preferring ma-

rine waste dumping is cost - certainly not any alleged environmental risks of marine dumping versus land-based TSFs (which can be addressed by a good TSF engineer). With an above-ground, land-based TSF, the waste remains above ground and can be easily monitored - and, if deemed necessary, remedial action readily taken. If tailings are dumped into the marine environment, it is inconceivable that any remediation could ever be undertaken practically. Put simply, a land-based TSF would be close to a hundred times as expensive (or more) to build than marine dumping - yet marine tailings disposal has been approved without any understanding of its long-term costs.

The ecotoxicity testing upon which the EIA was based contained a number of flaws and deficiencies that seriously under-estimated risk. Early toxicity tests were completed on temperate species using 0.45µm filtered tailings water. Other tests completed after proposed changes to the ore processing included the use of some tropical marine species using 22µm filtered tailing water. In the real world no organism will be exposed to filtered tailing waters. No tests exposed organisms to tailing filtrates for longer than 96 hours. No tests were completed to investigate trophic transfer to contaminants. No mesocosm studies were completed. All toxicity tests were conducted in static water as opposed to flow through conditions. No tests were completed on whole tailing toxicity (i.e. equivalent to sediment toxicity tests) even though this was a recommendation made in a sub-consultants report. Furthermore consultants recommended safe dilution rates of tailings water to protect 95% of species. However these calculations had only 50% confidence in their prediction – an enormous uncertainty that does not give confidence in ensuring that species will not be harmed. The PNG Department of Environment and Conservation, by their own admission are short on capacity, to either critically review Environmental Plans or to monitor the environmental performance of the mining industry. Indeed the department has been treated somewhat as a ‘rubber-stamping’ agency by the small number of environmental consulting firms that monopolise the sector. Despite warnings from both the Department of Fisheries and the Department of Mining about the problems in the miner’s EIA relating to adverse currents and the toxicity of tailings as far back as 1999, and despite several peer reviews and external assessments calling for substantial modifications and new data (mostly unheeded), the project remains essentially unchanged from that proposed a decade ago. In a rather sad indictment of the parliamentary government response, the Environmental Act of Papua New Guinea was then revised implicitly to facilitate the dumping.

The case took a dramatic twist when Dr Tracy Shimmield, of the Scottish Academy of Marine Sciences (SAMS), took the stand on behalf of the mine owners, to testify that the best way to test for upwelling would be to start dumping as soon as instruments could be placed in the field to observe the effect. This, she suggested, would proceed for some months, after which instruments would be retrieved and upwelling and tailings dispersion assessed. It emerged that SAMS itself had been contracted to perform the fieldwork and analysis. Dr Shimmield’s affidavit further proposes that SAMS continue to monitor the behaviour of the tailings plume on the assumption that the tailings dumping continues indefinitely. The Shimmield affidavit strongly supports marine tailings dumping as an alternative to on-land storage, repeatedly stressing that the majority of the waste ends up in deep water. (This logic has an interesting history. About a decade ago, in the face of a series of submarine tailings pipe breakages resulting in ecological and human health catastrophes, the proponents of marine tailings dumping began insisting that the practice be referred to as “Deep Sea Tailings Placement” (DSTP) in order to emphasise the final “deep and still” resting place of the majority of the waste. While the new title may detract attention from the pipe breaks and upwelling issues, it ignores the fact that abundant, and almost completely unexplored, life exists on and within the deep sea bed that is destroyed by burial.)

Dr Shimmield revealed under cross-examination that SAMS will also be paid by the World Bank to produce a set of guidelines to assist governments in setting conditions for marine dumping of mine waste. The timing of the proposed guidelines, and their announcement before the Court, also has an interesting history. In 2003, the World Bank produced the “Extractive Industries Review” (World

Bank, 2003), which concluded that: Submarine tailings disposal (STD) is currently the waste disposal procedure preferred by many mining companies planning large-scale operations in mountainous areas of active seismicity, particularly in Southeast Asia and the Pacific. If major projects proposed for the region receive permission to use STD, there could be a significant increase in its use in the next 10 years for already approved and proposed large-scale mining operations. This is also a critical region of maximum marine biodiversity and thus of global marine conservation significance. The effects of STD (if any) on tropical marine life, marine resource use, and ecosystem function are not well understood, and there is an urgent need to address the major gap in biological data on the possible effects of STD on tropical marine ecosystems, particularly in the Indo-Pacific deep sea. On the basis of the precautionary principle, since marine biodiversity has global conservation significance and since the possible effects of STD on the tropical marine ecosystem are not well understood, STD should be avoided especially in island regions where this method of disposal may not assure people's sustainable livelihoods.

Almost all STD operations worldwide, whether disposing at shallow depths or in the deep sea, have had problems, including pipe breaks, wider than expected dispersal of tailings in the sea, smothering of the benthic organisms (although this is predicted) and loss of biodiversity, increased turbidity, introduction to the sea and marine biota of metals and milling agents (chemicals, such as cyanide, detergents, and frothing agents), and loss of potentially re-mine-able metals from tailings in the deep sea.

The EIR heard numerous other concerns about current as well as anticipated environmental and socioeconomic impacts of submarine tailings disposal in Southeast Asia. STD presents an inherent economic risk to local and export fisheries, for example, because of real or perceived contamination of marine resources. It may affect large and often endangered marine life, including whales, dolphins, and marine turtles, and it may raise the risks to human health through direct or indirect exposure to mining wastes. Mining procedures such as STD may have a negative impact on numerous other important socioeconomic and environmental factors, ranging from reduced marine tourism potential to additional, often illegal small-scale mining activities by opportunistic individuals. Environmental impact assessments of mining operations with STD as their main mechanism for waste management do not adequately assess any adverse effects in the deep sea and marine food web, and such potential impacts should be included in the scope and terms of reference for such studies. The timing of the Shimmield guideline-drafting contract is concerning, because its announcement (before the Court) maximizes the degree to which it undermines the landowners' case. While the Review does not completely reject the option of "Submarine Tailings Disposal" as they call it, there is a big leap between leaving a door open a crack (as in the Review) and flinging it open with an effective endorsement, which in a country like PNG, with very weak regulatory controls, is precisely the effect of a new set of guidelines issued by a world body.

In response to queries from the authors, the World Bank has stated:

This (support for the new guidelines) does not imply any form of approval (of STD) by the World Bank, but demonstrates that should the Government go down this path, then the Bank supports the establishment of a regulatory framework which minimizes any potential environmental impacts from whatever tailings management system which is adopted by the Sovereign State of Papua New Guinea. The Bank's assistance is motivated by a desire to see that permits issued through that 'normal' process are then also subjected to further site-specific stringent requirements, to strengthen ability to hold industry accountable and responsible in discharging their permitted activities.

It may be that in certain future circumstances the guidelines will have a positive impact. For example, in a developed country, in which there exists the capacity and political will to enforce them, they might make a useful framework to deny permission to dump wastes in coastal seas. However,

nearly all developed countries have either explicitly or effectively banned the practice of shallow marine dumping of mine tailings waste (STD/DSTP). Even in countries like PNG, a generally-excellent set of laws exists. The only problem is that they are not enforced, or enforced poorly. So however lofty the stated goals of the World Bank, their effect will be to simply facilitate a practice that – like many early forms of industrial pollution – should be consigned to the dustbin of history. The situation, as it currently stands, is that a state-funded European institution is being paid by a foreign mining company and/or a foreign national government agency to not just monitor but to *actively advocate in Court* marine pollution on a massive scale (covering perhaps hundreds of square kilometres of seabed with potentially toxic waste), a practice which almost certainly would not be tolerated in their home country, while at the same time being paid by the World Bank to produce guidelines to govern when and how the dumping should be done – guidelines which (if followed) would have disallowed the particular mine outfall they hope to monitor. While scientific institutions increasingly have to chase the dollar to survive, as scientists we have to be able to say no when profitable consultancies become ethically questionable, or when our actions in faraway places can leave a poisonous legacy for generations to come. The authors of this report were called by the landowners to provide unpaid “expert witness” testimony in their case to get a permanent injunction against the shallow marine dumping at Astrolabe Bay.

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AUSSIE EMISSARY: SEABED MINING A BOON FOR PACIFIC

Parliamentary Secretary Marles briefs Tongan officials

By Tevita Motulalo

AUCKLAND, New Zealand (Taimi o Tonga, March 23, 2011) - Australia's Parliamentary Secretary of Pacific Islands Affairs, Richard Marles thinks the benefits of seabed minerals should be maximized for the benefit of the Pacific country they are taken from. Marles was in Tonga last week to reaffirm Australia's support as a Pacific partner and a friend of Tonga, wrapping up a region-wide tour to all the small states in the Pacific. "We see ourselves as very close friends and we want to be the best of friends that we can be to Tonga," he said to Tonga Chronicle in a doorstep media conference just before departing Nuku'alofa. "The Gillard Labour government regards the Pacific as absolutely crucial to Australia's Foreign Policy. Whatever else happens around the world our neighborhood will always be our neighborhood. And for that reason the Pacific is our collective neighborhood," he said.

But the issue of seabed minerals had been a key point in discussions with the Tongan Cabinet, amidst the exchange regarding the 'partners in development' program for Tonga. In Tonga, Australian companies are involved in the prospecting for underwater commercial mining and Marles thinks there are two key issues to be looked at. "One is that I don't think this is about to happen tomorrow. This is a long-term prospect, but as a long-term prospect I think it does offer a significant source of hope and opportunity for the people," he said. "Secondly, I think what matters [most] as this important issue is discussed is that countries think about ways...such that the return from it is maximized for countries in whose resources they reside and that there is a long-term benefit for the countries involved." "And that may ultimately involve," according to Marles, "with the underwater treasures in each respective exclusion economic zone, being a benefit for the next generation rather than this one but that the important preparatory work being done now for that." He continued, "I think in the short term we're not about to see people make a whole lot of money overnight, and I actually think that [does] not occur so that the returns are maximized."

Surveillance of Pacific security and EEZs is done by the 'Quadrilateral Group'- Australia, New Zealand, the United States and France. None of the smaller Pacific states are involved in that forum, and neither does a rising Pacific presence like China. "Whilst in a sense those quadrilateral talks are focusing on having those four countries present, the kind of programs that are coming out are involving all of the countries of the Pacific," he said. It is clear that the Pacific Patrol Boat program, with three patrol vessels donated by Australia "work in very closely with the network of surveillance which is being built with the assets of the US Coast Guard, the Australian Navy, the New Zealand Navy, and the French Navy." He made no comment on China. Marles met Prime Minister Tu'ivakano first thing Friday morning after arriving Thursday night, being the first high-level delegation from Australia to do so since last year's election and the formation of the new government.

"Look, we've had a fantastic day here in Tonga and it's been a real privilege," he says. Later on he visited Nuku'alofa Government Primary School, for which Australia has funded new curriculum materials for students and teachers, and then a short ceremony giving out identification badges for Tonga Police members also funded by Australia. Other than Australia's overseas development assistance in Tonga, there were also discussions on the Seasonal Worker's program in Australia. "Which has had a very strong uptake from people in Tonga. And we're very pleased about that. That's a program that we're keen to see expanding [and] to get an understanding from the government here about how we may improve it." On further financial assistance, Marles said Tonga "faces obviously a number of financial challenges going forward."

He said the Australian government is "very keen and appreciative" of a "Public Expenditure Review Process, which is been undertaken by the Government of Tonga in the context of our aid program with Tonga." "And I understand that will continue and that is very good news for us," he said. It was also an opportunity for him to clarify the layers in Australian foreign aid structure. "We've got a very structured way in which all of these issues can be processed," he said, hinting a more "structured way in which each of the requests can be met." "I think it's been a very important step forward having the partnership for development," said Marles, but not one to be seen as to give "handouts". Taimi o Tonga: <http://www.taimiotonga.com/Default.asp?db=1>

DEC issues protective order against Simberi

Post-Courier 22.3.2011

By Harlyne Joku

FOR the first time ever, the Department of Environment and Conservation (DEC) has taken out a protective order under the Environment Act on the Allied Gold Limited, develop of the Simberi gold mine in the New Ireland Province. DEC Secretary Dr Wari Iamo said a protective order was taken out by the state in the event that incidental reports provided by mining operator's to DEC on leakages or accidents are unsatisfactory. DEC received an incidental report from Allied Gold Limited two weeks ago relating to the leakage of one of its waste tailings disposal tanks at its mill plant early this month. But DEC through its own investigations by two of its senior officers concluded that there is a need to engage expert technical support of world class specialists to conduct a thorough investigative study into all aspects of the Allied Gold operations.

Dr Iamo said last Friday that although the company has submitted its incident report to DEC explaining the leakage, DEC as the responsible monitoring government agency, wants to engage the experts to carry out an independent study to verify the reports. In the meantime the mill plant will remain shut until further notice while normal operations of the mine continues, Dr Wari said. Last week, the New Ireland provincial assembly passed a motion calling on the national government to prosecute Allied Gold Limited, the operator of Simberi gold mine for negligence and non-compliance with the laws of the land and mining agreement. Sentral Niu Ailan President LLG Soka Toligai said a tough stand has to be taken on the Simberi operations following heightened fear and concern of poisoning of fish and marine life and health related issues following the accidental leakage on the March 1.

LNG: Landowners slam environment report

The National, March 18, 2011



By PATRICK TALU

LANDOWNERS from Hides 4 petroleum development licence (PDL7) have refuted claims in the Esso Highlands Ltd's (EHL) project environment impact assessment (EIA) report. Yagali clan chief Edie Undiape on Monday said EHL's claim of EIA as "most comprehensive" was untrue and did not reflect the realities of environment damages caused by the project. "The fact on the ground is there are lots of environmental damages done during the early works since last March. "What was published in the fourth quarter social and environment report on Tuesday was misleading and does not reflect what's on the ground. "What qualifies EHL to say that the EIA was the most comprehensive ever undertaken in PNG?" Undiape said a classic example was the Akara Creek which was extensively damaged by the Hides 4 gas plant and camp construction during the early works. "Fish and other living organisms in the creek have been killed. "This water is also used for drinking, washing and cooking. That has been polluted and the colour of the water has changed to orange," Undiape said.

A visit to the site by The National last month noted that the colour was orange and vegetations along the banks of the creek had dried. Undiape said that EHL was attempting to compensate the damages with K19,000 but refused in order to file a proceeding s for the environmental damages. Jack Jekele, the principal plaintiff who is challenging ExxonMobil on the damage, said from Anguale village that the major clans affected by the Akara creek mud slip were Yagali, Tagoria and Tagopali. "Since Nov 13, when the mud slip occurred, ExxonMobil have been underplaying the issue and we are fed up with their tactics. "We want to seek justice and redress for the loss and damage to our environment. "We the landowners of the three major clans have signed our consents and Kuman Lawyers have taken on the case proceeding against the state and ExxonMobil for environmental damage and loss of access to water rights," Jekele said.

EHL however, said the PNG LNG project was committed to operating in an environmentally sensitive manner. Public affairs manager Miles Shaw told The National that "the project is being managed with a detailed scientific understanding of the environmental and social impacts of our operations. "To this end, we track environmental performance to ensure that appropriate actions are taken and process improvements are made in a timely manner," he said. Shaw said that last November at the Hides gas conditioning plant construction site, a stockpile of excavated earth saturated with water following several days of heavy rain. This material entered Akara creek causing the sediment load in the water to rise. Shaw said mature vegetation bordering the creek was not significantly impacted. He stated that in response to this incident, the project provided tanks with drinking water for the local villagers although it was understood that the creek was not used for drinking. "A water sampling programme has been put in place to monitor water quality in the creek. "Environmental specialists with the project expect the creek water quality to return to normal in a few months time with no damage," Shaw said.

One more setback for Mt Kare

The National, March 17, 2011

MT Kare landowners have declared the alluvial gold mine development a "no-go zone" for developer Indochine and dealer Steven Promnitz. They have now called on Mining Minister John Pundari to invite a new developer that has the people at heart to develop the Mt Kare mine. The landowners were incensed that they had waited 20 years for the developer to move in only to read reports in the Australian Financial Review that they had been taken for a ride. Spokesman Joe Bronston told The National that Pundari had given the mining licence to Union Pacific and its subsidiary Summit Development. He said the landowners were confused that Mt Kare had been used by developers to make financial deals in Australia while they were in the dark.

“We, landowners, are organised and expected the developer (United Pacific) to be here but it now shows that they are doing financial dealings in Australia to serve their own interest with nobody moving into Mt Kare. “We are fed-up and tired. We have warned Pundari that we want a developer at Mt Kare.” Bronston said the people had waited 20 years for the project to get off the ground but the reports in the Australian Financial Review had changed the people’s perception. The AFR in a report “Strange tales from the PNG Hills” stated that one Australia’s biggest gold miners, Kingsgate’s good name and its resources were used so heavily to help another of company get its hands on a A\$2.6 billion gold resource in PNG.

It reported that Indochine paid A\$4 million to buy control of the project, had seen its shares double in the past three weeks. “What is even more intriguing is that the Kingsgate corporate development manager who worked on the Mt Kare deal for Kingsgate, Stephen Promnitz, is now the chief executive of Indochine.” AFR reported. It said that Promnitz was appointed CEO of Indochine last September shortly before Indochine raised A\$20 million through a prospectus and listed on the Australian Securities Exchange. There was no mention of the Mt Kare project in the Indochine prospectus. Promnitz continued to work on the Mt Kare project on behalf of Kingsgate after he was appointed CEO of Indochine, according to the newspaper.

Landowners back Allied Gold against provincial government Post-Courier 17.3.2011 By John Pangkatana

SIMBERI gold mine landowners and clan leaders are backing mining lease holders Allied Gold Limited. This is contrary to recent media reports from New Ireland Governor Sir Julius Chan and Namatanai MP Byron Chan who publicly called for the removal of the mining company. This follows a cyanide spillage incident which subsequently led to calls from the leaders to put the mining company on the chopping block. The leaders alleged that there is internal fighting between the landowners over the mismanagement of the royalty and national Government special support grants that instigated the negative publicity. The project area landowners and legitimate clan leaders of mining lease 136 effectively put the matter to rest by disassociating themselves from any moves by the Provincial Government as stated in the media to remove Allied Gold Ltd from the Simberi gold project.

In a letter to Minister for Mining John Pundari dated March 13, they expressed their dissatisfaction over the push to remove the mining company. The letter stated that the State granted the mining lease after the mining company met all the legal requirements to own and operate the mine. It further stated that the National Government would not force a mine to close or remove the lease holder on grounds that are not deemed worthy of such an action. The landowners and clan leaders said such actions would jeopardise future foreign investments in Papua New Guinea. The letter, signed by nine clan leaders on the island, stated that they as responsible citizens and leaders would put the interests of the Independent State of PNG, shareholders of Allied Gold Ltd and the legitimate landowners of mining lease 136 before their own.

The signed landowners include Henry Salin (clan leaders spokesman), Esrom Banamu (Witgamgam), Samuel Lunganga (Sitsoim), Engelbert Taus (Kapararak), Ilias Watchie (Pekinmiteres), Ronnie Bruno (Sordar), Peni Moso (Keis), Opnai Veliso (Berer) and John Tolovang (Charamagais). Copies of the letter were sent to Governor of New Ireland Sir Julius Chan, Namatanai MP Byron Chan, Mineral Resources Authority managing director Kepas Wali, SMAA executive chairman Joachim Maser, Allied Gold Limited executive chairman Mark Caruso and Simberi Gold Company Ltd general manager Peter du Plessis.

Bougainville: Panguna on the verge of rising up from demise Post-Courier 17.3.2011

PANGUNA, the home of the now defunct multi-billion kina Bougainville Copper Limited has been covered with thick forest and remains of what was then the savaged 1989 crisis. Since the closure of the giant Bougainville copper mine in 1989, the environment was reclaimed by beautiful but exclusive orchids, myriad colourful flowers, countless vegetables, especially the famous 'joko kumu' and very thick forests infested with bush animals. What was also left were burnt down houses, naked buildings, a polluted Java river and a huge mine pit. This is not to mention the increased population of alluvial gold miners from all over Bougainville who make Panguna their home and those that have settled to find a way out of their criminal activities. What happened 20 years ago, although history and long gone, is still fresh in the minds of those that held the place at heart.

But a new twist to the mine site is now an invitation to the National Government and the Autonomous Bougainville Government from the rebel hardliners to make it a better place to live in, keep it clean until such time progress is made to speed up the negotiations and the re-opening of the Panguna Mine. The Bougainville and Arawa Administration has made its way back into the mine site to revive their once high tech office and not only that, the place is now being maintained by trade store owners, alluvial gold miners and individuals who are struggling to making ends meet. There are close to 12 trade stores right from the Morgan Junction right through to the mine area and, there are two small guest houses that offer a small fee of K50 a night run by the Me'ekamui and a small transit area for tourists or those who can spend a night to enjoy the beauty of Panguna. Rebel hardliners manning the mine site, and its nearby surroundings have indicated to the Minister for Bougainville Affairs and Trade and Regional Member for Bougainville Fidelis Semoso that they want police stationed at Panguna.

Bougainville gains pace on mine opening Post-Courier 17.3.2011

THIS week two important and successful historical occasions happened in the history of Bougainville - the reconciliation of Me'ekamui Defence Force Commander Chris Uma with Bougainville Affairs Minister Fidelis Semoso and the meeting with another hardliner Moses Pipiro with the National Government departmental heads at Panguna. For Bougainville the "first time meets" for the Bougainville Revolutionary Army and Me'ekamui hardliners with the National Government team and Mr Semoso who went out of his way to meet these rebels, has enabled the progress of the negotiations for the re-opening of the giant Panguna Mine. Mr Semoso did a leisure drive out of Arawa town on his electoral visit to Panguna to see if he could have a chat with Mr Pipiro, the man who has been guarding the mine pit and Panguna for the last 10 to 20 years. Over a buai, the two spoke as if they were never enemies or there was no problem.

Mr Pipiro completely shut himself from the outside, even his own ABG leaders over the outstanding issues surrounding the Panguna mine. Last Monday, Mr Semoso made his way through and did the dirty work of getting Pipiro out of his hide out. And 11 hours later Mr Semoso took with him a whole delegation of PNG departmental heads who flew in from Port Moresby to the region for the scoping of projects in preparation for the release of the promised one-off K500 million in five years to Bougainville. The heads, led by Secretary of Mining Nellie James and Health Secretary Dr Clement Malau had breakfast up at the rebel's brown coffee shop, all prepared by the families of Mr Pipiro and Philip Takaung, the Me'ekamui Government president. And on Tuesday, Mr Semoso took another successful trip - to make him the first National MP to have Chris Uma come out, reconcile and straight away begin the mine talks on a personal level. This in itself is a milestone for Bougainville which now has mining on Bougainville and especially the re-opening of the Panguna mine as a priority.

This was a historical moment for Bougainville, PNG and the international community is watching this issue. The world can now breathe a sigh of relief because the feared rebel who mans the famous Morgan Junction, the gateway to the Panguna Mine has given the green light for the re-opening of the Panguna Mine. But the re-opening of the mine will come with strings attached - like every other rebel needs - negotiations for compensation and the K10 billion issue. Chris Uma, who took over as the commander of the Me'ekamui defence force up until the world renowned hardliner Francis Ona died in 2005, one of the factions that currently holds the key to total peace on Bougainville, for the first time in 10 years sat face to face with a Bougainville leader and a National Government Minister to reconcile, grieve and put forward his demands for the future of Bougainville. The Mine talks can now begin and Bougainville can expect a progress in the peace process, weapons disposal and economic development at large.

Editorial

Bougainville: Militants clear one hurdle for mine to reopen Post-Courier 16.3.2011

BREAK through? That is what the reaction is in relation to a meeting on Monday this week in Panguna between militant hardliners in Bougainville and a delegation of heads of Government departments from PNG that visited the closed mine at the weekend. The delegation also met with members of the breakaway self-styled Bougainville Government, Me'ekamui and its militants who say they have kept watch over the closed world class copper mine in Panguna since operator Bougainville Copper Limited mothballed and eventually closed the mine at the height of the bloody Bougainville crisis in 1989. The Government delegation led by Bougainville Affairs Minister and Bougainville Regional MP Fidelis Semoso met Me'ekamui rebel hardliner Moses Pipiro and president of the Me'ekamui Government Philip Takaung and chiefs of Panguna.

Pipiro and Takaung, in the meeting apparently gave their blessing for the reopening of the Panguna mine but set some conditions on this happening. They want reconciliation to be carried out among all groups in Panguna, to be involved in mining negotiations and K10 billion in compensation for the Panguna people. It is encouraging that one more hardline group has given its seal of approval for mining to reopen in Bougainville. The Panguna landowners have given their approval. In a series of meetings last month, the landowners recognised the need for mining to resume in Panguna as it's the only means forward for Bougainville. Since autonomy over five years ago, the region has hardly moved forward in development and the rebuilding of infrastructure needed to nurture economic activity that will promote growth and eventually economic independence.

Autonomous Bougainville Government President John Momis has taken a number of overseas trips to woo investors from overseas to Bougainville or at least seek and set up partnerships to bring in much needed money to try and propel the region forward. Two weeks ago he was in Australia on a trip sponsored by the Australian Department of Foreign Affairs and Trade. He held discussions on a number of issues with the Australian Government, especially with the Foreign Minister Kevin Rudd and the Secretary for Pacific Affairs to brief them on the challenges, the financial challenges, the administrative challenges and the challenges of creating a culture of "democratisation" in Bougainville and the challenges of empowering the people economically. The trip was for him to garner support and appeal for more Australian help in Bougainville.

He also held talks with BCL. Like the landowners, BCL is agreeable to mining being reopened on Bougainville. BCL which operated and owns the mining licence for the closed Panguna Copper is open to discussions on reopening the mine and is open minded about the future. BCL chairman Peter Taylor says a lot depends on the permit because it was as good as starting again. He expects there will be a new regime and it will be administered by the Bougainville government rather than

the National Government. He expects a feasibility study, that is acceptable to lenders, has to be carried out. This usually takes about a year and is a expensive process. New royalty schemes have to be negotiated and while BCL supports reopening of the mine, it is not committed to saying when this will happen with Taylor giving a time frame of three to five years. But all that aside ... it is looking good on the ground ... everyone is talking the same language.

Bougainville: Breakthrough

Post-Courier 16.3.2011

By Gorethy Kenneth

ANOTHER break through has been achieved! The Me'ekamui hardliners, guarding the heart of the Panguna mine have agreed the mine should be re-opened but want three major issues addressed. Me'ekamui rebel hardliner Moses Pipiro and his team, Philip Takaung, Robin Tekapu and the Me'ekamui chiefs met with the Papua New Guinea leaders in Panguna yesterday to present their grievances for a possible solution to end the economic strife for the islanders. Bougainville Affairs Minister Fidelis Semoso made a friendly visit to Panguna on Monday afternoon to see if he could have his way in meeting Pipiro and his team. The meeting was successful which eventually led to the big meeting with PNG departmental heads led by Mining Secretary Nellie James and National Coordination office of Bougainville Affairs director Ellison ToWallom. Mr Pipiro who denied any involvements at all on mining meetings, agreements and discussions said he wants and will support the re-opening of the mine but not until these three issues are addressed:

- * Outstanding reconciliations;
- * K10 billion compensation; and
- * Mining negotiations.

“For 25 years I've been here guarding this area. I've seen leaders die, many people lost their lives and I have been left out on mining awareness, agreements and other negotiations. I want to highlight the important claims which caused the war and they are to preserve the land and environment and about independent and sovereignty,” Mr Pipiro said. “We have to balance the life of people, we need basic services ... and there is a way forward to economic recovery for Bougainville ... I've had sleepless nights because of this war. Step by step I want other important issues addressed which are outstanding reconciliations, compensation and land. “I don't see a problem working together in Bougainville.

“We've never been given the opportunity to speak and the ABG has not stood to provide an avenue for us to speak. We want unification and equal participation from the grassroots level to the leaders.” Mr Takaung who is heading the Me'ekamui government stressed to the leaders that they also want the mine to re-open but the ABG should exercise a bit more commitment to deal with this mining issue so that they too will have a share and avenue to discuss their concerns. Ms James acknowledged the rebels' concerns and assured that the National Government was committed to help the ABG and advised that there were issues to address and thanked them for making time to meet them.

Mine denies spill killing sea life

The National, March 15, 2011

ALLIED Gold Ltd, the operator of Simberi gold in New Ireland, has denied reports that waste from its mine is killing life in waters in the vicinity of its processing plant. Simon Jemison, head of investor and media relations for AGL, told Radio Australia's Pacific Bear that the spillage of waste material was small, and confined to an area on land, so it could not have affected sea life. Jemison

blamed the media, especially the Post Courier newspaper, for exaggerating and getting the story out of proportion. Jemison described the front page coverage last week as “hysterical reporting”. “About a week ago, there was a small leak to a small pipe outside our process plant on the island of Simberi, and the leak to this pipe is onshore from our process plant.

“It oozes out some ground-up ore, which is the process mud that is created when you are extracting gold from the ore,” Jemison said. “So, contrary to some reporting, there has been no cyanide spill and we hope to repair this pipe in the next couple of days and be in operation thereafter. “This is an onshore activity so there was no dispersal or leaking of any materials into the sea. “We have environmental monitoring in place. “It is always part of our programme and we take our environmental responsibilities seriously,” Jemison said. “Contrary to some reporting, we cannot believe and see how there can be an impact to the marine environment given the activity is on land, onshore, and is about 100m away from our processing plant.”

Markham river people seek answers to petition

Post-Courier 15.3.2011

By EVAH KUAMIN

COMMUNITIES in and around the Markham River fronted up last Friday at the Morobe Provincial Government office, demanding answers from Governor Luther Wenge regarding a petition they had presented last year. Councillor Douglas Gedisa of Ward 5 of the Wampar LLG said village communities living on both sides of the river had totally refrained from using water from the river. Mr Gedisa said the people had presented a petition in January last year and had waited for too long for an answer from mining company Morobe Mining Joint Venture (MMJV) and the provincial government. He said operations at the mine had caused an extensive destruction to the river, which has been their lifeline for years. The tailings from the mine, Gedisa said, had contaminated and affected the eco-system of the river. Mr Gedisa said the mine had impacts on both the highway and the river and had extensively affected the lives of people.

Another councillor, Francis Paul of Ward 3 in the Gabensis area said, when the Memorandum of Agreement (MoA) was signed last year, MMJV had promised them that they would receive a 2 per cent benefit from the mine and 0.5 per cent from the provincial government. However, he added that up to date there had been no benefits of any sort from either party to his people. He said when they last spoke with community affairs officers of MMJV, they were told that the mining benefits would only stop at Labu and not go down to Mare. A mother, Karen Nen from one of the Labu villages along the Markham River said the most affected were the women and children. “Our life is part of the river and now that the water is contaminated, we have no other source to get fresh clean water,” she said.

Governor Wenge assured the group that their issues were not being ignored. He said he had allocated K120,000 last year to engage an environmental scientist, and has further allocated another K250,000 which was in this year’s budget. He told them that MMJV had organised a public forum which would be staged on March 25. Governor Wenge said during this forum he would be able to relate what progress his provincial government had been doing in regards to the effects of the mine on the people, and also hear from MMJV on their part.

Sir Rabbie joins Bougainville Copper Ltd.

The National, March 15, 2011

SIR Rabbie Namaliu, who was prime minister at the height of the Bougainville crisis in 1988, has been appointed a director on the board of Bougainville Copper Ltd. The appointment was an-

nounced last Wednesday by BCL chairman Peter Taylor, who, days earlier, had met with Bougainville President John Momis to discuss the possibility of opening the Panguna copper mine. Sir Rabbie will become a member of Bougainville Copper's audit committee, which under the Australian Securities Exchange rules, has responsibility for governance and the rights of shareholders. It will be among his duties as a non-executive director. As prime minister in 1988-92, he was often criticised for the deaths of hundreds of civilians in Bougainville. Taylor said the company was delighted by Sir Rabbie's acceptance of the invitation to join the board.

"The former prime minister is a distinguished statesman and a committed Papua New Guinean, with ministerial experience in foreign affairs and trade, treasury, primary industry, petroleum and energy and other areas of government responsibility. "He holds directorships of several other Papua New Guinea companies, and is a member of the PNG Institute of Directors. "We welcome the addition of his experience and judgement to the decision-making processes of BCL, at a time of great challenge and opportunity," he said. Taylor said it was expected that Sir Rabbie's appointment would be endorsed by shareholders at the company's annual general meeting next month. Subject to election by shareholders at the AGM, directors normally serve for a term of three years, after which they can offer themselves for re-election. Sir Rabbie's is a non-executive director of Marengo Mining Ltd, a non-executive director of Kina Securities Ltd and chairman of the publicly listed investment company Kina Asset Management Ltd.. Last February he was appointed chairman of Kramer Ausenco, a new joint venture of PNG engineering company Kramer (PNG) Ltd and Ausenco of Australia.

Panguna landowners back Momis

The National, March 14, 2011

PANGUNA landowners have thrown their support behind President John Momis in his bid to re-open the Bougainville copper mine at the earliest opportunity to prop the autonomous region's economy. Interim chairman of Panguna Landowners Association Chris Damana said over the weekend that the landowners were aware of what the president was doing to get the autonomous region back on a credible economic footing. "On behalf of my people, I want to congratulate our president's efforts in talking to our friends in Australia during his visit there and his meeting with the chairman of Bougainville Copper Ltd, Peter Taylor. "From the media reports, our president has handled the issue of re-opening Panguna mine with caution, bearing in mind that we have certain sections in our community who oppose the idea of a re-opening. "As a leader, I believe our president and Minister for Bougainville Affairs and Trade Fidelis Semoso have both made the right decision to re-open the mine. "My people of Panguna will fully support our two leaders and all reasonable-thinking Bougainvilleans should also support them." Damana praised Momis for arranging a meeting of think-tanks, both from within the country and overseas, to assist in mapping out the future of the region. Momis had also requested the Australian government to support Bougainville with an annual aid.

Department of Environment approves three major national projects

The National, March 14, 2011

THE Minister for Environment and Conservation Benny Allan issued the approval-in-principle (AIP) for three projects of importance in a signing ceremony at Port Moresby's Gateway Hotel last Friday. The projects were the Million Ounce Plant Upgrade project by Lihir Gold Ltd, Pacific Marine Industrial Zone (PMIZ) project by Department of Commerce and Industry and Nungwaia-Bongos integrated large-scale agricultural project by SPZ Enterprise (PNG) Ltd. "These three projects have met all the legislative requirements under the environment Act 2000," Allan said. He said the environment impact statements for the three projects were submitted to the department in late 2009 and early last year. "Due to the technical assessment processes that the department adminis-

ters, it has taken a while for the approval in principle to be granted,” Allan said.

“This environment approval for the million ounce plant upgrade will involve building an additional power and water supply. “The upgrade will increase annual gold production by an extra million ounces of gold, reduce unit costs, and increase the treatment rate of low grade ores being stock-piled,” Allan said. “The PMIZ project in Madang aims to increase export revenue from fisheries products. “The project, when operational, will increase the country’s capacity to process local and imported fisheries products,” he said. Allan said the Nungwaia-Bongos integrated agriculture project located in Maprik district, East Sepik, was developed by SPZ Enterprise Ltd in partnership with the government. “The project when developed, after logging, will convert 5,000ha of land into an integrated agriculture area over a period of five years. “From a net forest productive area of some 29,700ha, 5,000ha would be converted to agriculture,” Allan said.

Lihir mine gets OK for K3.5b upgrade

The National, March 14, 2011

By JASON GIMA WURI

THE Lihir gold mine last Friday received the green light to upgrade the capacity of its processing plant at a cost of K3.5 billion. The upgrade will help secure the economic future of the mine on Lihir Island by extending both its life and production outlook. Speaking at the signing ceremony in Port Moresby for the ministerial approval in principle (AIP) of the capacity upgrade, Newcrest chief operating officer Greg Jackson said the approval was the next to last step in what had been a rigorous and thorough approval process. “In extending the financial security of the mine, it also extended the social and economic development opportunities for the people of Lihir, the New Ireland province and the state through royalties, taxes and opportunities,” Jackson said. The mine has thus far contributed more than K5 billion to the economy since 1997. He acknowledged the contribution of all stakeholders during the rigorous consultation process, with particular reference to the Lihir landowners, government departments and authorities, the New Ireland provincial government, the inter-departmental working group and the minister who had personally visited the mine during the consultative process. He said the plant upgrade was scheduled for throughput ramp up in 2013.

Excavators appeal

Post-Courier 14.3.2011

THE days of using shovels, crowbars and water pumps by alluvial miners in the Wau Bulolo area are gone as people have resorted to heavy equipment, especially excavators to dig for gold. This trend has put huge sums of money into the pockets of the ordinary villagers in the Kumangurun, Golden Pine and Leklu village in Wau and Bulolo since the gold prize at the world market has increased recently. These local alluvial miners are hiring excavators belonging to road construction companies in the district to dig at hillsides and river banks. The trend is portraying a new scenario with alluvial miners spending K500 an hour for the services provided by the excavators. The people have boasted of making more than K2000 from a pile of gravel which they say is worth the money spent on hiring machines. The new trend of alluvial gold mine worries local leaders as there are serious social issues such as broken marriage, selling sex for money, teenage pregnancies and drug and alcohol abuse.

New homes for Ramu Landowners

Post-Courier 14.3.2011

landowners at the Kurumbukari mine site have taken ownership of 30 modern homes last Tuesday at the Enekuai Relocation site, thanks to the developer, Ramu NiCo. Ramu NiCo technical director

Dr James Wang delivered the houses to Walium local level government to facilitate the delivery of the new homes to the families. The presentation was witnessed by Madang Governor and member for Rai Coast James Gau and his provincial executives including his deputy, Bob Wati. District Administrator of Walium, Jimmy Sekum and his district officials. Representatives from MRA and MRDC were also present. Governor Gau appealed to all impacted landowners of Ramu NiCo project to support the project as it remains their only hope due to lack of infrastructure and government services to Rai Coast and Usino Bundi areas. “This mine is our hope. That’s why I supported it in the first place before I became the governor,” Mr Gau said.

“NGOs made a lot of noise but I told them to provide any option because we are poor and isolated. Otherwise, we need the project and this is our only hope.” He said Ramu NiCo and Marengo Mine could change the landscape of isolate Usino-Bundi and Rai Coast electorates. Executive vice president of Ramu NiCo, Gu Yuxiang, said the delivery of 30 new houses was one of Ramu NiCo’s dream in fulfilling the spirit of the Memorandum of Agreement (MoA) and there are more benefits to come if the mine start-up is successful. “Thirty new affordable modern houses we see today is part of our commitment under the MoA. I am delighted that 30 families from Nokomboi, Maure, Pakaizi and Imuruba clan will benefit directly from this relocation exercise,” Mr Gu said. Kurumbukari Landowner Association representative, Mr Mapikai thanked Ramu NiCo management for bringing positive developments and changes to the people.

Morobe Province: MP gets tough on environment

Post-Courier 11.3.2011

By EVAH KUAMIN

ENVIRONMENTAL issues concerning the Hidden Valley Mine in the Bulolo District of Morobe Province will not be taken lightly by the Morobe Provincial Government. This was made known during the second day of the first Tutumang sitting for the year yesterday. Bulolo MP Sam Basil made it clear his administration has taken environmental pollution case of sedimentation against the Morobe Mining Joint Venture (MMJV) to court. Basil said people’s lives along the Watut River – both in the upper and lower areas have been affected by the sedimentation and as a leader; he would not sit back and ignore his people’s plight. He has also engaged environmental scientists to assess the damage caused by the sedimentation in the river and the situation in the affected areas.

Basil said the Memorandum of Agreement (MoA) signed concerning the operations of the mine had displayed a lot of negativity, one of which was the environmental pollution and its effect on the lives of the people in communities living along and near the river. Mr Basil said the impact of the sedimentation on affected communities both in the upper and lower Watut areas is extensive. He suggested that what he wants done is for a full rehabilitation of the river to be conducted and the people living in the affected areas are fairly compensated for the destruction caused to their livelihood.

Mr Basil said it was neither his wish nor intention that the mine should close but he wants to make it clear, that anyone conducting mining operations should be responsible miners. The effect of the sedimentation he said could come as far as the Huon/Gulf and Markham Districts, which was one of the reasons why he had engaged certain individuals from the area to be plaintiffs in the case against MMJV. “The Department of Environment and Climate Change and the Minister are blind to what is happening in my district so I am taking this stand to help my people,” Mr Basil said. He said from experiences from the Hidden Valley mine and the current issue, his administration is preparing to forge a better deal for the new Wafi mine. Wafi, Mr Basil said, is bigger than both the Ok Tedi and Lihir mines and holds an even bigger mass of gold ores.

Simberi mine admits to leakage

Post-Courier 11.3.2011

By Harlyne Joku

Simberi Gold Mining Company Limited (SGCL) admitted yesterday that there was a leakage in a mine waste tailings mixing tank which has resulted in dead fish and marine life along the shorelines of Simberi island 130 kilometres east of Kavieng town in the New Ireland Province. SGCL whose parent company is Allied Gold submitted a detailed report on the cyanide leakage yesterday morning to the Secretary of the Department of Environment and Conservation Dr Wari Iamo detailing the cause of the accident. Dr Iamo said his department will review the report and co-ordinate a full investigation with MRA (Mineral Resources Authority) and other agencies and make a site visit next week. Dr Iamo said if there is a need to engage expert technical support, DEC will engage expert technical support and relevant expertise to conduct a thorough investigation to establish whether there was negligence on the part of the company. He said in the meantime, the mine plant will remain shut until further notice.

Dr Wari added that two senior officers from DEC had flown on short notice to Simberi Gold Mine in the New Ireland province last Thursday to investigate a report of a leakage in one of their tailings mix tank. "The Department was notified by the company the previous evening that there had been a leak of mine waste tailings mixing tank on Wednesday evening, March 1 and that the mine operator had immediately shut down the tailings plant to prevent any further loss of tailings. The notification also reported dead fish along the shoreline where the leakage had entered the sea," Dr Wari said. Upon receipt of notice of spill from the company, the Department immediately dispatched two senior technical officers to the site to investigate the incident and ensure that effective measures were being taken by the mine operator to control the situation and minimise any potential environmental impacts on the surrounding area.

Dr Iamo said the mine operator SGCL has taken water samples and fish tissue samples from several locations in the vicinity of the leak which have been sent for analysis. In the meantime, the Simberi Plant remains shut until further notice. "The Department has directed the mine operator that the tailings plant will shut down until the operator has provided a detailed report on the cause of the incident, its impact on the environment and the measures the mine operator will take to ensure that there is no recurrence of the incident," Dr Iamo said.

Cashed up Landowners biggest sex payers

Post-Courier 11.3.2011

By Luana Panui

CASHED-UP landowners are the biggest sex paying clients in PNG's capital city Port Moresby according to an official research. This was revealed yesterday by the PNG Institute of Medical Research in collaboration with the International HIV Research Group of the University of New South Wales yesterday at the launching of the report "Askim na Save" People who sell and exchange sex in Port Moresby. The research revealed that 76 per cent – the highest – of traditional landowners from resource rich provinces were the highest paying clientele. It was also revealed that students were the second highest clients at 42 per cent. It is the first integrated biological, behavioural and qualitative study of people in this setting and included the study of 593 men, women and transgender sex workers and under aged people who sell and exchange sex in Port Moresby. The study was carried out over a period of six weeks between June and July last year and also indicated that up to three quarters of these sex workers were servicing the landowners.

Director of National AIDS Council Secretariat, Wep Kanawi said this percentage was too high and landowners and the LNG management needed to attend such meetings to address money issues as the statistics indicated that traditional landowners were spending large sums of money on sex alone.

“This is the single largest driver of HIV and AIDS and I call on the LNG management to be serious and take responsibility through the distribution of condoms and education,” he said. He made a call for the condoms to be made available to all venues used by sex workers as part of a workplace policy. He also made a call for the public not to stigmatise sex workers but to stand together for their rights. Meanwhile, representatives of the Friends Frangipani, a national sex workers organisation, made a call yesterday at the launch, for the Government to repeal the PNG sex laws to decriminalise sex work in the country.

They voiced the need to be respected, enjoy life and be given an equal opportunity as they were not part of the HIV problem but part of the solution. “Sex work is work, it’s just like any other occupation,” said Friends Frangipani executive representative, Samantha. He thanked IMR and the University of New South Wales for the indepth study because it would lead to goals that donor agencies could achieve. The report was formerly launched by NACS Director, Mr Kanawi on behalf of Community Development Minister, Dame Carol Kidu and was funded by AusAid. Some of the areas covered in the detailed research included age and initiation, type of sex with clients, forced sex in the last six months (from date of research) and venues. Recommendations were made by Friends Frangipani on the safety and improvement of the industry in the country. Among the list of attendees were representatives from NGO’s, UNAIDS, AusAid, IMR and University of New South Wales who were given copies of the report.

ASIAN DEVELOPMENT BANK: GAP WIDENS BETWEEN PACIFIC’S RICH, POOR Report predicts strong growth in Melanesia, weak elsewhere

WELLINGTON, New Zealand (Radio New Zealand International, March 10, 2011) – The gap between wealthy and poor countries in the Pacific appears to be widening with the resource rich nations showing accelerated economic growth. The Asian Development Bank says growth is expected to be 6.3 per cent in 2011 across the 14 economies tracked. [PIR editor’s note: The findings are documented in ADB’s [February edition of its Pacific Economic Monitor](#).]

But Senior Country Specialist for the ADB Emma Veve says strong growth will only be recorded in Papua New Guinea, Timor Leste, Solomon Islands and Nauru because of resources such as liquified natural gas, petroleum, gold and phosphate. Ms Veve says high commodity prices have a down side for countries which depend on imported food and fuel. "The higher levels of growth in the higher resource rich economies are going to move them further ahead and provide government with the resources to increase their expenditure on development. So we should see ideally greater improvements in the standard of living and the welfare of the people in these countries. Whereas in the smaller economies it will be more of a struggle." Radio New Zealand International: www.rnzi.com

ALLIED GOLD ANNOUNCES FIRST SOLOMONS POUR Aussie company’s Gold Ridge mine reactivated

By Moffat Mamu

HONIARA, Solomon Islands (Solomon Star, March 10, 2011) - Allied Gold has done its first gold pour. It is understood the pour, which was announced yesterday was in preparation for the re-opening of the Gold Ridge mining operations in two weeks time. "Allied Gold Limited is pleased to advise its 100 percent-owned 120,000 ounces per annum Gold Ridge gold mine on north central Guadalcanal has poured its first gold under Allied ownership," the company statement said yesterday. A spokesperson for Allied Gold said the first gold was achieved within a year of Allied taking control of the project and investing SB\$150 million [US\$18 million] to refurbish and redevelop the mine.

Executive chairman of the company Mark Caruso said this was a significant achievement for Allied Gold, for the dedicated construction and operating teams who had delivered the project on budget and ahead of time and extended his thanks to the landowners and Government of the Solomon Islands. "This sends a very clear signal the Solomons is open for business and what can be achieved through co-operation and goodwill. "We have taken the first steps at Gold Ridge, and much more needs to be achieved for the landowners and the country, but it is a start," he said. The official re-opening of the mine plant and its operation will be held at Gold Ridge mining site within a fortnight, on March 22. Simon Jemison media officer for Allied Gold Limited yesterday said preparations for the official unveiling of the operations were progressing well. He said this week tanks are being painted at the mine site as part of the preparation.

Head of the State Governor General Sir Frank Kabui and Prime Minister Danny Philip have been invited to be the guests of honor and witness the re-opening of the refurbished mine plant. Mr. Jemison said before the official re-opening, media would also be accorded a tour to the mine plant on Monday to visit the site and meet the chief executive chairman. Allied Gold acquired Gold Ridge in 2009-10 through the takeover of Toronto-listed Australian Solomons Gold. Allied also operates the Simberi gold mine in Papua New Guinea. Gold Ridge employs approximately 550 people in mining and operational roles with 85 percent locals. An Allied spokesperson said the company was also meeting its commitments to relocate or re-house 1900 local people and one third of the way through a programme to build 300 houses. However, major gold producers such as Newmont have exploration programmes to the north-east of Gold Ridge and Allied will undertake regional exploration activity on Guadalcanal in 2011-12.

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

U.S. FIRM TO PROSPECT FOR 'RARE EARTH' IN PNG

Valuable minerals sought by high tech industry

PORT MORESBY, Papua New Guinea (The National, March 10, 2011) - A US-based company specialising in rare earth is in Port Moresby to hold talks with the Mineral Resources Authority (MRA) on its plan to set up an exploration site for the minerals and related processing facilities. Rare earths are elements that occur in a range of minerals as minor components such as cerium, yttrium and samarium. They are sought after by manufacturers of electronics and hi-tech items such as cell phones, satellite imagery, military hardware and software and other everyday household and personal items. Currently, China is the world's largest supplier of rare earths. PNG has generated lots of interests from international mining companies and investors into the potential market and production of rare earth during the Prospectors and Developers Association of Canada (PDAC) convention this month.

The traditionally mined gold, copper and silver would soon be diversified with the nickel and cobalt from the Ramu NiCo project and molybdenum from the Yandera project. MRA managing director Kepas Wali said the interest was encouraging especially with the new shift towards re-entry of more majors and the exciting prospects to focus on rare earths. "The prospects for rare earths in the country, while it is a new shift in mineral interest, are no doubt an exciting opportunity for further broadening the mineral sector and can only be good for PNG. "The MRA is looking forward to assisting and facilitating the entry of investors willing to diversify our mineral base, thereby creating and sustaining wealth for the nation in support of the national government's Vision 2050," Wali said.

He said further developments by MRA included a non-binding memorandum of understanding with the Indian government to provide a forum for the exchange of technical knowledge and personnel. He said India had vast experience in building and operating mines and were willing to assist PNG in strengthening and collaborating with state-owned companies such as Petromin. Wali was confi-

dent that the government was positioning itself to absorb this surge in interest in the mineral sector both in terms of managing mineral tenement applications and regulating and permitting new and operating mines.

Dokup urges govt to prevent doctors from joining LNG

The National, March 10, 2011

By JAMES APA GUMUNO

THE government has been urged to control measures to regulate the unusually high salary rates being paid by developer of liquefied natural gas (LNG) project and its sub-contractors to their employees. A senior medical officer working with the Mt Hagen provincial hospital told The National on Sunday that many senior public servants had left public service and were working in the LNG project. Director medical service Dr Michael Dokup said that the pay offered to the medical doctors by ExxonMobil and its sub-contractors were very tempting. Dokup said that so far many good doctors working in the government-run hospitals had left and now working in the LNG project. He said that if the government was serious about the nation's health then they must act now and keep the doctors and other health professionals from leaving the public service to look for greener pastures elsewhere. He said that this led to increased pressure on other doctors.

Dokup said that the strain and pressure on doctors at the hospital level were overwhelming. He said the rural health centres were not functioning at 100% and the rural majority flocked into provincial hospitals seeking services that could have been sought at their districts. He said PNG had the worst health indicators in the Asia Pacific region. PNG's maternal mortality rate was one of the highest in the world with more than 700 out of 100,000 mothers dying from pregnancy and childbirth complications each year. Dokup said the HIV infection rate was increasing, adding 40 new cases were recorded monthly at Tininga STI clinic in Mt Hagen. He said that mental health illnesses were rising with rampant drug and alcohol abuses. He said law and order problems were too many to manage as many good police officers had left for LNG and others. "How is the government going to run the country with a dying, ill-equipped and understaffed health system and public service?" he asked. He said the health of this nation was at dire strait and the government must do something about it quickly.

CRITICS SLAM SHELL'S PLAN TO DRILL AUSTRALIAN REEF

Environmentalists say oil rigs would harm marinelife

PNG Post-Courier, March 9, 2011 - PERTH: A proposal by petroleum giant Shell to drill for oil and gas off Western Australia's renowned Ningaloo Reef has been slammed by environmentalists as too dangerous for the area's marine life. Shell has applied for federal environmental approval for 60 days' exploration drilling about 50km west of the Ningaloo marine park's boundary, with work to start as early as September. But environment group WWF said the risk of a spill was too great next to the one of the most biodiverse coral reef systems in the world. The reef was on the national heritage register, was nominated for world heritage listing and was important migration routes for whales, dolphins, turtles and whale sharks, WWF's Paul Gamblin said. "We're talking about pretty high-risk oil and gas activities as drilling goes, right next to one of the world's last healthy coral reef systems," Mr Gamblin told AAP. "Not a good mix."

He said WWF would push the federal government to carry out a full assessment of Shell's proposal, not just a partial assessment. He said the government should put a hold on further development until the lessons had been absorbed from the 2009 Montara oil spill off the WA coast and the Gulf of Mexico oil spill in 2010. Shell spokesman John D'Agostino said before exploration could proceed

the company had to get all the necessary safety and environmental approvals. “Shell has a very strong commitment to the protection of biodiversity and we meet this commitment for applying a high standard of operating practices and adhering to strict environmental management plans in all our operations.”

Federal Resources and Energy Minister Martin Ferguson said the government was working to ensure the lessons of Montara and the Gulf were learnt and that Australia had the best and safest offshore regulatory regime in the world. He said in lodging its application, Shell followed the government’s stringent processes to ensure all petroleum exploration and extraction was undertaken in a safe and environmentally responsible manner. WA Acting Premier Kim Hames said the state government was committed to protecting Ningaloo Reef, but at this stage Shell had only made the application to the federal government. “They will then make that application to the state, and then the state has the process of assessing the safety features around it, applying conditions to ensure safety,” Dr Hames told reporters.

Bougainville: Panguna mine will re-open soon: Momis

Post-Courier 9.3.2011

By MOHAMMAD BASHIR

Bougainville President John Momis said his talks with Bougainville Copper has started a dialogue which would eventually lead to the re-opening of the Panguna Mine. The mine was closed in 1988 after it became the spark which ignited a decade long civil war but President Momis said there was now a consensus on Bougainville in favour of a large scale mining. He said this while speaking to ABC’s Jemima Garrett during his week long trip to Australia. President Momis told his many audiences that the key to success for the Bougainville Peace Agreement was finding economic opportunities for his people. Mr Momis was willing to consider any major development but at this stage the re-opening of the Panguna copper mine is the only project likely to be able to start operating in time to provide the autonomous region with an economic base before a referendum on independence which is due to take place between 2015 and 2020.

President Momis met Bougainville Copper (BCL) Chairman Peter Taylor in Sydney as well where he reportedly had a enlightening talk, exchanging of ideas and a good intellectual encounter. “I am satisfied. We did not discuss issues in detail but I am satisfied that we have established a process, a form of dialogue that we can maintain as we both consult our constituents and work on ways and means of consolidating the mutual trust and translate that trust into concrete economic benefits,” he said. President Momis said a new mine agreement would look very different from the old colonial era agreement that was the cause of so many problems. “If we want to re-open the mine, we have to have a total commitment to resolve the differences we had and we have to do it commercially. “On our side we have to recognise BCL’s legal rights, the (Papua New Guinea) National Government’s legal rights and on the part of BCL, they have to recognise that landowners and the people of Bougainville in general must have a more equitable distribution of benefits – in terms of employment and actual benefits and perhaps even look at giving the people through their government some measure of equity,” he said.

President Momis also said there had been a sea-change in public opinion on Bougainville but he knows that negotiating a new mining agreement will still be a difficult task. “There are some armed individuals in South Bougainville but it’s a minute proportion of the total population. Everybody wants development, stability, peace and I am saying now that the slogan should be changed from “peace through peaceful means” to peace through socio-economic means. That means empowering people by involving them in socio-economic programs,” he added. President Momis said the opponents of mining have a right to express their views, have a right to express their fears but “I believe

we can responsibly and effectively deal with this culture of fear, this syndrome of fear, by educating people.” He said the landowners have more or less agreed to form an umbrella organisation to give them one voice and they will be in negotiations with the National Government and developer. “We would like to get them started this year. We are in the process of getting some professional technical advice and we will start talking with Bougainville Copper and the National Government so that we can start the process. “Because it will take sometime before the mine operates,” President Momis said.

NEW IRELAND MINE ORDERED SHUT AFTER TOXIC SPILL

Cyanide from Allied Gold’s Simberi mine killing marine animals

By Harlyne Joku

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 9, 2011) - The Department of Environment and Conservation (DEC) has ordered Allied Gold limited, operator of the Simberi Gold/Copper mine in the New Ireland Province to shut down its mill plant following a cyanide spill from one of its deep sea tailings disposal tanks last Tuesday. Simberi Gold mine is located on Simberi Island, 135 kilometres east of Kavieng town. The islanders are claiming that fish, turtles, dugongs, whales and other marine life are dying as a result of the cyanide in the water. The mine is using the Deep Sea Tailings Placement System to dispose its waste and has reported to DEC that there is a leakage in one of the tailings tank in the sea. Secretary of DEC Dr Wari Iamo confirmed the incident yesterday evening. He said Allied Gold had reported to DEC about the incident on March 2 and that they were trying to contain the spill. DEC officers moved in swiftly and instructed the mine to shut down its mill plant until further investigation and instructions.

“The company has also been instructed to provide an incident report to DEC so we can be able to assess the situation and take necessary action including prosecution if there was negligence on the part of the company,” Dr Iamo said. Meanwhile, fish, whales, turtles and dugongs are dying as a result of the spill, the Deputy Provincial Administrator of New Ireland Province Ms Veronica Jigede also confirmed yesterday. Ms Jigede said the provincial government has sent several officers to the islands to verify the report. She said they have taken photographs of dying fish and other marine life. Ms Jigede said they had received unconfirmed reports that the impact of the spill has extended to neighbouring Tatau and Big Tabar Islands and that two workers have been hospitalised. Ms Jigede said the locals have expressed anger over the accident saying they do not want to be treated like guinea pigs in testing out the Deep Sea Tailings Disposal system (DSTD). The Post-Courier tried to contact Allied Gold for comment but was unsuccessful. We also contacted MRA (Mineral Resources Authority) who confirmed the incident but did not wish to comment and referred us to DEC as the responsible monitoring agency.

NICKEL MINE AT PNG’S RAMU DOWNPLAYS TOXIC SPILL

Just ‘minute leak’ from a hose, Chinese mining company say

PORT MORESBY, Papua New Guinea (The National, March. 9, 2011) – In Papua New Guinea (PNG), [Ramu NiCo](#), developers of the Ramu nickel project in Madang, have denied claims that there has been a serious chemical spill at its Basamuk Bay processing plant. It said in a statement yesterday that what happened last week was that a minute leak was noticed in of the hoses used to transport sulphuric acid at the Basamuk wharf and remedial action was taken. The company was commenting on suggestions by nearby Mindere village Terry Kuning that following the spill, the mine owners had warned local people not to enter the water, stop fishing and not to eat anything caught in the area. However, Ramu NiCo said this was “totally false and misleading”, noting that

the claim was reported on an internet blog which generally criticises PNG mining projects.

It said there was unloading of sulphuric acid at Basamuk wharf on March 4 to be used for the plant commissioning. "After the start of the uploading, a small leak was noticed in one of the hoses which were used to transport the pumped acid to the receiver." It said the hose was on the concrete deck of the wharf, not on or inside the water and the leak was very small, "drips and not a continuous flow". Ramu NiCo said it immediately proceeded with the emergency response plan where pumping was quickly stopped, the leaked acid neutralised with pre-prepared lime and, within a short time, the hose was replaced and normal unloading resumed and was completed on Monday.

It added that Mike Allen, a safety consultant from Australian Investigation Consultants Pty Ltd engaged by the company, observed and monitored the event. "In short, the leak occurred at the working section of the wharf, was very small, about two liters at the most and was properly attended to. "In any case, no acid or other chemical substance was let into the sea." It said it did not go out and inform the village about the alleged "serious chemical spill" because it felt there was no cause for alarm. The Basamuk wharf, one of the largest in the country, has a capacity of handling 50,000 tonnes ships.

Petromin thrives on success

Post-Courier 8.3.2011

Only four years after it was set up, Petromin PNG Holdings Ltd is going from strength to strength. It acquired the Tolukuma underground mine with liabilities and turned it into a sound operating mine with profit despite scepticism. Only last week, it was given the approval to manage the State's equity in the Solwara 1 project as well as given the first ever exploration licence (PPL 345) for exploration in the New Ireland basin. It is also holds 13 highly prospective mining tenements between Central, Morobe and Northern provinces. In another first, its new office complex, the Petromin Haus was commissioned by Prime Minister Sir Michael Somare last Friday who described it as "quite a remarkable achievement". "Within four years of its establishment Petromin has proven itself capable and is celebrating its full ownership of its head office building today," Sir Michael said. "I am naturally pleased that Petromin PNG Holdings Ltd has achieved such a milestone. No doubt you will all agree that this modern state-of-the-art office complex is quite an outstanding landmark in this part of our capital city."

Petromin was established by the Government as a vehicle for State equity participation in a technologically sophisticated and challenging oil, gas and mineral sector. "It was an initiative to basically change the landscape to ensure Papua New Guineans participate meaningfully in the vast petroleum and mineral resources sector," Sir Michael said. "Since 2007, it has jumped from a small five-person operation to now boast some 80 plus employees of a fully-fledged national oil, gas and mineral company." Sir Michael was happy that some of the country's top professionals in the industry are supported by experienced expatriates staff holding key positions who will train and develop Papua New Guineans to eventually take on greater responsibilities in the company. "It gives me and my Government much comfort to see this new office building that houses a well structured company, operating at arm's length from the State and operating independently under the Company's Act," he said. "It has highly respective individuals of world standard credentials serving as the company's board of directors. Under its unique governance structure, the company also has extra policy and regulatory oversight support by independent trust managers."

Sir Michael urged Petromin to ensure transparency, accountability, fairness, and high standards of operation at all times. "I am pleased to be part of this national company that is prepared to take on the industry's modern commercial and international development culture," he said. "A culture of sophisticated technology, technical language, communication systems, safety and environmental con-

sciousness, good field and industry best practice at world standard and high returns that can come with successful operations. “As part of Petromin’s innovative approach to investment decision, I note with keen interest that the company is now pursuing a joint development plan with strategic partners from the Republic of South Korea and Norway that is aimed at introducing new and sophisticated technology in Floating LNG Production, Storage and Off-loading system (FPSO).” Sir Michael urged Petromin to make a commitment to human resource development by sponsoring students in technical and specialist training.

Editorial

IGNORANCE ROBS PNG OF ITS NATURAL WEALTH

The National, PORT MORESBY, Papua New Guinea (March 7, 2011 - Papua New Guinea is ill-prepared for the impact of [its] liquid natural gas. Up to now, the project has been thought of as something that might happen and that, if it did, it would impact the financial and economic sectors of the country and little else. Such thoughts are drawn from the shallow pool of ignorance and PNG pays a hefty price for ignorance. Ill-prepared, both as a government and as a people, the full benefits of any resource project have over flown PNG entirely, leaving it to flounder in their wake and fighting over pet fodder such as royalties and taxes while the prized steak in substantial control and ownership and, in major spin-off contracts, have been left in the control of the multi-national conglomerates.

Bougainville, Ok Tedi, Misima, Kainantu and Kutubu oil have come and gone. There is absolutely nothing to show for them. The reason is simply ignorance. Ignorance and a rather peculiar reluctance to learn from past lessons. That especial, if tragic, trait of PNG’s persists today and is about to hit PNG with the force of a tornado with the advent of the LNG project. Nobody in this fair country will be untouched by its impact. Unless adequate protection is garnered on emergency footing right away, when the eerie peace and quiet that always comes in the aftermath of such a storm finally settles in 30 or so years, it will be upon a strange landscape – the same land but devoid of life and energy and filled with vultures, hyenas and carrion feeders of every kind that walks the earth. In another sense, PNG will never be the same again. The LNG projects, ExxonMobil’s as well as the one promoted by InterOil, will change the face of PNG.

As we have heard in the Asian inquiry, there are 14,000 applications for work permits alone from the LNG and only nine persons to process them. Word is now that when the project goes into full construction stage, there will be a need to process 50,000 visas. Is there capacity at the PNG immigrations and citizenship agency to process that kind of workload? Be sure that hiding among that throng coming in will be the vultures and the hyenas. They got to be stopped at the door. The real estate industry in PNG is feeling the first direct impact of the project. The project has taken up most of the new residential buildings in Port Moresby at some previously unheard of sum per week for a unit. This has pushed up all other real estate prices so that housing, which has always been expensive, is now well beyond any individual – expatriate or national.

Other industries will follow this upward trend. Already, in the Southern Highlands and elsewhere, schools are emptying of teachers as they seek hardship allowances and better terms and conditions of employment. They are not stupid. Even unskilled labourers in the LNG project are getting paid double and triple the teachers’ salaries. This will have massive impact upon education. Students themselves will be reluctant to go to school. Education in PNG has always been promoted, quite wrongly as it turns out, as the way to a decent job and cash. Why go to school with so much money pouring out of the project? Remain ignorant and continue to be fed trash. Bad logic but immediately feasible and attractive – no work involved.

The agriculture and the fledgling manufacturing sectors, which have never received much attention in the past, will be the first lambs on the sacrificial altar. As the LNG project drives costs, including the cost of labour, up, it will become uneconomical to run factories or plantations. The cost of labour will be too expensive. Cost of factory inputs and fertilisers and fuel will go up. Factories will shut their doors and plantations and estates will be reclaimed by the bush. For 30 years, nobody will notice – everybody being busy and employed. When the gas is all pumped out, that is when everybody starts looking around for the factories and the plantation sector and they will not be there. That is the phenomenon that is called the resources curse or the Dutch Disease. By then, PNG will be permeated thoroughly with its contagion. A cash-rich nation will suddenly find, when the source of the cash is dried up, that there is no other source left to turn to. That is the price of ignorance.

Bougainville government firm on stand to reopen mine

The National, March 8, 2011

THE Autonomous Bougainville Region Vice-President Patrick Nisira has reaffirmed the regional government's stand that the Panguna copper mine stays shut "until all outstanding landowner grievances are addressed". He said this yesterday to dispel any confusion among stakeholders, particularly landowner factions, on their position on Panguna mine amid overtures by Bougainville Copper Ltd to reopen the mine. He said these issues included:

- * Re-unification and reconciliation of all Panguna landowner groups, a process that the ABG and the Me'ekamui leadership have begun recently. This process also includes revisiting and addressing all landowner outstanding grievances among the Panguna landowners themselves;
- * Landowner outstanding compensation and environment damages which the landowners need to address among themselves initially and then with the ABG;
- * Establishment of mine lease area associations and an umbrella association to deal with issues of the reopening of the mine. Within this early stage of the formation of the mine lease area associations, the ABG expects to be told whether the landowners want to reopen the mine or leave it permanently closed;
- * Review of the Bougainville Copper Agreement (BCA);
- * Draw down of mining powers to ABG. The Panguna landowners, the former combatants and the people of Bougainville have all called for this to happen before any serious negotiations for the mine re-opening is entertained.
- * Weapons disposal is satisfactorily achieved and the environment is conducive for mining to commence; and
- * Managing stakeholders' expectations.

"This is the process the ABG and the national government and the Panguna landowners have been engaged in. "We have not decided on re-opening the mine. That decision remains with the landowners and the people of Bougainville," Nisira said. He added that ABG, as an independent government, had yet to meet with the landowners. Instead, the ABG through the Mining Department and landowners, through their mining lease associations, have been holding consultative meetings to express their views on the future of mining in Panguna. "We will have our own consultative meetings when funds become available. "We feel strongly that these consultative meetings and the formation and registration of the mine lease association and the umbrella association would pave the way forward in properly dealing with the landowners' outstanding grievances," Nisira said.

BOUGAINVILLE PRESIDENT QUESTIONS U.S. COMMITMENT

Momis says China has shown more willingness to invest

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 7, 2011) - The US secretary of state, Hillary Clinton, issued a warning over the weekend that Papua New Guinea (PNG) is one part of the Pacific where the US is engaged in a strategic competition with China over resources and leadership in the region. But Bougainville's president, John Momis, says the United States is conspicuous by its lack of investment in Papua New Guinea and that he would welcome more. As the United States attempts to deal with its massive debt, secretary of state, Hillary Clinton, is doing her best to ensure climate change programs for the Pacific are spared the axe. When she went before the United States foreign relations committee, last week, she highlighted US strategic interests.

She said "Let's put aside the moral, humanitarian, do-good side of what we believe in, and let's just talk, you know, straight realpolitik. We are in a competition with China. Take Papua New Guinea, huge energy find, to go to one of Senator Lugar's very strong points. Exxon Mobil is producing it. China is in there every day in every way trying to figure out how it's going to come in behind us, come in under us. They're supporting the dictatorial regime that unfortunately is now in charge of Fiji. They have brought all of the leaders of these small Pacific nations to Beijing, wined them and dined them. I mean, if anybody thinks that our retreating on these issues is somehow going to be irrelevant to the maintenance of our leadership in a world where we are competing with China that is a mistaken notion."

Hillary Clinton may not want to see Pacific climate change programs cut but that has not stopped questions being asked about whether the US has left the door open to China in this region. Bougainville is home to the massive British and Australian-owned Panguna copper mine and is prospective for more minerals. Bougainville's president, John Momis, is one of Papua New Guinea's elder statesmen and its former ambassador to China. He says the Exxon Mobil led Liquefied Natural Gas (LNG) project is the exception rather than the rule when it comes to US investment. "That's one off. Apart from that, the US is conspicuous by its absence in Bougainville." China, on the other hand is looking into a wide range of projects in PNG. President Momis says Chinese companies have shown interest in taking a stake in the Panguna copper mine. Bougainville is still recovering from a civil war in the 1990s which left thousands dead, closed Panguna and destroyed much of the islands infrastructure. Australia and Papua New Guinea are supporting Bougainville's reconstruction.

President Momis says economic and social development is a priority and he is keen to welcome new investors. "We now have Chinese entrepreneurs on the ground looking at possibilities of farming, fishing, shipping, setting up a technical college. The Chinese government, or the embassy, has said to us that they would be prepared to build a technical college. We've also had an offer from Europe, a private offer, not government, to build a technical college. We do need, in my view we need to have good technical colleges to produce educated, technically qualified people." President Momis has just completed a week-long visit to Australia at the invitation of the Australian Government. He flew out on Sunday confident that he will get a good hearing for his request that more of Australia's increasing aid budget go to Bougainville. The visit was just part of a hectic schedule. "When I led a delegation to China we signed seven Memorandums Of Understanding (MOU). We are encouraging Chinese and some Australians as well as Kiwis, and any other investor who is interested, to go into joint venture with us. I have gone in public to say we will not encourage standalone business, foreign business. We would prefer to encourage joint-venture businesses. Of course, the question of equity will be negotiated. We don't have the capital not the technology and so on and so forth." Radio Australia: www.abc.net.au/ra

BOUGAINVILLE'S MOMIS HOLDS TALKS TO REOPEN MINE

President claims wide support to restart Panguna

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 6, 2011) - Bougainville's President, John Momis, has held talks with the Rio Tinto-owned mining company, Bougainville Copper, about the possibility of re-opening the [Panguna Mine](#). The mine was closed in 1988 after it became the spark which ignited a decade long civil war on Bougainville. [*PIR editor's note: Geographically part of Northern Solomons, [Bougainville is politically](#) an autonomous region in Papua New Guinea.*]

President Momis says there is now a consensus on Bougainville in favor of large scale mining. He emerged from talks with [Bougainville Copper](#) (BCL) Chairman Peter Taylor, saying he had had a good exchange of ideas. "We did not discuss issues in detail but I am satisfied that we have established a process, a form of dialogue that we can maintain as we both consult our constituents," he said. President Momis told Radio Australia's Pacific Beat program, a new mine agreement would look very different from the old colonial era agreement that was the cause of so many problems. "If we want to reopen the mine we have to have a total commitment to resolve the differences we had and we have to do it commercially," he said. "On our side we have to recognize BCL's legal rights, the (Papua New Guinea) government's legal rights and on the part of BCL, they have to recognize that landowners and the people of Bougainville."

President Momis said any new mine agreement would have to provide a much more equitable distribution of benefits. He says there has been a sea-change in public opinion on Bougainville but he knows negotiating a new mining agreement will still be a difficult task. "There are some armed individuals in south Bougainville but it's a minute proportion of the total population." "Everybody wants development, stability, peace and I am saying now that the slogan should be changed from 'peace through peaceful means' to 'peace through socio-economic means'...that means empowering people by involving them in socio-economic programs." Mr. Momis says landowners will also take part in negotiations with the national government and BCL, under an umbrella organization. He says he wants to see formal negotiations begin this year.

Radio Australia: www.abc.net.au/ra

South Pacific mine to reopen as gold fever grips region

Reuters, Mar 7, 2011

- * Solomon Island to restart gold mine first time in decade
- * Miner Allied Gold to pour first gold bars this week
- * Mine owner says South Pacific under-explored
- * Papua New Guinea could reopen copper mine by 2012
- * Conflict has held back mining development in region

By James Regan

HONIARA, Solomon Islands, March 7 (Reuters) - An Australian miner is due to restart a gold mine in the Solomon Islands this week, signalling that the commodities boom has finally caught up with one of the world's most remote regions -- the South Pacific islands. The miner, Allied Gold, is not alone. Papua New Guinea might resume mining of one of the world's richest copper deposits by 2012, two decades after villagers attacked and sabotaged operations there. From Papua New Guinea to New Caledonia, mines have often created conflicts between poor villagers and their governments over the distribution of wealth, leaving the South Pacific with little to show for its mining riches. Australia-listed Allied Gold said on Monday that it would begin pouring its first gold bars at its Goldridge mine near the Solomon Islands' capital of Honiara later this week after spending A\$150

million (\$152 million) on development. "We see opportunities in the South Pacific which I believe has been under-explored over the years," Allied Gold Executive Chairman Mark Caruso told Reuters in an interview in the Solomons. Gold is about \$3 away from last week's record high of around \$1,440 an ounce, a level that has encouraged more digging in far-flung locations with little history of mining. "If you look at the uncertain economic situation in the United States and what's going on in other parts of the world it's all supportive for gold," Caruso told Reuters in an interview, referring to gold's reputation as a safe-haven asset. "Unemployment in the U.S. remains painfully high and the Middle East is undergoing dramatic changes."

Allied Gold, which has a market capitalisation of about A\$675 million, is also listed in Toronto and on London's AIM exchange. It aims to produce 120,000 ounces a year from its Goldridge mine, which had been abandoned a decade ago after tensions flared between rival bands of islanders. Fighting broke out between Guadalcanal and Malatian islanders in 2000 over political control over Guadalcanal province. Though unrelated to the mine itself, the conflict spread to the operation when looters stripped much of its infrastructure and equipment, such as cabling and roofing. The hostilities date back to World War II, when U.S. troops fighting the Japanese on Guadalcanal, the main island in the Solomons, brought over thousands of neighbouring Malatian islanders. The Malatians stayed on Guadalcanal and came to dominate the indigenous population economically and politically. The mine is designed to produce for at least 10 years, sufficient to potentially account for around 30 percent of the gross domestic product of the Solomon Islands, Caruso said, adding that it could take several quarters to reach full output.

BLESSING & A CURSE

One of the world's richest copper deposits, on the Papua New Guinea island of Bougainville, remains idle, two decades after villagers attacked workers and sabotaged mine operations there. But, with copper prices near record highs of around \$10,000 a tonne, Papua New Guinea's prime minister said in December that the mine, owned by Rio Tinto subsidiary Bougainville Copper could reopen by 2012. Allied Gold also operates in Papua New Guinea, mining 73,000 ounces of gold a year in the remote Tabar islands. Papua New Guinea is also a major production base for industry giants Barrick Gold and Newcrest Mining. The two firms will this year produce more than 3 million ounces in total from the country. Elsewhere in the region, Fiji has had a start-stop history of gold mining while New Caledonia is focused solely on nickel.

The Solomon Islands has been associated with gold since 1568 when Spanish explorer Alvaro de Mendana de Neyra discovered what he believed to be the 'Land of Ophir', the source of Israeli King Solomon's gold according to the Old Testament. The explorer called the archipelago 'Isles de Solomon'. Allied acquired the Goldridge mine a year ago when it bought the previous owner, Australian Solomons Gold Ltd of Canada. Most of the world's 2,000-tonnes-a-year gold output is produced in China, Australia, the United States and South Africa, where mining is long-established. "When it comes to mining, what we're demonstrating is that the Solomon Islands is now open for business," Caruso said. Caruso said Allied Gold would avoid hedging through forward sales of the mine's gold at fixed prices, a high-risk practice frequently associated with small- and mid-sized producers, preferring full exposure to market bullion prices. "Hedging is not something we are looking to do," he said. Caruso said Goldridge would be profitable even at the half the current spot price.

(\$1 = 0.986 Australian Dollars) (Editing by Mark Bendeich)

Newcrest bullish on PNG ops

The National, March 7, 2011

MELBOURNE: Newcrest Mining Ltd is bullish about its Papua New Guinea operations as it embarks on a global investor roadshow this month. Australia's biggest gold miner last year revised up its exploration target at its Wafi-Golpu mine in PNG to more than 30 million ounces of gold and eight million tonnes of copper. That compares to previous estimates of 16 million ounces and 4.9 million tonnes, respectively. Newcrest will be conducting investor briefings in the UK, North America and Asia this March. "Deep drilling undertaken and reported in recent quarters continues to demonstrate that the Golpu porphyry deposit may be significantly larger than the reported resource," the company said in a statement last Friday.

Mine Life senior resources analyst Gavin Wendt said the company must be confident to be forecasting such figures. "Normally, these big companies are pretty conservative, so that's a pretty bold statement," he said. "That's a massive intersection of 800m at 600m within that, 3g/t and just under 3% copper. "That's a fabulous intercept and that's going to be a really, hugely profitable deposit." Prefeasibility at the mine is due to be completed by the end of this year, ahead of a development decision in 2014. The project underlined Newcrest's strategy of focusing on the Pacific region, including Indonesia, where it had "done very well", Wendt said. Newcrest last year became the fourth-biggest goldminer in the world when it acquired Lihir Gold. – AAP

State-owned Petromin paid K105m in tax

The National, March 7, 2011

By MALUM NALU

PETROMIN has paid K8 million as dividend to the state in 2008 and 2009, in addition to K105.5 million in taxes to the government since 2008, according to board chairman Brown Bai. Speaking at the opening of Petromin Haus last Friday, Bai said this was because of sound and prudent management, and urged management and staff to continue taking pride in their work and new office. He also applauded last week's decision by Mining Minister John Pundari to nominate Petromin to participate in four world-class mining projects: Solwara-1, Frieda River, Wafi-Golpu and Yandera. "In our assessment," Bai said, "these projects are operated by reputable operators and Petromin is happy to be a participant in these respective projects, because they will add value to the growth of the company and future prosperity of our people. "Similarly, Petromin is comfortable to be a partner in the Moran oil fields and the PNG LNG projects, which are operated by world-class operators. "Petromin is also a nominee in the second large Elk/Antelope LNG project, with a 20.5% equitable interest, led by InterOil Corporation.

"While we have not been provided information on the recent arrangement between Energy World Corporation (EWC) and Liquid Niugini Gas Ltd (LNGL), we hope the project will be developed on schedule. "I am particularly excited about the future prospects based on major important investment decisions and new commitments that we have made to further enhance Petromin's continuing successful performance. "These include mineral and petroleum exploration programmes and commercial investments in partnership with strategic partners," Bai said. Petromin currently has six wholly-owned subsidiaries which hold its equity in current and future projects: Tolukuma Gold Mines Ltd (TGM); Eda Oil Ltd (Moran petroleum project); Kumul LNG (PNG LNG project); Eda LNG (Elk/Antelope LNG project); Eda Minerals (mineral exploration and production); Eda Energy (petroleum exploration and production); and Petromin Shipping (LNG shipping).

Juffa: Customs lose staff

The National, March 7, 2011

By VERONICA FRANCIS

PNG Customs Commissioner Gary Juffa has raised concerns at the ability of core government agencies to facilitate trade and travel and ensure major impact projects such as the LNG project were delivered in a timely manner. Juffa made this comment in response to queries from The National regarding the capacity of key government agencies in facilitating the LNG project. He said that delays were being caused in the processing of imports and exports, adding currently Customs was working at 60% of its official staff strength due to delays in the public service recruitment process. Juffa added that his staff were handling the workload of several positions at once without adequate compensation and many were having to take time off to recover from stress-related illnesses, this translated to inefficiency in trade facilitation and poor client service. "Customs staff have left for better offers due to the government's inability to adequately pay and accommodate them.

"Many of these people were highly skilled and trained and wished to serve their country but left as they had to look after their families and could not do so adequately given the rising cost of living and lack of housing and attractive benefits in the public service. "Customs has lost five officers in the last two months due to this situation and I fear I will lose more as I am unable to provide them the benefits that industry is offering. "The lack of capacity in staffing and the high attrition rate contributes to delays in the facilitation of trade and travel and at the same time prevents Customs from maintaining vigilance at our borders, therefore, increases the risk of smuggling and trafficking of contraband and other transnational crimes," Juffa said. It is understood that Juffa had an urgent meeting with acting Department of Personnel Management secretary Ravu Veranagi and had been assured that his concerns regarding recruitment and staff salaries were being addressed and fast tracked. Juffa said he hoped that the matter was resolved once and for all as the cost to industry and community was not proper.

He said despite this, Customs was still collecting revenue above projected figures and recovery of evaded duties and unpaid duties through fraud was ongoing. Juffa commended dedicated Customs staff for their effort and patience and patriotism in serving. Juffa also said in a meeting last Thursday in Port Moresby that with the economic growth PNG was experiencing, its Customs services would be required to forge partnership with business industries in ensuring efficient service delivery and protecting community interests. He said it was vital that Customs have an open dialogue with the commerce and business community. PNG Chamber of Commerce and Industry John Leahy, in support of the initiative, assured the backing of the industry in addressing the constraints faced by the industries in relation to Customs matters and cordially discussing ways to resolve the common issues.

International Monetary Fund cautions PNG on its spending

The National, March 4, 2011

A CONSULTATION mission from the International Monetary Fund (IMF) visiting PNG last month has emphasised on maintaining macro-economic and financial stability "in the face of substantial demand shock" associated with the liquefied natural gas (LNG) project. Members of the IMF Article IV mission had discussions with Treasurer Peter O'Neill and his department secretary Simon Tosali, Bank of PNG Governor Loi Bakani and key officials from Finance and Treasury Department and BPNG. According to a concluding statement by the IMF mission on the consultation, PNG had enjoyed an unprecedented 10 years of solid economic growth owing to greater political stability, sound macro-economic policies and improved public finances. However, it warned that

higher commodity prices and the construction of the LNG project (190% of GDP investment) would boost an economy that was facing capacity constraints. “As a result, rising consumer and asset price inflation is threatening macro-economic stability.”

The IMF said to lower the risk of overheating, firmer fiscal and monetary policies were required. The visiting financial consultants also warned PNG government officials that to ensure opportunities provided by the rich natural resources were not wasted, there should be strict adherence to the rules embodied in the medium-term fiscal strategy, close coordination of monetary and fiscal policy and the integration of a sovereign wealth fund (SWF) into the macro framework to help maintain macro-economic stability. Commending the government’s decision to manage all resource revenues through a SWF, comprising a consolidated pool of three offshore funds, the IMF mission recommended that all expenditures should be fully integrated into the budget process. “In many countries, such an arrangement has been helpful in managing the volatility of mineral revenues and contains real exchange rate appreciation, improve transparency, accountability and good governance,” a concluding statement released by the IMF mission stated.

It also noted that economic growth was projected to remain strong and inflation was expected to accelerate. “Real activity is being boosted by the construction activity associated with the large PNG LNG project, favourable commodity prices and strong investor confidence. “Judicious implementation of the budget will help mitigate inflationary pressures, but savings opportunities should be rigorously exploited and the typical year-end spending rush avoided,” the statement read. The IMF said while the budget was appropriately based on prudent assumptions, including commodity price assumptions, any windfall revenues that may accrue should be used for debt reduction or set aside to cover future liabilities relating to the LNG project and to pre-finance pressing rehabilitation and maintenance needs of public infrastructure. The government said it was supportive of the IMF’s findings and would factor them into the development of monetary and fiscal policy operations going forward. “The PNG government is keen work closely with the IMF into the future, to better manage the economy.”

Ramu mine lawyer now working for Rimbunan Hijau

PNG Mine Watch 4.3.2011

Charles Scerri, QC, the Australian lawyer who heads the legal team for the owners of the Ramu nickel mine, is now also working for Rimbunan Hijau, the notorious Malaysian company that dominates the logging industry in Papua New Guinea. Rimbunan Hijau has been repeatedly exposed for illegal and unsustainable logging and human rights abuses. A number of its timber permits have been ruled unlawful in the courts but the company uses its superior economic power, which includes ownership of the National newspaper, to avoid any real scrutiny. In 2002, the Ombudsman Commission recommended the removal of Wari Iamo, Secretary of the Department of Conservation, from the National Forest Board for his role in granting Rimbunan Hijau an illegal permit to log the huge Kamula Doso logging concession. That recommendation has never been implemented and Iamo still sits on the Forest Board. Last week, Iamo was in the witness box defending his approval of the Ramu nickel mine's marine waste dumping plans in front of Charles Scerri.

Government arm Petromin to deal with four mining projects

The National, March 4, 2011

By BOSORINA ROBBY

PETROMIN Holdings Ltd on Wednesday was declared by Mining Minister John Pundari as the state’s commercial vehicle to the four mining projects once they have reached their development

stages. These projects are Marengo Mining's Yandera mine in Madang, the Solwara 1 deep-sea mining by Nautilus Minerals, Xstrata-Highlands Pacific's Frieda mine in West-East Sepik and Wafi-Golpu in Morobe. Through Petromin, the State will own 30% equity in each of the projects, of which 5% will be given to the landowners and to be managed by the Mineral Resources Development Co (MRDC). The gazettal was authorised by Prime Minister Sir Michael Somare. Pundari said since its inception in 2007, Petromin had evolved into a creditable organisation managed by an independent board and professional management team.

"As minister responsible for mining, I have an obligation to implement the vision and expectations of the PM and his government by working closely with Petromin so that it delivers on its mandate", he said. Pundari presented the gazette to Petromin chairman Brown Bai on behalf of Sir Michael. Bai assured the government that Petromin was committed to participating in the wealth creation for the country, and in partnership with its partners, would work towards the development of PNG and eventually the creation of economic independency. Last Monday, Petromin was nominated to exercise the state back-in right in the Solwara 1 mining project. "Petromin will now negotiate commercial terms with Nautilus to fund its equity in the project," Pundari said last Monday when he announced the company's nomination.

Study shows Ramu people neglected

The National, March 4, 2011



The people in the Upper and Lower Ramu in Madang are lacking government services, a study conducted by Dr Anastasia Sai of Divine Word University revealed. The study found that government services were not reaching the people. "There are houses at the government stations standing idle with no workers, no Kiap and not even a generator given by a local MP for rural electrification," Sai said. She said the Ramu River communities depended on river transport, however, it was expensive, adding that a motorised transport was required for a 10-hour trip down stream. "Even the road conditions are bad. An extension of 9km road from Sogeram to Middle Ramu must be a priority so that locals could reach Annaberg station," she said. The study also revealed that the economy was also affected and the government was not facilitating and enabling the Ramu people to participate in economic activities. "Their health needs are not met and mothers walk for hours to get medical check-ups because aid posts have no medicines or health workers," Sai said. She said that many people did not seek medical help because of the lack of clinical services. Sai said having good

governance was important because this would ensure basic services such as health, education and infrastructural development reach the rural people.

African bank to advise Marengo Mining

Post-Courier 4.3.2011

By Harlyne Joku

International copper development company Marengo Mining Limited has announced that the Standard Bank, a leading African Banking Group will act as financial adviser for the development of Marengo's 100 per cent owned rich copper-molybdenum-gold project in the Yandera district of Madang Province. Standard Bank's mandate is to advise Marengo on a comprehensive funding solution for the development of the Yandera project through to completion of construction. This includes working closely with Marengo and China Non Ferrous Metal Industry's Foreign Engineering Construction Co Ltd (NFC) with whom Marengo signed a Memorandum of Understanding (MOU) in October 2010 for financing, construction and development of the Yandera Project. Under the MOU, NFC will facilitate at least 70 per/cent of the necessary financing project development cost of the Yandera Project through Chinese Banks.

Marengo's managing director Les Emery said Standard Bank was selected based on its significant experience in financing mining projects globally as well as its specific expertise raising finance from Chinese sources. "After considering a number of excellent submissions, the Board of Marengo determined that the Standard Bank is best positioned to provide the company with requisite knowledge to obtain funding by Chinese-based banks for the development of the Yandera project," he said. Standard Bank's chief executive in Asia Andrew King said they were delighted to be chosen as financial adviser to Marengo.

Mr King described the Yandera project as important. "This role will capitalise on both our global mining expertise as well as our depth experience, linking Chinese contractors, sponsors and banks to projects in emerging markets," he said. He said Standard Bank has successfully raised over US\$5 billion in Chinese financing over the last two years. The Yandera project is 85km northwest of Madang town and 20 kilometres from the multi billion Ramu Nickel Cobalt project. Feasibility studies show that the project has huge potential of producing high grade gold and copper molybdenum. Two Papua New Guineans former politicians are members of the Marengo Board. They are former Prime Minister Sir Rabbie Namaliu and former Mining Minister Sam Akoitai.

Landowner groups fly home to resolve issues

Post-Courier 4.3.2011

In an unprecedented move, landowner leaders from Moran in Hela will pack into a chartered plane for the LNG project site to trash out their differences later today. Tired of using the media and the courts to sort out their problems, the landowners have agreed to leave Port Moresby and take their problems home to deal with them. "We the leaders of 30 clans in the Moran area are going there. We invite all other landowner leaders to come with us. It is pointless for us to debate and argue in the media over issues relating to land ownership, MoU funds and other issues related to the LNG project in Port Moresby, spokesmen Nelson Alina and John Kila said yesterday. "We particularly invited Pape Punga, chairman of the now defunct Homa Paua Peoples Association and his executives to come with us. This war in the media must stop," the two men said in a joint statement.

They were referring to an advertisement run in the Post-Courier by Mr Punga in which he said his group as the legitimate representative of the Moran people does not want the Government to give in to demands and threats issued by anyone on behalf of the Moran landowners. "This is to notify relevant state agencies and developers that Moran Oil project landowners from PDL 5 have not

sanctioned any other party to issue media release, conduct negotiations nor to issue any ultimatum and threats to shut down Moran Oil production for any reason.” Mr Punga was referring to a petition from Moran landowners in Southern Highlands who called 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 last Friday, the landowners want the Government to settle the payments so that work on the Central Moran and West Moran petroleum project can go ahead. 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 reimbursements for the development levy for North West Moran. “We are inviting Pape Punga to come with us. We are all genuine landowner leaders and we go to Moran where we will sort these issues out. Punga needs to explain to the people how he used MoA funds he picked up already. He cannot hide in Port Moresby,” Mr Kila said. Oil Search Limited is urging the Kutubu landowners and the Government to address the concerns regarding various funding commitments from the State, a spokesperson for PNG Oil Search Limited said last night. She said the company understands that three different Kutubu landowner groups from South East Mananda, Moran and the Kutubu (Fasu and Foe groups) areas have written to the State regarding various commitments and outstanding funds relating to MOA for oil projects; the UBSA and LBBSSA commitments for the PNG LNG projects. “Oil Search is encouraging all parties to discuss and resolve these amicably without resorting to disrupting operations. Oil Search will take all necessary actions to protect its people and properties in the oil operations,” she said.

Bougainville Government’s stand on Panguna mine

Post-Courier 4.3.2011

By Fabian Gatana

THE Panguna mine will remain shut and opened only when all outstanding issues are addressed and landowners and the people of Bougainville are satisfied. This is from the Autonomous Bougainville Government (ABG) vice President Patrick Nisira after clarifying the Government’s stand on the issue of the re-opening of the Panguna mine. Mr Nisira made the remarks after an ABG MP and Minister Davis Sisito and Me’ekamui diehard Chris Uma made statements regarding the Panguna mine last week. “I reiterate again that the Autonomous Bougainville Government’s official position on the reopening of the Panguna mine is clear — the mine is to remain closed, until all outstanding landowner grievances are properly addressed,” Mr Nisira said. He said the issues included:

- REUNIFICATION and reconciliation of all Panguna landowner groups, a process that the ABG and the Me’ekamui leadership have begun recently and with the effective participation of MDF front man, Chris Uma;
- Landowner’s outstanding compensation and environment damages. The landowners need to seriously address this issue among themselves initially and then with the ABG;
- Establishment of mine lease area associations, the ABG expects to be told whether the landowners want to reopen the mine or leave it permanently closed;
- Review of the Bougainville Copper Agreement (BCA);
- Draw down of mining powers to the ABG. The Panguna landowners, the former combatants and the people of Bougainville have called for this to happen before any serious negotiations for the mine reopening is entertained;
- Weapons Disposal is satisfactorily achieved and the environment is conducive for mining to commence; and
- Managing stakeholders’ expectations.

“Panguna Mine is a highly sensitive issue, therefore I call upon the media, particularly the PNG

print media to take extra care when writing on issues that affect the lives and welfare of the people of Panguna, especially their sensational approach to news writing and showing favour to certain interest groups in Bougainville. We in the ABG have no hidden agenda,” Mr Nisira said.

Bougainville: Two new associations added for lease area

Post-Courier 4.3.2011

By Gorethy Kenneth

BOUGAIVNILLEANS have created two new landowner associations to add to the six known Panguna Mine lease area groups. They are the Middle Lower Tailing lease and the South West Coastal Corridor Mine Tailing. The original six landowners associations include:

- Rorovana Lease;
- Special Mining Lease;
- Port Mine Access Road lease;
- Dapera/Iaba pump station mine lease;
- Upper Tailing lease; and
- Lower Tailing lease.

The Middle Lower Tailing lease landowner association is a splinter from the Upper and Lower Tailing Lease associations. The South West Coastal Corridor Mine Tailing is made up of landowning groups along the coast directly affected by the tailings waste from the Panguna Mine. Interim executive director of the South West Coastal Corridor Mine Tailing group, Patrick Heromate in a statement warned the leaders to be very cautious, conscious and careful about the representations of the meetings. “Panguna mine has caused a lot of problems that led to a civil war in Bougainville where lives of people have been lost,”

Mr Heromate said. “Leaders and landowners must be very mindful in the cause to open the Panguna Mine. We don’t want your decision to ignite another crisis that could be more devastating than the last crisis. “Though we may be telling the world that Panguna landowner’s talks have been successful, don’t forget that you are not corroborating with every landowners. “You have been meeting with the six landowner associations. You will now have eight not six as you have continued to advocate. “There are two new landowner associations that must be added on in your future meetings,” Heromate singled out to all the leaders both ABG and National Government.”

Rebel hits out against Bougainville mine talks

By GORETHY KENNETH, PNG Mining Watch 3.3.2011

BOUGAINVILLE’S feared rebel Me’ekamu 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 requests for more Aussie aid

The National, March 3, 2011

By SINCLAIRE SOLOMON

BOUGAINVILLE Autonomous Region President John Momis has asked Australia for more aid, saying that a referendum on independence from Papua New Guinea as early as 2015 could become a real contest. He said on Tuesday in the Australian capital, Canberra, where he is visiting for a week, that he was also concerned with the Bougainville peace process. According to Radio Australia, Momis had also warned that the autonomous government must be able to deliver real benefits to its people if autonomy was to be seen as a genuine alternative. He also confirmed that there was a good chance of reopening the BCL’s Panguna copper-gold mine or starting new mines on the island but added that revenues from such projects would take too long to flow.

Momis told the radio service: “I very much hope that in making decisions about the allocation of its increasing aid budget, Australia is able to allocate significant new support to Bougainville. “This is not a matter of growing dependence, rather we will mainly need increased support in these next few years before sustainable long term revenues begin to flow.” The Panguna mine was closed in 1988 after landowners’ anger, over the share of benefits from the mine and its environmental impact, boiled over into a bloody 10-year civil war. Peace had since returned, Bougainville has autonomy and the people will decide at referendum on independence between 2015 and 2020. It had been suggested that the reopened Panguna mine could provide Bougainville with the economic resources it needed to make independence a viable possibility.

Momis and Australia’s parliamentary secretary for Pacific Island affairs Richard Marles are expected to meet later this week. Marles told Radio Australia yesterday that he cared about the future of Bougainville and planned to travel there soon. “The Panguna mine is clearly a sensitive issue within Bougainville,” he said, adding that he had met Rio Tinto executives. “They made it clear that they have no intention of going back to or reopening the mine without the permission of the landowners, and without the permission of both the Autonomous Bougainville Government and the PNG government,” Marles said. “This is a matter for the governments of PNG, of Bougainville and the landowners. “That’s where we are going to take the lead in terms of the future of the mine.”

Small scale miners to get training

The National, March 3, 2011

By ZACHERY PER

SMALL-scale alluvial gold miners in Chimbu will acquire skills and knowledge on alluvial mining. This follows an awareness campaign by the Mineral Resources Authority (MRA) last month that also revealed that more than 30 alluvial mining activities are currently in the province. MRA has selected Chimbu as a pilot province to conduct awareness on small-scale gold mining. Small-scale gold miners from the six districts would be trained at Wau Small Scale Mining Training Centre (SSMTC) in Morobe for two weeks, a week of theory and another for practical experiences under the pilot project. A lately established Chimbu provincial geo-tech office by the Chimbu provincial government and MRA had proven that the province had gone from a non-gold producing to record

finding of high grade gold.

“This is an indication that the rugged mountains often blamed for causing terrains and poverty is no longer true, the mountains are now proven to be highly mineralised. “This has been confirmed by a recent European Union Geo-Map team using modern technology under the EU mining sector support programme to the PNG government through MRA,” Chimbu geo-tech officer Raphael Komainde said. He said prior to getting into full-scale alluvial mining, miners needed to be taught how to do proper small scale mining as there were both advantages and disadvantages in the activity. MRA staff of SSMTC told separate gatherings in the districts and provincial headquarter in Kundiawa last week that gold was highly priced mineral which could generate high revenue to alleviate poverty but due care must be taken as it involved a lot of risks in the process.

Chimbu provincial government had been commended for establishing a geo-tech office which will supply reliable information mineral and petroleum potential which would help MRA. Provincial administrator Joe Kunda and his deputy (field services) Alphonse Kee thanked MRA staff for taking their time to make the awareness. They said the provincial government would always support the activities through the geo-tech office. Speaking on behalf of Governor Fr John Garia, chairman of Natural Resources Thomas Bare reiterated that the provincial government would back the small-scale mining activities as it would boost income for families.

PNG GAS PROJECT LIST HARBORS ‘GHOST’ CLAIMANTS

Landowner association says fake companies seek payment

By John Pangkatana

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 3, 2011) - THE Aporo Urri Resource Owners Association are questioning the National Government on a recent commitment to pay MoA funds to alleged “ghost” companies and landowner associations in the gas rich Hela region. This follows a recent announcement by the Treasury and Finance Minister Peter O’Niell that they would be effecting project infrastructure development commitment payments to various landowner groups along the LNG Project site corridor. The listing of some of the groups named are allegedly ghost companies and landowner associations, according to Aporo Resources Owners Association chairman Paul Yawe. Mr Yawe said his association wants the Government to clarify the project names and agreement and verify the listing in the project in each of the PDL areas. Mr Yawe said: “We want the Government to cross-check the companies or landowners association who are signatories to the project area.

Most of those companies listed are not genuine and not signatories to the project development agreements” he said. There is a serious issue here that must be addressed . . . most of these companies are not rightful owned by landowners, he said. He said the Government made a commitment to them for infrastructure development funding during the UBSA (Umbrella Benefit Sharing Agreement) in Kokopo. “Where is it?” Mr Yawe questioned. He said it is becoming difficult to explain to his people that the Government promises are not being kept. Mr Yawe further clarified that the Aporo Urri Resource Owners Association are one of the few licensed landowner associations that is recognised in Kutubu, PDL 2 and Moran PDL 5 in the South East Mananda area. They represent the people of Fasu Moran, Mananda and Libano Resource Owners .

CONTRACTORS WARNED TO RESPECT PNG LANDOWNERS

Attorneys cite landowner rights along gas project 'footprint'

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 3, 2011) - The Australian and Japanese governments have been put on notice that they will be responsible for breaches to the rights of indigenous landowners of the PNG LNG project footprint with the involvement of companies from their countries. The two governments have been told that they would be held for culpability in their failure to "exercise appropriate restraint" on companies of their respective countries if landowner rights as provided for in various United Nations charters and declarations are not observed. Warner Shand Lawyers who are representing landowners in two separate Supreme Court references yesterday wrote to the Australian High Commissioner Ian Kemish and Japanese Ambassador Hiroharu Iwasaki to give the notices. "We are instructed that Chyoda is a Japanese company which has won the major contract to construct the PNG LNG project in Papua New Guinea.

We advise that we act for the twenty three clans forming part of the Tuguba Tribe that owns the Hides gas fields in the Southern Highlands Province of Papua New Guinea. We also act for about seventeen (17) clans from Boera, Rearea and Porebada villages in Central Province where the LNG processing facility will be established," Principle of Warner Shand Lawyers Michael Wilson wrote. He wrote, "Our Tuguba clients challenge the ownership of the Hides gas fields. Whilst our Central Province clients challenge the compulsory acquisition of their customary land by the State for the benefit of Esso Highlands Limited (EHL), the LNG operator that awarded the major contract to Chyoda/Curtain Clough Joint Venture." "We have been instructed to draw your attention to your government's responsibility at international law to control the conduct of companies and institutions that are domiciled in Japan/Australia towards the compliance with international law concerning the rights of our clients.

"We draw your government's attention to the provisions of the United Nations Declaration on the Rights of Indigenous Peoples, in particular, Article 26." Article 26 states:

1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.
2. Indigenous people have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired.
3. States should give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned.

"Article 26 is relevant for the purposes of the grievances of both of our clients — the former in respect to their right to ownership of the gas fields and the latter in respect to their customary land which was compulsorily acquired by the State for the benefit of Esso Highlands Limited. "You will appreciate Excellency, that our country comprises more than 800 languages and nations with their distinct cultures, traditions and customary laws concerning ownership and use of land and resources. "Article 26(3) imposes an obligation on the Government of Papua New Guinea to recognise the various customary laws concerning ownership and use of these land and resources.

"Unfortunately our government has failed in its responsibility to implement international law in this regard and is adamant at diluting and annihilating the customary laws of the various peoples that form this great nation of ours. "We note from the minutes of the United Nations General Assembly on September 13, 2007 that your government was one of the 143 countries that voted in favour of the United Nations Declaration on the Rights of Indigenous Peoples.

“We therefore urge your government to exercise its responsibility under international law to assert authority over your national (Chyoda/CCJV) and restrain it from undertaking any construction works on the LNG project until the issue of ownership and the rights of our client are recognised by the Government of PNG as well as the lead operator of the LNG project. “We advise that we have been instructed that our clients will hold your national (Chyoda/CCJV) responsible for any damages that may accrue from the implementation of the contract awarded by EHL and your government for culpability in its failure to exercise appropriate restraint against your national for failure to observe and abide by international law as stipulated in the said United Nations Declaration,” Mr Wilson wrote. The letter was copied to foreign Affairs minister Don Polye, Petroleum and Energy minister William Duma and EHL.

Clinton says China seeks to outflank Exxon in Papua New Guinea

Wed, Mar 2 2011

WASHINGTON (Reuters) - China wants to elbow oil giant Exxon Mobil out of a \$15 billion liquefied natural gas (LNG) project in Papua New Guinea, Secretary of State Hillary Clinton said on Wednesday in an example of the new competition Beijing presents to U.S. interests. Clinton told the Senate Foreign Relations Committee that Republican proposals to cut the U.S. foreign affairs budget would hit U.S. efforts to compete with China's rising power on the global stage. "We are in a competition with China," Clinton said, citing the Papua New Guinea energy find as an example. "Exxon Mobil is producing it. China is in there every day, in every way, trying to figure out how its going to come in behind us, come in under us," she said.

Exxon Mobil is the majority stakeholder in the Papua New Guinea project, which is due to come on stream in 2014 and is expected to produce 6.6 million tonnes of LNG per year -- a potential wind-fall for the poor island nation. Clinton said China was also boosting ties with other states across the Asia-Pacific, including what she called the "dictatorial regime" in Fiji and other island nations that have long been reliable if little noticed U.S. allies. Clinton said funding cuts that would require a U.S. pullback on everything from support for global health programs to protection of women's rights could have a serious long-term impact on U.S. influence around the world. "If anybody thinks that our retreating on these issues is somehow going to be irrelevant to the maintenance of our leadership in a world where we are competing with China, where we are competing with Iran, that is a mistaken notion," she said.

Republicans have proposed a 16 percent cut to U.S. spending on diplomacy and foreign assistance, among other things, saying it is imperative to fight the ballooning federal deficit. Clinton said the U.S. retreat was opening new doors to competitors, noting new media challengers such as Al Jazeera and Russian and Chinese English-language broadcasters were winning "the information war". "Let's put aside the moral, humanitarian do-good side of what we believe in and let's just talk straight realpolitik," Clinton said of the various U.S. programs that could be hit by the budget cuts. "I also look at this from a strategic perspective, and it is essential."

(Reporting by Andrew Quinn; editing by John Whitesides)

PERTH COMPANY WINS \$215 MILLION PNG GAS CONTRACT

Clough Curtain already working on Esso upstream projects

By Patrick Talu

PORT MORESBY, Papua New Guinea (The National, March. 2, 2011) – In Papua New Guinea (PNG), engineering and procurement contractor Clough Curtain Joint Venture (CCJV) has been awarded a further 550 million- kina [US\$215 million] contract in the 50 billion- kina [US\$20

billion] Liquefied Natural Gas (LNG) project. [PIR editor's note: *Clough Curtain Joint Venture* is a construction company headquartered in Perth, Australia.]

CCJV told The National it had been awarded 520 million- kina [US\$204 million] job contract by project operator Esso Highlands Ltd, the subsidiary of ExxonMobil Corp. CCJV said the work order was associated with the PNG LNG upstream infrastructure contract. In May 2009, the first set of funding for the upstream infrastructure jobs worth 1.6 billion- kina [US\$626 million] was released. The latest contract was an additional award to Clough Curtain Joint Venture. CCJV is working on all major PNG LNG's upstream early work. These projects included the Hides 4 gas conditioning plant sites, Komo international and Tari international airport construction and other project sites mostly in Southern Highlands like the Gobe production facility, Kaiam ferry and concurrent works in Gulf along the LNG pipeline corridors. The PNG LNG project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and liquefaction facilities.

Participating interests are affiliates of ExxonMobil including Esso Highlands Ltd as operator (33.2 percent), Oil Search Ltd (29 percent), PNG government through Kroton #2 (16.6 percent, Santos Ltd, 13.5 percent), Nippon Oil Exploration (4.7 percent), Mineral Resources Development Co (PNG landowners, 2.8 percent) and Petromin PNG Holdings Ltd (0.2 percent). Meanwhile, a 14-day stop work notice to Clough Curtain Joint Venture on the LNG conditioning plant site has been extended to March 11. Erick Ayule, chairman of Gigira Hides 4 Joint Venture, the major umbrella company representing six blocks of companies from Hides, gave the notice last month, asking CCJV to award his company some subcontract projects. He delivered the stop work notice dated Feb 15 to the Clough Curtain Joint Venture project manager on site.

Pacific should not be used as a testing ground for deep-sea mining

PNG Mining Watch 2.3.2011

Two campaign organizations, based in Fiji and Papua New Guinea, have joined forces to denounce plans for the Pacific to be used as the testing ground for deep-sea mining. ACT NOW! and the Pacific Network on Globalization say the Pacific region has already suffered the negative social and environmental impacts of industrial mining on land and should not take further risks with the marine environment. "Rather than allowing ourselves to be the testing ground for multinational companies and foreign governments, Pacific countries should focus on new approaches to our own development that are consistent with our lifestyle, history and social and political realities", says Efrey Dademo, Program Manager with ACT NOW!

Nautilus Minerals has already been granted a license by the PNG government to develop the world's first deep-sea mine and the European Union has announced plans to help 15 Pacific island countries to develop laws and policies to facilitate such operations across the region. Maureen Penjueli, coordinator for PANG, says Pacific island countries do not have the resources, capacity or experience to effectively manage and monitor large resource projects and government should focus on supporting their own people rather than large corporate interests. "We have had an alternative development model forced upon us by outsiders but it is clear that model is not working for us and, indeed, is failing in the West as well. We, as Pacific people, need to find our own voice and return to a focus on our own strengths and knowledge base." "Deep-sea mining is likely to be another catastrophic failure for the region and we don't need it."

Petromin government representative to Solwara I

The National, March 2, 2011

By MALUM NALU

PETROMIN PNG Holdings Ltd has been nominated to exercise the state back-in right in the Solwara-1 mining project, Mining Minister John Pundari announced on Monday. Pundari said after consulting Prime Minister Sir Michael Somare, who is also minister responsible for Petromin, he had exercised his powers under the Mining Act to nominate Petromin, once the state entered the project through the options agreement, which was being negotiated with project developer Nautilus Minerals Ltd. He said based on his advice, Sir Michael had confirmed the nomination under the Petromin Act, conditional on the state entering the project. "Petromin will now negotiate commercial terms with Nautilus to fund its equity in the project," Pundari said.

"I have taken the initiative to nominate Petromin as the state's nominee to acquire the state's interest in all upcoming major mining projects that are rapidly advancing into the production stage," Pundari said. "These exciting projects include the three upcoming mines: Frieda in East/West Sepik (copper/gold), Yandera in Madang (copper/molybdenum) and Wafi-Golpu (copper/gold) in the Morobe." PNG must gain significantly from these projects once these mines begin production. Pundari said the benefits to the state can be greatly maximised if the state participated in these projects as a shareholder, and through Petromin, state and landowners would also benefit. "Under the mineral policy, landowners in project areas are entitled to 5% equity in the project to come from the state's share of equity," he said. "The cost of the equity would be negotiated on a case-by-case basis."

AUSSIE MINER SECURES HUGE SOLOMONS NICKEL DEPOSIT

160 million tons of ore could boost Solomons economy

HONOLULU (Pacific Islands Report, March 2, 2011) – An Australian mining company has reportedly signed a deal to develop what could be the world's largest nickel deposit in the Solomon Islands. According to the Australian Associated Press, Axiom has obtained an 80 percent stake in the 45-acre site on Santa Isabel Island, north of Guadalcanal and west of Malaita in the Solomons. Sydney-based Axiom now adds the Solomons to its holdings in North Queensland and Vietnam. The deal appears to offer some hope of economic development to a country whose dominant industry – logging – has brought little benefit to its people and is said to be waning as forests disappear. According to AAP, Axiom estimates the Solomons nickel deposit at 160 million tons of ore valued at nearly \$60 billion Australian dollars.

Axiom reportedly has worked closely with landowners to secure its lease, a departure from the prevailing practice of dealing mostly with government agencies. The company formed a joint venture with the local Kolosori and Bungusule Landowner Trustee groups, with Axiom holding 80 per cent, according to AAP. The Solomons' government put the site out for international tenders in March last year, but the deposit has been known for more than 50 years. AAP said the site, while pursued recently by other companies – including Japan's Sumitomo Metal Mining – had been idle because of low world nickel prices, landowner disputes and other issues. But nickel values have soared more recently, as world supplies shrink and demand – notably in rapidly industrializing China – grows. Pacific Islands Report (www.pireport.org)

Chinese to mine bauxite in Fiji

Papua New Guinea Mine Watch 1.3.2011

The Fijian Government has granted a land lease to a Chinese company for a bauxite mine. Fiji's Minister for Lands and Mineral Resources, Netani Sukanaivalu, handed the lease documents to the Managing Director of Chinese-owned, Xinfra Aurum Exploration, at a ceremony near the mine site on Fiji's second island of Vanua Levu. A mining licence will follow in 40 days if there is no valid public objection. The lease is the first granted under the Fiji's new Land Use Decree 2010. Villagers from Naicobo and Noro received one-off lease payments of AUD\$309,000 and AUD\$17,000, respectively. The payments will be managed through Fiji's Land Bank.

CRITICS SEE PNG AS GUINEA PIG IN DEEP-SEA MINING

Untried technology, unknown environmental impacts

By Karon Snowdon

MELBOURNE, Australia (Radio Australia, March 1, 2011) - Papua New Guinea's (PNG) government is being criticized for approving the world's first deep-sea mine. Nautilus Minerals, of Canada, was awarded a license in January to extract gold and copper from the floor of the Bismarck Sea, about 50 kilometers north of Rabaul. [*PIR editor's note: The resource reportedly has 2.2 million tons of ore, including an indicated resource of 870,000 tons at grades of 6.8 percent copper and 4.8 g/t gold.*]

The project's environmental impact statement has been approved by the PNG government and work is set to start within two years. But critics are accusing Nautilus of wanting to use the Pacific as a testing ground for untried technology, with unknown environmental consequences. With demand and prices rising sharply, mining for gold, copper and other minerals from the deep sea-floor is now economically viable. The Solwara One gold and copper project off PNG's north coast is the first attempt of its kind. Fifteen other Pacific Island nations are being offered help from the European Union to develop laws to facilitate similar projects. That has worried groups in PNG and across the Pacific, like the Pacific Network on Globalization - a regional non-government grouping concerned with economic justice. Maureen Penjueli, the network's coordinator, says the region is being to test an untried technology. "We are pretty much guinea pigs in this particular process," she told Radio Australia's Pacific Beat. "So I think that's why we need to err on the side of caution and really go through this thoroughly, rather than rush through based on the economic arguments alone."

Concerns have been raised over the potential impacts of mining on fishing, and on largely unknown plants and animals that live around mineralized areas that exist near volcanic vents in the sea bed. For Solwara One, Nautilus will employ technology used by the offshore oil and gas industries to mine up to two kilometers below the surface. For a 20-year license, the company made a security payment of US\$18,000 and will pay royalties of 2 percent of its net returns once production begins. Nautilus executive Stephen Rogers told Radio Australia in January: "As this industry emerges, it is going to present a significant contribution to the PNG economy. "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 Solomon Islands." The company commissioned environmental assessments from several universities and Australia's peak scientific body, CSIRO, with findings published in a 275-page study.

Radio Australia: www.abc.net.au/ra

Marengo: Copper inventory up 32%

The National, March 1, 2011

WESTERN Australia-based copper development company Marengo Mining Ltd yesterday announced a substantial upgrade to its mineral resource inventory at its Yandera copper-molybdenum-gold project in the Usino-Bundi electorate in Madang. The announcement of the 32% increase in copper inventory means Marengo has taken a further key step towards its objective of developing a substantial, long-life mining operation, Marengo's managing director and chief executive Les Emery said in a statement. He said the upgraded resource estimate comprised a measured resource of 113 million tonnes (mt) at 0.57% copper equivalent (CuEq), an indicated resource of 245mt at 0.50% CuEq and an inferred resource of 417mt at 0.45% CuEq, based on a 0.3% CuEq cut-off. Emery said the revised estimate had led to a 32% increase in contained copper metal, adding that this resource estimate incorporated assay results from 345 diamond drill holes totalling 113,716m which were drilled up until the end of last year.

He said that additionally, Marengo had reported an inferred resource estimate of 776 million tonnes containing by-product metals, comprising gold, silver and rhenium, for 2.2 million ounces of gold, 42 million ounces of silver and 1.5 million ounces of rhenium. "These by-product metals have not been included in the copper equivalent values and are expected to make a significant positive contribution to the overall project economics. "Importantly, the updated resource does not any resource estimate for the mineralised zones indentified from the deeper diamond drill holes completed during the latter part of last year," Emery said. He said this drilling identified mineralisation to a depth of 981m at the Imbruminda zone, some 400m below the base of the current resource estimate.

Tayloring a new Panguna mine for Bougainville

Comment by Roger Moody, 2.3.2011

The statements, quoted in this article (below) as emanating from the MD of Rio Tinto's subsidiary, Bougainville Copper Ltd (BCL) are breathtaking in their complacency. Peter Taylor maintains that "There was never any toxic material put [into the Jaba River below the mine site]" He's also reported as claiming that: "gold and copper were never produced at the mine; only a concentrate". Referring to accusations that cyanide was used in gold processing at the mine, Taylor adds: "[S]o those sorts of chemicals were never used." This manifestly self-serving statement is disingenuous, to say the least. While there has been no proof that Panguna used cyanide, the predominance of sulphides in its ore necessitated employing flotation technology, to which the addition of enormous quantities of lime is essential. (1)

A report, published by Applied Geology Associates of Australia in 1998 (a decade after militant actions by the nascent Bougainville Revolutionary Army closed down the Panguna mine) also pointed out that the copper concentrator had spewed out many thousands of tons of tailings each year which included toxic metals – such as mercury, lead, zinc, cadmium, arsenic - as well as residual lime (2). Taylor conveniently doesn't refer to the impacts of these tailings, dumped into the Jaba River system, as they reached the river's outlet to the Empress Augusta Bay. No competent authority has doubted this resulted in massive sedimentation, although for many years there has been scientific dispute over whether these wastes may be termed "toxic" to marine life. In 1983, one authority declared that "[B]enthic [bottom dwelling] organisms are being continually smothered by tailings and even after mine closure they may continue to suffer because of toxic concentrations of copper in bottom and interstitial waters. Re-establishment of a bottom community may therefore be slow and limited". (3)

Another study, a year before (which was commissioned by BCL itself) warned that: “[T]here is evidence to suggest that levels of copper in interstitial waters of submarine tailings deposits (>166 ppm) will be toxic to more sensitive benthic organisms resulting in impaired recolonization of tailings in the longer term by bottom dwelling animals” (4). Since no further scientific survey has been done on this aspect of the Panguna operations, it is impossible to judge whether such a disaster (to give it a realistic title) has in fact occurred. But that only serves to compound alarms that BCL may now be contemplating using Submarine Tailings “Disposal” (STD) should the mine re-open. In fact the option of piping tailings directly into the ocean isn’t a new one. This was mooted by BCL-Rio Tinto a quarter of a century ago, proving to be one of the triggers for the first Bougainville revolt - one that became the most devastating mining-related conflict ever suffered by peoples in the South Pacific .

(1) According to BCL itself: “The concentrating process involve[d] three stages of crushing, grinding and flotation. By the end of December 1971, water requirements for the concentrator were met by building a pump station on the Jaba River. A pipeline carried the concentrate in slurry form approximately 27 kilometres from the mine site at Panguna to Bougainville Copper's port installation at Anewa Bay. <http://www.bougainvillecopper.com.pg/treatment.htm>

(2) See: Environmental, Socio-Economic and Public Health Review of the Bougainville Copper Mine, Applied Geology Associates, paras. 5.18 & 5.35, 1998

(3) Jeffery, J.J. 1983. Tailings Disposal and Water Quality: An Assessment of Proposed Tailings Disposal Options on the Quality of Jaba River water and Empress Augusta Bay Seawater. .

(4) Powell, J.H. 1982. A Review of Toxicity of Copper to Aquatic Organisms. Tech. Report 13 April 1982. Prepared for Bougainville Copper Ltd.

Bougainville Copper to revise tailings options

The National, March 1, 2011

By SINCLAIRE SOLOMON

BOUGAINVILLE Copper Ltd will review its mine tailings disposal options when it reopens the Panguna mine, chairman and managing director Peter Taylor said. In an in-depth interview on Radio Australia, he said it was up to the landowners and the government which method they wanted. “So we will have to look at the available tailings disposal mechanisms. “Technology has moved on, so we’ve now got options we didn’t have before. “But at the end of the day, the landowners and the government are going to have a fairly significant input on that and they’ll have to decide which method they want. “They can’t have the mine without tailings so they have to go together.” Taylor did not say whether one option was the deep sea tailings placement (DSTP) system, one which Ramu nickel project developer, Ramu NiCo Management, wants to use for its Basamuk Bay refinery which a group of landowners have opposed and are fighting to stop through the National Court in Madang.

The Panguna mine closed in 1988 after it became the spark which ignited a 10-year civil war. Taylor believed it would take at least five years to reopen it. He added that there was a lot of misinformation about the Jaba River and the so-called environmental damage. “The material that was put into the river is a very finely ground rock so you get this siltation in the river which means we keep putting levy banks up because the river bed rises. “There was never any toxic material put down there. “Quite often I read articles about there being cyanide. “People have to remember gold and copper were never produced at the mine; only a concentrate, so those sorts of chemicals were never used.” On compensation for damage done to the Jaba River, Taylor said there was a compensation agreement in place between BCL, the landowners and the company directly but it lapsed when mining was suspended. “So there’s a question of what is equitable for compensating for the period between mining being suspended and when it starts again.

“Most of the compensation was paid as royalty and paid initially directly to the PNG government which was always a bone of contention, and then paid back to the provincial government, which in turn, paid the landowners only part of that. “This renegotiation we are going to have, we’ll have to look at all of that and look at what sort of regime is appropriate for the future not what happened in the past.” He said that having mining operations suspended for more than 20 years had given them an opportunity to study what happened if nature alone was allowed to take its course. Taylor said that the engineering had also withstood the test of time, for example the pit had to be drained and whether the drainage tunnel still worked. “There is no water accumulating in the pit. “The faces of the pit are stable. There’s been some minor degradation, but pretty good.” He added that the tailings disposal area was rehabilitating itself, the Jaba River was rehabilitating itself and the waste dumps were still intact, all which he put down to “an excellent engineering job”.

Bougainville bishop wants info

Post-Courier 1.3.2011

THE Bougainville Catholic Church wants a complete information package before the talks of re-opening the Panguna Mine could be held. Catholic Bishop of Bougainville Bishop Bernard Unabali in his first press conference since taking office a year ago handed down the church’s stand on mining in Bougainville. The churches played a major role in bringing about peace on Bougainville after the crisis. The Catholic Church was one of the biggest players in this. They were silent achievers who never talked about what they did to bring about peace and change in Bougainville. Bishop Unabali said yesterday that the church will back Bougainville with full support if there is a clear program on the social, physical, economical and spiritual aspects of re-opening the mine again. He singled out the past issues that affected the population of Bougainville and how people suffered and said authorities should now learn from the past and correct the mistakes.

He spoke of how money crippled the minds of the leaders and how people’s mindset was centred on money and this caused all the problems. “Independence and money alone cannot move Bougainville forward. Money was the root cause of the Bougainville crisis. Money caused disrespect, fights where people were killed and caused problems on Bougainville. “People are always centred on money and that’s why we are facing these issues,” Bishop Unabali said. “There should be a clear program, a full comprehensive information package on the issue to the people of Bougainville, especially the landowners before the opening of the mine. “People need the support at every level. We are not against the mine re-opening. What we are saying is that we need a full comprehensive information package before we can talk about mine re-opening,” Bishop Unabali said.

Editorial

Dealing with landowners

Post-Courier 1.3.2011

Early works commenced already on the LNG project in the Hela Province. The developer, Exxon-Mobil, through Esso Highlands, has spent some K2 billion already on building the infrastructure for this K40 billion project. While work is progressing, it seems, all is not well between the Government and the landowners. And this is sending dangerous signals throughout the business community. Incidences in recent months clearly highlight the fragile relationship between Waigani and the landowners. Threats to close down the project have been issued by just about any landowner groups over the last 48 months. Last month, a landowner group staged a sit in protest at Hides 4, the site for the gas conditioning plant, to demand its share of the money in Memorandum of Agreement funds or any other commitments. At the same time, death of a child sparked off a rampage on the camp site operated by the main international contractor building the infrastructure. Workers were evacuated and work came to a stop for several days.

While this was happening at the project site, in Port Moresby there is never a day that goes by without confrontations at the Vulupindi House, where the Department of Finance and Treasury is located. These confrontations are between landowners and government officials. Under pressure, the Government is releasing funds in millions to the landowners. Sadly, the payments, it seems, do not seem to satisfy anyone, instead create more problems with landowners issuing claims and counter-claims about landownership, clan membership and bribery. And those that are picking up the money, it seems, are not going back home. There are claims that the landowners are going on spending sprees in Port Moresby and forgetting their people at home. ExxonMobile, we are sure, is watching these developments closely. For a company like ExxonMobile, the money it has spent is peanuts. It can pack up and go tomorrow if it wants. But we hope not.

It is pleasing to note that the Government is moving to deal with the LNG issues when the PM appointed Deputy Prime Minister Sam Abal to take charge of all LNG matters. Yesterday he announced that a Committee has taken over the whole responsibility of disbursing all outstanding payments for the LNG project. This has effectively cut off Finance and Treasury and National Planning Departments from having any direct involvement with the landowner payments. Instead all unpaid commitments will be screened and upon final vetting, the funds will be paid to the right people on site to people who should get the money. When such monies are paid on site and in full view of all the landowners, the people mobilise and support the project and other community initiatives and business ventures undertaken by ILG group executives. It also eliminates ill-feelings and suspicion that only a few executives are living and spending the people's money in Port Moresby.

The new arrangement is yet to be tested. Papua New Guineans will soon know whether this will work or not. What we, however, deduct is that Mr Abal is admitting failure on the part of the Finance, Treasury and National Planning Departments in dealing with the landowners. If this is the case, then the Petroleum and Energy and the Trade and Commerce Departments should share the blame, for if all had done a good job from the start of the LNG project, there should not be any problems now. The problems, it seems, are directly related to the LNG project. It is strange that PNG does not see any landowner problems like these in other resource projects. Why? That is our question. Perhaps LNG project partner, Oil Search Ltd would care to shed some light on its style of managing landowners in communities it operates in. Apart from being the second largest investor in the LNG project, OSL has been in Southern Highlands since 1929 and yet it has not faced any problems. What is the secret? Maybe the Government and ExxonMobil need to ask OSL for some advice and if possible, all it to take over the community relations aspect of the project.