

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

**Vol. 9, No. 1, January – February 2017, 70 pages**

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**Abbreviations in common use:**

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

**Websites:**

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

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

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

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**Mining minister seen as hindrance to Solomons exploration**

Radio New Zealand, 27 February 2017

A Solomon Islands mining professional says more government support is needed to unlock the country's significant mining potential. This comes as reconstruction of the closed Gold Ridge gold mine in Guadalcanal was to begin within the fortnight. A mining engineer and exploration geologist, Desmond Sese, said the island has other promising deposits. "The only hindrance we have now is the government not really supporting the mining industry. But in Guadalcanal, I'll say there's huge potential geologically," Desmond Sese said. Mr Sese is involved with Guadalcanal Exploration, a subsidiary of SolGold, whose application for an exploration permit at Kuma on Guadalcanal was still pending. He said the Mines and Minerals board approved the permit in 2015, but that the minister was yet to sign off on it. Political interference, according to Mr Sese, was holding the local mining scene back.

## Solomon Islands mine begins long road back to production

Radio New Zealand, 27 February 2017



The over-full tailings dam facility at the Gold Ridge Gold Mine on Guadalcanal in Solomon Islands in January 2015. Photo: copyright Dr Matthew Allen - Australian National University

The new owners of the Gold Ridge gold mine in Solomon Islands plan to begin reconstruction of the closed mine within the fortnight. Rehabilitating the mine, which was abandoned by its last owner St Barbara in April 2014 after massive flooding, is a major task which includes the reconstruction of washed out roads and bridges to restore access to the mine. However, work has been delayed by a falling out between the ministry of mines and the minority shareholding landowners company, Guadalcanal Community Investments Ltd. Its chairperson, Walter Naezon, said this resulted in the mines minister cancelling their mining lease last year.

"We actually looked at this and [we] understand that the land was held by the land owner, the PE [Perpetual Estate Title] of the land, so how can he cancel the mining lease. You can do that with a foreign company but since the landowners took over 100 percent of the mine I don't think you can cancel it. So those are the misunderstandings. We have settled that." Mr Naezon said it had taken several months but the dispute has now been resolved and the majority shareholder, Chinese-owned Australian company AXF Group is expected to begin rehabilitating the mine within the fortnight.

### **Mining: More benefit for landowners**

February 27, 2017 The National Business

By JACKLYN SIRIAS

LANDOWNERS of mining project impact areas can now have more advantages in addressing issues affecting them, Mining Minister Byron Chan says. Chan was making reference to the revised Mining Act (1992) under the Mineral Resource Authority and the new mining policy which the Department of Mining, Policy and Geohazard Management completed recently that were part of the six new policies currently before Cabinet for endorsement. "For nine years, the department has been on the road in consultation with our people and the industry about how we are going to manage the industry of mining with the benefits of our people in the future," Chan said during launching of the five-year strategic and corporate plan of the department last week.

He said before the Mining Act was revised, there were no policies in place to ensure there were benefits between the landowners and the project operators, the people and the Government, and that

landowners found impossible for them to raise concerns on issues affecting them. He said that the policy and Act were to ensure there was sustainability in the mining sector, incorporation of local contents and aspirations of the mining project affected communities. "Funding was a major challenge in the review of the mining Act and the policy however, the Department managed to successfully completed them," he added. "With all these achievements so far, I am fully satisfied that the department will continue to move forward in satisfying the Government's expectations and benefit our landowners in future." The department had launched its five-year strategic and corporate plan last week. Secretary Shadrach Himata said the plan was to move the department forward and help deliver its visions for the country and its people.

### **Tussle over Highlands Pacific's future control**

Post-Courier, February 27, 2017

A RIFT has developed between Highlands Pacific Limited (HPL) and its shareholder, Chinese group Guangdong Rising Assets Management Co Ltd (GRAM), over the future control of the Papua New Guinea company. HPL says it is a battle with potentially major ramifications for its multi-billion kina PNG projects, including Frieda River, Ramu Nickel and Star Mountains. Last week, GRAM subsidiary PanAust, which owns a 14 percent stake in HPL, had demanded a meeting of HPL's shareholders to remove four of the company's five non-executive independent directors and replace them with three GRAM nominees. HPL argued the highly aggressive move would deliver GRAM control of the firm which was valued at about A\$60 million (K146 million), without GRAM having paid anything to the other shareholders of the company that collectively hold 86 percent.

The move also would deliver GRAM essentially full, unassailable control of the giant US\$6 billion (K19bn) Frieda River project in West Sepik Province. HPL and GRAM are joint venture partners in the project, with GRAM holding an 80 percent interest and HPL 20 percent. HPL also holds an 8.56 percent interest in the Ramu Nickel project, as well as a major shareholding in the exciting Star Mountains exploration project. HPL directors had opposed GRAM demands, stating that handing control of the Company to GRAM/PanAust would not be in the interests of its shareholders. Chairman Ken MacDonald said the GRAM/PanAust proposal effectively amounted to a takeover of Highlands without offering to pay shareholders.

HPL managing director Craig Lennon said the future of Highlands was vitally important for the development of its projects, and could have serious economic implications for PNG. "We want to see these projects, especially the Frieda River project, develop in a timely fashion, creating potentially enormous economic benefits for PNG by creating jobs, generating revenues for government and earning foreign exchange income," he said. "With Highlands remaining as an independent company, we have the best chance of achieving that outcome." The special meeting to consider the matter would be held in Port Moresby, and shareholders would vote on the proposals to remove four of the five non-executive independent directors including the chairman. The two directors who GRAM is not trying to remove for now are the managing director Craig Lennon and Bart Philemon, the highly respected former treasury minister.

### **Fiji: Row Flares Again Over Namosi Exploration**

Maika Bolatiki and Lusiana Tuimaisala, Fiji Sun, February 26, 2017

The Tikina Namosi Landowners Committee (TNLC) will seek a meeting with Prime Minister Voreqe Bainimarama to discuss its concerns about the mineral explorations in Namosi. At a TNLC meeting at Namosi village yesterday, members unanimously opposed exploration currently carried

out by the Namosi Joint Venture (NJV) on environmental grounds. TNLC chairperson Josefa Tauleka said that they were against exploration since it started in Namosi because they felt it would destroy their natural resources. He said that no one seemed to listen to them and that was why they wanted to meet with Mr Bainimarama. “We have a caring Prime Minister and we know he will listen to us,” he said. “We already had made a presentation to the Prime Minister in 2012 but we really want to meet him again to brief him of the current developments.” Mr Tauleka said they fully supported the Prime Minister’s green economy policy because it was in line with what TNLC believed. “We also support him as chair of COP 23.”



TNCL chairman Josefa Tauleka with children of Namosi village who were also part of the meeting yesterday. Photo: Lusiana Tuimaisala

NJV is currently exploring minerals in the province and has been granted a licence, SPL 1420 till 2020. Mr Tauleka claimed mining would be next. He alleged that according to the company’s Mining Plan there would be two mining pits but from information they had gathered there would be a third pit at Waivaka West. The company, he alleged, had opted for open pit and not underground mining. The NJV has strongly refuted claims by the TNLC of its plan to have a third pit. “NJV has no plans for a third pit as suggested by the TNLC,” Greg Morris the Newcrest Mining Limited Country Manager Fiji said. He said they had not applied for a mining licence. The company, he said, had been given an exploration licence only and that was what they were doing. NJV made a presentation to the Parliamentary Select Committee on Mineral Resources chaired by Joeli Cawaki on the progress of their exploration. Meanwhile, Mr Morris said the company provided a briefing to the Parliamentary Natural Resources Standing Committee on the progress of the NJV Waisoi project Environmental and Social Impact Assessment (ESIA). The ESIA is yet to be completed but it will discuss the potential impact and the proposed management measures in accordance with the term of Reference issued by the Department of Environment. He said the NJV had been continuously meeting with the landowners over the past to update them on the project and listen to their issues and concern.

## **Poland may start deep-sea mining in the Pacific**

Radio Poland, 24.02.2017

Few Poles actually know that their country has a sort of submarine plot located 500 miles southeast of Hawaii toward Mexico. It has an area of 75,000 km<sup>2</sup>, which roughly equates to one quarter of Poland’s surface. A Polish-based consortium has received permits from the International Seabed Authority to explore the zone. Will the country be able to start tapping into a vast well of underwater resources in the near future? Michał Owczarek investigates. "I think [technically] we could be

quite optimistic here. Perhaps the deep-sea mining project for polymetallic nodules might be a reality within just a couple of years,” said Tomasz Abramowski Director General of Interoceanmetal.

### **Six new mining policies to guide activities**

Cedric Patjole, PNG Loop, February 24, 2017

Six new mining policies have been developed to guide mining activities for both on-shore and off-shore projects. This was highlighted yesterday during the launching of the Department of Mineral Policy and Geohazards Management’s Corporate Plan 2017 – 2022 and Strategic Plan 2017 – 2022 in Port Moresby. Minister for Mining, Byron Chan, in his keynote address said the policies accompany the recently concluded Mining Act review carried out by the DMPGM to improve the supervision of mining activity in the country. "The revised Mining Act and the new mining sector policies encourages the application of international best practices to ensure there is sustainability in the mining sector while incorporating local content aspirations of our project affected communities,” he said. The six new policies include:

- Mining Policy;
- Offshore Mining Policy;
- Mine Rehabilitation and Closure Policy;
- Sustainable Mining Development Policy;
- Mining Involuntary Resettlement Policy; and
- Geothermal Resource Policy.

Chan said despite limited financial resources, DMPGM was able to successfully complete the review exercise. He said the policies are now before cabinet for endorsement. Also highlighted was the upgrading of all monitoring equipment and machinery throughout the country under the Geohazards Management Division. Notable projects include:

- Disaster Early Warning System for PNG
- Landslide Hazard Mapping for the Okuk Highway
- Accreditation of the new EG Laboratory
- Volcano, Earthquake and Tsunami Hazard and Risk Mapping
- Establishment of a Comprehensive Nuclear Test-Ban-Treaty Organisation (CTBTO) International Monitoring System (IMS) station in PNG.

“With these proven track record I’m fully satisfied that the Department will move into the future with [sic] confidence and determination and continue to serve and uphold the best interest of the state and the people of Papua New Guinea,” said Chan. Outgoing Secretary, Shadrach Himata, commended staff of DMPGM for their commitment to saying the achievements of the Department were a result of their hard work. He said despite challenging circumstances, the Department delivered objectives in its former five year plan successfully. Himata also thanked stakeholders in the mining industry for assisting them in carrying out the legislative reforms as well as improving monitoring equipment and machinery. “I really want to talk [sic] this time to thank everyone for many reasons. And the fundamental reason is you helped us deliver the last chapter of the (Department) Mineral Policy and Geohazards Management,” he said. The Corporate and Strategic Plan launching was attended by Chief Secretary, Isaac Lupari, Acting DMPGM Secretary, Harry Kore, stakeholders, and staff of the Department.

## **Mining contributes 60pc in revenue**

February 24, 2017, The National Business

By JACKLYN SIRIAS

THE country's mining sector has contributed more than 60 per cent of PNG's export revenue, according to Mining Minister Byron Chan. Chan said during the launching of the Corporate Plan and Strategic Plan (2017 to 2022) that the Mining Department and the Department of Petroleum had carried the country through the difficult times. "The mining sector has been contributing more than 60 per cent export revenues to the PNG economy," he said. He said the sector generated the revenue needed by the State. "This caters for funds for budgetary commitments, provides opportunity for local participation in terms of income generations and employment opportunities for Papua New Guineans," Chan said. He said the mining sector maintained all these through the operations of the large and medium mines such as Ok Tedi, Lihir, Hidden Valley and Porgera.

Chan said mines such as Frieda had contributed to a positive trend in the sector. "So the Government is aware of the immense contribution from the mining sector to the PNG economy," he said. "However, we have the policy gap and legislation challenges needed to address issues affecting the businesses of the sector. "The Government issued a policy directive for the review of the mineral policy and legislation that governs the mining industry in PNG including development of relevant sector policy to address the sector issues." "The department has successfully completed this project that have seen the review of the mining policy, mining legislation through MRA Act 2005 and the development of six new policies which are now before the Cabinet for endorsement," Chan said.

## **Nautilus makes private placement of 16m shares**

February 23, 2017, The National Business

NAUTILUS Minerals has made a private placement of more than 16million common shares of the company at an issue price of C\$0.161 (K0. 37) per share for total proceeds to the company of US\$2,000,000. The total shares were 16,221,118. Nautilus is the first company to commercially explore the seafloor for massive sulphide systems, a potential source of high grade copper, gold, zinc and silver. It is the operator of the Solwara 1 project off the coast of New Ireland. Nautilus in a statement said pursuant to its subscription agreement with Mawarid Offshore Mining Limited and Metalloinvest Holding (Cyprus) Limited on Aug 21 last year as amended, the company delivered a financing notice last Friday to the investors in respect of that.

The private placement will be allocated equally between the two investors. In accordance with the subscription agreement, the issue price equals the five day volume weighted average trading price of the company's shares on the Toronto Stock Exchange immediately prior to the date of the Financing Notice. The number of shares to be issued under the Financing Notice was calculated based on the US/CAD exchange rate of 1.3058 posted by the Bank of Canada on the last business day prior to the date of the Financing Notice. Closing of the private placement under the Financing Notice is required to occur in March this year.

## **Bougainville: Mercury in river concerns MP**

February 23, 2017, The National Business

CENTRAL Bougainville MP Jimmy Miringtoro is concerned about reports of traces of mercury on Boro River. He said residents of Arawa town who used the river could be facing a health risk. He said mercury was allegedly being used to process riverine alluvial gold upstream of the river in Central Bougainville. More than 36,000 people live in the town. Miringtoro said he was not sure

whether those using the substance were aware of the danger posed by mercury poisoning on humans and animals exposed to it. "Not only is this substance dangerous to those using it, but it is also harmful to others especially the town population whose health is at risk if they are using water from Bovo river," he said. "I call on whoever is using mercury to process gold to immediately stop dumping waste into the river." He said those exposed to mercury could have neurological problems or damage to the thyroid, lungs, kidneys, immune systems, eyes and skin. Jeffery Noro, a chemical biologist and an environment advocate, said the problem must be taken seriously by authorities on Bougainville. "The long-term public health burden of uncontrolled disposal of toxic chemicals into a river that supplies water into a township consisting of a couple thousand residents can be dire," he said.

## **Delay in royalty payments frustrating, says Payabe**

Post-Courier, February 23, 2017

BY JEFFREY ELAPA

MORE landowner protests are imminent as the Government continues to neglect them and delay payments that they rightfully deserve. In addition to the protest plan by the PNG LNG plant site landowners, the upstream landowners also plan to protest and shut down the PNG LNG project after continuous delay by the Government in releasing their funds. The concern was brought to the Minister for Petroleum and Energy Nixon Duban yesterday but he did not respond. Hides PDL 7 landowners Umbrella Association chairman Chris Payabe said it is really frustrating for the Government to continue to delay all payments, including the recent payment of K35 million for the Hides landowners. He said the K35 million is a commitment made to the landowners in order for them to open the gate to the PNG LNG condensation plant and other vital projects by the disgruntled landowners. He said through a MOA signed by the State, MRDC and Kumul Petroleum Holdings with the landowners in Hides, the payment was to be made within two weeks, but since August 18 last year the landowners are still waiting as the Government continues to play its delay tactics.

He said the court order O/S 196 is related to the payment of IDG for 2013 and not related to any other funding and the Government should not mislead the people. "The plaintiffs to the matter Robert Mai and the respondent the Hela Provincial Government through its legal officer had cleared the payment of the K35m as it does not relate to the IDGs, or any other issues such as the Agore lands issues and payments, therefore we want our payment to be made to us instead of giving excuses. "We also want ExxonMobil to talk to the State as they are the ones party to the project as their failure would have serious repercussions on the projects as we are ready to stop the project. ExxonMobil should not take a back stage but should negotiate with the state to have our payments settled," he said. Mr Payabe said they also want the K6.8 million payments from the Department of Petroleum and Energy while other important commitments are still pending. "The state should not give us any more excuses but tell us if they are going to pay us or not. If they have money or not so we know the reason for the delay as there is no court matter stopping the payment of the K35 million and the K6.8 million payments," he said.

## **Massive blue whale population found in NZ proposed seabed mining area**

Jeremy Wilkinson, Stuff NZ, February 22, 2017

Blue whales - the world's largest animal - have been found in abundant numbers in a proposed seabed mining area in Taranaki. Marine mammal expert Leigh Torres made a presentation to the Environmental Protection Authority (EPA) in Wellington on Wednesday on the results of a recent survey in the South Taranaki Bight, which found a blue whale population of at least 68. The EPA is

meeting to hear arguments for and against an application from miner Trans Tasman Resources (TTR) to mine millions of tonnes of iron sands off the coast of Patea. TTR's first application was rejected in 2014. Torres, a professor from Oregon State University who has carried out research in Taranaki waters in collaboration with the Department of Conservation, said seabed mining will have a severe impact on the whale population in the area. "The likely impacts of seabed mining are increased noise in the area, which could seriously affect the whales and their primary prey which is krill," she said.

"The mining will be noisy and whales' hearing is crucial to them, they rely more on it than they do eyesight. "But it's the sediment created from uplifting the sand that could affect the krill which would in turn affect the whales feeding." Torres and her team observed 68 individual whales over 32 sightings during nine days this year, more than twice the number of whales they observed last year when they captured world-first footage of a calf feeding from its mother. Torres said that whales are generally seen by the scientific community as being migratory animals, but her study so far indicates that the population they've been following have made South Taranaki their home. "All we really know for certain at this stage is that the South Taranaki Bight is very important to this population," she said. "We've observed them surface-feeding but we also hear them through hydrophones calling to each other almost daily. So we know they're there a lot of the time."

Torres said the team had identified mating calls from males which indicated the whales were staying around to breed. Although TTR has offered certain mitigation strategies to protect the whales, such as deploying its own hydrophones to monitor the population, Torres said it wasn't enough. "The evidence I've presented at the hearing supports the argument of the opposition to the mining," she said. "But my own personal opinion is that the mining is not worth the risk to the whales." Oil and gas activities have operated with the Taranaki region for decades as New Zealand's only oil-producing basin, but Torres feared the effects of adding mining to the mix could do cumulative damage. This is Trans Tasman Resource's second application to the EPA to mine more than 50 million tonnes of iron-laden sand per year from a 66 square kilometre area off the coast of Patea. The company's application was rejected in 2014 amid concerns of a lack of knowledge as to the environmental effects of their proposal. When they applied last year the EPA saw a record number of submissions flood in against the proposal - more than 17,000 - in an effort spearheaded by New Zealand anti-mining group Kiwis Against Seabed Mining.

### **New Caledonia Village Warned About Excessive Nickel In Water Supply**

People from Kuto, Isle of Pines urged to stop drinking tap water

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 21, 2017) – Excessive levels of nickel in the water in the New Caledonian village of Kuto have prompted the authorities to urge people to stop drinking tap water. The public broadcaster said the nickel content was 30 times the level to be considered safe by the World Health Organisation. Kuto, which is a prime tourist destination on the Isle of Pines, has been identified as the only place with such issues. The immediate cause had not been identified but the broadcaster said repeated fires had destroyed the vegetation and eroded the soil. Local authorities will reportedly provide tanks with drinking water for residents and tourists. The public has been told that using the water for other purposes poses no risk.

### **BSP provides K245m for Star Mountain Plaza**

February 21, 2017, The National Business

LAW firm Norton Rose Fulbright has advised Star Mountain Plaza Limited of a K245 million (AU\$100.6 million) financing from the Bank of South Pacific for the construction and operation of

its Star Mountain Plaza development in Port Moresby. Norton Rose Fulbright acted on all corporate and shareholder arrangements involving a joint venture between three major PNG entities – Mineral Resources Star Mountain, Mineral Resources Ok Tedi and Petroleum Resources Kutubu Limited. The firm also acted on the major construction aspects of the project. This followed the opening of Norton Rose Fulbright’s new office in Port Moresby November last year to service a broad range of growing sectors and industries as part of an expanded Asia Pacific network.

Star Mountain Plaza will consist of a 212-room hotel, convention centre, car park, restaurants, bars, swimming pool and gymnasium. It is being built for the Asia-Pacific Economic Cooperation Summit in Port Moresby next year. According to the company, the project will embody “the aspirations of the people of Papua New Guinea” and “will herald a new era for landowner-initiated investments” to the benefit of PNG people and communities. “Unique to Star Mountain Plaza is Papua New Guinea’s first Convention and Performing Arts Centre. A reflection of Papua New Guinea’s rich indigenous culture, the facility is designed to meet current and future business, conference and convention needs while offering an iconic structure that serves local community with pride,” the company said on its website.

### **ExxonMobil to continue operations at LNG site**

February 21, 2017, The National National

JACKLYN SIRIAS

EXXONMOBIL PNG will continue operations despite the protest by landowners against the Government over royalty payments, according to a spokesperson. Landowners from the four impacted villages – Papa, Lealea, Boera and Porebada – gathered in front of the LNG site yesterday, blocked the gate and main road. They want the Government to pay the royalties due to them. Spokesperson Chief Nao Nao claimed that they had not been paid royalties since May 2014. A spokesperson for ExxonMobil said their primary concern was the safety of their staff and the community. “We are monitoring the peaceful protest outside the LNG plant in Central and continue to engage with the relevant landowner groups,” the spokesperson said.

“We are continuing to do everything we can to facilitate communication between all parties. “We respect the right of individuals to peacefully protest. But we also encourage continued dialogue between landowners and the government to resolve their outstanding issues. “We hope the landowners and the Government can resolve this situation promptly and in an amicable manner.” Meanwhile, Central police were monitoring the protest yesterday. Central Police Commander Chief Inspector Laimo Asi said he had already warned the chiefs and leaders of the villages to control their people. He said they would be held responsible if anything went wrong. “If anything goes wrong, the leaders will be held responsible. I’ve already warned them,” Asi said.

### **Protesters angry about unpaid royalties picket LNG plant near Port Moresby**

Eric Tlozek, ABC News, 20 February 2017

Villagers in Papua New Guinea are blockading the country's biggest resources project because the government has not paid them long overdue royalties. Hundreds of people who live near the PNG liquefied natural gas (LNG) plant outside Port Moresby have gathered around the main gate in an attempt to block access. The PNG Government is yet to pay royalties from the \$25 billion project, because of disputes about the identification of landowners from the gas fields and pipeline in the country's highlands. An attempt at alternative dispute resolution has stalled and the matter remains in court. But a spokesman for the Port Moresby landowners, Chief Nao Nao, said that should not stop the government paying people from other areas.



'Pay our royalties!!!' is the call from protesters picketing PNG LNG.



PHOTO: Police were nearby but the action is being described as a "peaceful protest". (ABC News: Eric Tlozek)

"The people are very frustrated today," he said. "They are unhappy with when they haven't been receiving this royalty until today. So they are all here to show their pleas to the government: can you make an effort to pay us?" Another spokesman for the protesters, Solo Damena, said the Port Moresby group believed they were being taken for granted because they had not threatened violence, unlike other aggrieved landowners. The fact is, they're really, really upset," he said. "We're not going to move until we get paid." This is the second major protest affecting the LNG project. Landowners from the gas fields in Hela Province blockaded the entrance to the conditioning plant at Hides in August 2016 over the non-payment of royalties and fears they would miss out on promised equity in the project.

Papua New Guinea's LNG's operator ExxonMobil issued a statement saying the protest had not affected operations at the plant. "ExxonMobil PNG is monitoring the peaceful protest outside the LNG plant in Central Province and continuing to engage with the relevant landowner groups," the statement said. "Our primary concern is the safety of our staff and the community. While this is a matter between the landowners and the government, we are continuing to do everything we can to facilitate communication between all parties. "We respect the right of individuals to peacefully pro-

test, but we also encourage continued dialogue between landowners and the government to resolve their outstanding issues. "We hope that landowners and the government can resolve this situation promptly and in an amicable manner."



PHOTO: The protesters want no ifs, ands or buts about their royalties. (ABC News: Eric Tlozek)

## Work At Papua's Freeport Mine Halted As Company Struggles To Divest Controlling Ownership By Viriya P. Singih and Fedina S. Sundaryani in Jakarta



Photo: Alfindra Primaldhi

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Company resisting government demands to give up control

AUCKLAND, New Zealand (Asia Pacific Report, Feb. 18, 2017) – Gold and copper miner PT Freeport Indonesia, the country's largest taxpayer and oldest foreign investor, is in for another rough ride as it struggles to fight the government's demand to divest controlling ownership and resolve allegations of legislative contempt. Reuters reports that all work has stopped at Freeport's Grasberg mine and its workers are planning a demonstration against the government's move last month that halted exports of copper concentrate to boost domestic industries, a union said. A pro-

longed stoppage at the world's second-biggest copper mine would support copper prices, near 21-month highs this week, but would also deny the Indonesian government desperately needed revenue from one of its biggest taxpayers. Freeport's headache intensified last week when the Energy and Mineral Resources Ministry claimed the company had agreed to convert its contract of work (CoW) to a special mining licence (IUPK), and required it to divest 51 percent of its shares and construct a smelter.

In exchange, the government allowed the company to resume its exports of copper concentrate to prevent massive layoffs in its operations in the backwater regency of Timika in Papua, where Freeport has been operating for more than five decades. The government has claimed its recent policy to continue the relaxation of raw and partly processed mineral exports, which many analysts and politicians deemed as against the law, has profited Freeport because the company can continue with exports despite its questionable commitment to construct a smelter in Indonesia to process its products. While Freeport has indicated it will fight against the share divestment while agreeing to other demands set out by the government, Energy and Mineral Resources Minister Ignasius Jonan has not blinked and insists the company has to comply. "Why are they refusing the divestment rule? The shares will later be bought by the government or the government's partners. What is exactly the reason behind the company's reluctance?" Jonan said.

Freeport, a local unit of politically wired US mining giant Freeport McMoRan Inc. (FCX), said it would not agree to the contract conversion unless the government provided a long-term investment stability assurance, consisting of fiscal and legal certainties, in accordance to its CoW signed in 1991. "Freeport Indonesia will keep working with the government to find the best possible solution for both sides. However, no agreement has yet to be made as of today," Freeport Indonesia spokesperson Riza Pratama said. Under the CoW, Freeport is required to sell 51 percent of its stake to Indonesian entities by 2011, or 45 percent if it has sold a minimum of 20 percent in the local stock market. However, a string of regulations were issued along the way that eventually allowed Freeport to dodge the requirement to this date, where very few officials have made a fuss. FCX owns 90.64 percent of the company, while merely 9.36 percent is owned by the Indonesian government.

### **Panel to discuss experimental seabed mining at AAAS Meeting**

Woods Hole Oceanographic Institution, EurekAlert, 17 February 2017



WHOI deep-sea biologist Stace Beaulieu will address potential environmental impacts from experimental seabed mining on different types of ecosystems. These bamboo coral, located at a seamount in the Pacific Remote Islands Marine National Monument, are an example of hard-bottomed ecosystems found at ferromanganese-encrusted seamounts.

Home to an immense diversity of marine life, the deep ocean also contains valuable minerals with metals such as nickel, copper, cobalt, manganese, zinc, and gold, and rare-earth elements used in electronic technology like smart phones and medical imaging machines. As demand for these resources increases and supplies on land decrease, commercial mining operators are looking to the deep ocean as the next frontier for mining. What are the risks and environmental impacts of deep-sea mining on fragile marine ecosystems? Would seafloor mineral resources be enough to keep up with the evolving demands of modern society? A panel of scholars including Stace Beaulieu, a deep-sea biologist at Woods Hole Oceanographic Institution (WHOI), will discuss these and other questions during the symposium, "Should We Mine the Seafloor?" scheduled on Saturday, February 18, at the AAAS meeting in Boston, MA. A news briefing for science journalists will be held at 4 p.m. on Friday, February 17, in room 103 of the Hynes Convention Center.

The speakers will examine the pros and cons of seafloor mining, its engineering feasibility, and its legal and societal implications with the goal of providing the best available, objective, scientific evidence to inform ongoing policy efforts on this important and timely topic. "Our panel is unique in that we bring together knowledge of the demand for critical metals and the potential supply from known and yet-to-be-discovered seafloor mineral resources, and an understanding of deep-sea ecosystems, including a new perspective on ecosystem services that contribute to human well-being," Beaulieu says. Currently, there's no mining occurring in the ocean deeper than the continental shelves, but the industry is moving forward quickly. Many of the engineering challenges associated with working in the deep sea have already been addressed by the offshore oil and gas industry. Different types of machines for mining have been built and the components for mining systems are currently being tested in deep-sea deployments.

About 27 countries have already signed contracts to explore for deep-sea resources with the International Seabed Authority (ISA), the organization that controls mineral exploration and exploitation in the area beyond national jurisdiction. And the first deep-sea mining project --Solwara 1 within the jurisdiction of Papua New Guinea--is scheduled to begin in 2019 by Nautilus Minerals. Beaulieu's talk will address potential environmental impacts from deep-sea mining and highlight new research on the vulnerability and resilience of deep-sea ecosystems. She's also been working with social scientists to address the question of economic impacts from lost and degraded ecosystem services, such as the potential for new medicines from deep-sea, biological resources. The symposium will also feature talks by experts Thomas Graedel, an industrial ecologist at Yale University, and Mark Hannington, a geologist at GEOMAR-Helmholtz Center for Ocean Research. Graedel will examine how the demand for metals might evolve in the next few decades. Hannington's talk will focus on estimates of the abundance of seafloor deposits targeted for mining. The symposium will be moderated by Mindy Todd, a radio producer and journalist at WCAI - The Cape & Islands NPR Station.

## **LNG Announces Addition to Gas**

Post-Courier, February 17, 2017

EXXONMOBILPNG (EMP), operator of the PNG LNG joint venture has added 2.3 trillion cubic feet (Tcf) to the existing PNG LNG project fields' resource base, following an independent review by Netherland Sewell Associates Inc. In a statement the EMP issued yesterday, it said the recertification study, which included all PNG LNG fields, found that the most likely technically recoverable resource is 11.5 Tcf, a 25 percent increase beyond the earlier 9.2 Tcf assessment. "The independent review highlights the exceptional quality of the PNG LNG project resources and the significant increase in resource provides the potential for additional mid or long-term sales," said Andrew Barry, ExxonMobil PNG managing director. The people of Papua New Guinea will continue to benefit from the PNG LNG project for many years to come.

“We remain committed to working with the government, our co-venturers, provincial governors, landowners and communities to maximise PNG LNG resource value and provide long-term, sustainable benefits to the people of Papua New Guinea,” Barry said. A significant contributor to the increase was the Hides field, due to completion of development drilling including previously undrilled areas of the field, completion of optimised long term depletion plans and production performance since starting up in 2014. In 2016, PNG LNG produced 7.9 million metric tons, an increase of 14 percent from the original design specification of 6.9 million metric tons a year. The PNG LNG project is providing reliable long-term supplies of liquefied natural gas to four major customers in Asia as well as short-term supplies to those and other customers.

### **Fiji: Economic benefits promised if Namosi Joint Venture operations begin**

By Semi Turaga, Fiji Village, 16/02/2017



A drill pad site.

736 full time positions are expected to be created every year if the Namosi Joint Venture gets a mining license and starts mining operations. This was revealed by the Project Manager of Namosi Joint Venture Greg Morris in a presentation to the Parliamentary Standing Committee on Natural Resources. Morris says the figures are based on a study about the economic benefits of the project which was done by a specialist consultant. He also highlighted in the presentation that they expect a peak of 2,000 employees in the fourth year of the operation. Morris says they also expect to generate \$343 million in Gross Domestic Product per annum on average when the operation starts. The Namosi Joint Venture was established in 2008 for the exploration and development of mineral resources in the Namosi area. They currently have an exploration license.

### **New Zealand Forest & Bird warns of seabed mining risks to marine mammals**

Scoop New Zealand, 16 February 2017

Forest & Bird is warning that the destructive practice of seabed mining would cause significant damage to the marine environment if allowed to proceed in the South Taranaki Bight. The environmental organisation will be appearing at Environmental Protection Authority (EPA) hearings starting today, opposing the latest plans to mine for iron ore sand. Trans Tasman Resources Limited (TTRL) has applied to undertake iron sand seabed mining in the region between South Taranaki and Golden Bay. The application area covers 65 km<sup>2</sup> of seabed, more than three times the size of Kapiti

Island. In their submission, Forest & Bird describe the significant damage that mining would cause to the seafloor, and to seabirds, fish and marine mammals.

“We know that the mining will have a significant impact on the seafloor and associated marine life, not just in the vast mine footprint, but on a much wider area due to suspended sediment plumes,” says Forest & Bird Chief Executive Kevin Hague. “But what is equally important is what we don’t know about the long term and cumulative impacts on the habitat of threatened and at risk species.” Thirteen whales and dolphin species are known to use the South Taranaki Bight, and whale stranding records show that impacts on a much larger number of species should be considered. TTRL has also failed to provide a thorough description of noise from their proposed operations, making it impossible to assess the impacts on whales and dolphins in the region.

“The South Taranaki Bight has been recognised as an important blue whale foraging ground, possibly one of only five known in the Southern Hemisphere outside of Antarctica,” says Mr Hague. The blue whale is listed by the International Union for Conservation of Nature (IUCN) as internationally endangered. “This is a terrible proposal, not just in terms of environmental impacts, but also due to the potential damage to the New Zealand’s ‘clean green’ reputation and tourist industry,” says Mr Hague. A total of 13,733 submissions were received on this application, the highest number of submissions the EPA has received on any application since it was established in 2011. “There is a huge amount of community feeling against this destructive practice,” says Mr Hague. “We are urging the EPA to decline the application.”

### **‘Good culture, bad culture’: polygyny, cultural change and structural drivers of HIV in Papua New Guinea**

Patti Shih, Heather Worth, Joanne Travaglia & Angela Kelly-Hanku, 16 February 2017

Culture is often problematised as a key structural driver of HIV transmission in Papua New Guinea. Official HIV programmes, as well as church teachings, tend to focus on customary marital practices of polygyny and bride price payments as ‘harmful traditions’. This focus can oversimplify the effects of current and historical nuances of cultural, political and economic change on sexual concurrency and gender inequality. Community-based healthcare workers in Southern Highlands Province explain that customary marital practices are now highly reconfigured from their traditional forms. A recent mining boom has financially advantaged local and travelling men, who are driving an increase of sexual concurrency, transactional sex and inflation of bride price payments. Healthcare workers suggest that the erosion of important social relationships and kinship obligations by the expanding cash economy has caused an intensification of individual male power while enhancing the vulnerability of women. Yet without the means to challenge the effects of uneven economic development, healthcare workers are left to target ‘culture’ as the central influence on individual behaviours. A commitment to address structural inequality by political leadership and in HIV prevention programmes and a careful contextualisation of cultural change is needed.

### **Hela Province Governor Calls PNG Security Operation 'Unsuccessful'**

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 16, 2017) – The call-out operation in Hela Province has not been successful because high powered firearms have not yet been surrendered since the operation started two months ago. This has forced the Hela provincial government to look at ways to introduce a provincial executive council decision to have a buy-back gun program. Hela Governor Francis Potape said that more than a month has passed but the gun surrender was not happening in Hela, adding that only homemade guns had been surrendered. Commenting on the issue, Police Commissioner Gari Baki said while he is unable to give the number of weapons

returned, police would be moving in to confiscate weapons from known owners, when the moratorium expired. "We have intelligence reports on all people in possession of firearms that have not surrendered."



Potape claims high-powered weapons have not be turned in; province forced to implement buy-back scheme

"We will go directly to them, if they still have weapons within the vicinity of their areas, we will arrest them, whether they are leaders or ordinary people, that's the arrangement we are taking now." Commissioner Baki added that he did not think that the rate of factory made weapons returned was a success and that was why the police needed to take a different approach. The moratorium should be an ideal environment to have all factory made weapons returned", he said. Meanwhile, PNG Defence Force Lieutenant-Colonel John Manuai confirmed that they were not able to do their work effectively when funding was not coming on time to assist them with logistics as required by soldiers and police in such operations, besides allowances.

"Allowance is just one aspect but the operational requirement is another thing that will make our work effective to achieve results," he said. Lt-Col Manuai who flew to Port Moresby yesterday said that he would follow up on the issues including timely release of funds and the requirements for the operations when he meets with the Chief Secretary. He said it would be better if the funds are released for the police or the defence force to control. Meanwhile attempts to contact the Prime Minister's department, Mr Lupari and Director National Security Advisory Council coordinator Tony Kaip have been unsuccessful.

**Mining boom clean-up could cost taxpayers billions, says Australia Institute**  
**Report says mine sites may not be able to be successfully rehabilitated and warns of 'big liabilities'** Christopher Knaus, The Guardian, 15 February 2017

A scarcity of information about disused mine sites is leaving the public in the dark on the clean-up costs from New South Wales' mining boom, a new report has found. The report, released by the Australia Institute on Wednesday, attempted to analyse what was happening to operating, suspended, closed, rehabilitated, or abandoned mine sites across the state. But it found that there were few reliable statistics available, despite the clean-up from NSW's mining boom potentially costing taxpayers billions. The NSW auditor general examined the risk posed by disused mine sites in 2011. The auditor-general's final report warned that the government's derelict mine program "may represent the largest category of contamination liability for the New South Wales government". Despite this, the Australia Institute said the NSW's division of resources and energy was only able to show one example of a mine site being successfully rehabilitated, and one site that was potentially in the final stages of closure.

The report's author, Roderick Campbell, said the paucity of information had shocked him. He warned that, as the mining boom wound down, big players such as Rio Tinto, which tended to be relatively transparent and responsible, were leaving mine sites in the hands of less reputable, smaller operators, who may be unable to successfully rehabilitate the sites. "That's the risk and, in the case of NSW, what the department says is that they've assessed the rehabilitation costs and they've got a bond for 100% of that amount, so they're saying taxpayers are at zero per cent chance of paying," Campbell said. "But the problem is, what if they're wrong, or what if community standards change? What if the Hunter decides actually we don't want 45 large, very saline holes in the ground now? "We really are on the hook for some pretty big liabilities." The institute's report, titled *Dark Side of the Boom*, identified between 112 and 410 abandoned mine sites across the state, while between 85 and 109 mines remained active and 123 in suspended operations.

There was no example of an open-cut mine being successfully rehabilitated, the report said, despite the likelihood of at least 45 open-cut voids across NSW. Campbell said the lack of any concrete example of open-cut rehabilitation cast doubt on the effectiveness of future clean-ups. "I mean it sends a terrible message, because what the industry says is, 'Well, none of our big open-cut mines are ready to close,' so there's no example of it happening because we've just kept expanding and expanding them'," he said. "But I don't think you can simultaneously claim that we've got this excellent record of rehabilitation, when they've actually never done before what they say they're going to do 45 times." The report was largely compiled through correspondence with the NSW division of resources and energy over six months. It is one of a series of reports focussing on disused mine sites in various states and territories. A national report, released to the ABC, suggested there were 60,000 abandoned mine sites across the country. Campbell said the department had largely been well-meaning and that he did not suspect there was an active campaign not to release such data. But he said he did not believe there was any incentive for government or industry to make such information public.

### **Strong opposition to NZ seabed mining proposal at EPA hearings**

Kiwis Against Seabed Mining, Scoop NZ, February 15, 2017



When seabed mining hearings open in Wellington today, the strength of opposition will be apparent to the Environmental Protection Authority, said Kiwis Against Seabed Mining (KASM) today. The EPA is hearing a renewed application by mining company Trans-Tasman Resources to dig up 50 million tonnes of the seabed a year in a 66 sq. km section of the South Taranaki Bight – for 35 years. The EPA refused the company a consent in 2014. They have now re-applied. "It is clear from the hearing schedule and the more than 13,500 individual submissions that there is little support for

this proposal,” said Phil McCabe, KASM Chairperson. “While the EPA has not released its analysis of the submissions as it did last time yet, it is clear that the vast majority of those who spoke out are against this destructive practice.” There are three times as many submitters as for the first application. Members of the public opposed to the application will gather outside the venue at the Westpac Stadium in Wellington, when the hearings open.

Inside, the first day will see opening statements in opposition from KASM, whose lawyers will also represent Greenpeace, from almost the whole of the country’s fishing industry, including fishing giants Talley’s and the Maori Fisheries company Te Ohu Kaimoana, and from the Royal Forest & Bird Society and Origin Energy. The strength of Maori opposition will be evident at the hearings in New Plymouth, the only venue outside Wellington, on 6 March. “All the local Iwi are opposing this proposal. KASM has supported calls by the Iwi for hearings in the communities that would be most affected by the seabed mining.” The process has been marked by extensive procedural wrangling. KASM late last year applied to the Environment Court to force release of crucial environmental information that had been withheld by the EPA. The Environment Court agreed, ordering release of the material.

“KASM will continue to fight for public participation,” said McCabe. “Most recently we objected strongly to the decision of the committee not to allow cross examination. If anything, in light of the fact that the EPA has turned down two applications, there should be more scrutiny than ever on this proposal.” McCabe also slammed the Department of Conservation for refusing to make a submission, when, in the first application by Trans Tasman Resources in 2013, DOC made extensive submissions, particularly on the conditions for any consent, which was ultimately refused. “DOC has ditched its responsibility to protect the world’s most endangered dolphin, the Maui dolphin, despite the mine site being in its southern habitat. DOC’s lack of engagement in this process is shocking,” he said. KASM experts will be giving evidence next week. These include:

- Blue whale expert Dr Leigh Torres (Tuesday February 21), who has been studying the presence and behaviour of blue whales in the South Taranaki Bight. Dr Torres is out in the Bight right now, on another research expedition where she is looking for confirmation of her theory that the Bight is not only a feeding ground for the blue whales, but could also be a breeding ground for a New Zealand-specific population. See her evidence [here](#).
- Dr John Cockrem of Massey University (Wednesday February 22), one of the country’s leading experts in the little penguin – Korora, or Blue Penguin – whose populations are in decline. The plume from the seabed mining could affect the food and feeding grounds of these birds, and others. See his evidence [here](#).
- Economist Jim Binney (Thursday 23 February) has challenged the methodology Trans-Tasman Resources has used to extrapolate its economic benefits and job creation from the proposal. He argues they should have used the Treasury’s recommended cost benefit analysis methodology and that they should have valued environmental and social costs. See [his evidence here](#).

### **St Barbara repays last of debt**

PNG Industry News, 15 February 2017

DIVIDENDS and acquisitions are well and truly likely for St Barbara after the gold miner repaid the last of its \$US20 million debt. The company will repurchase the final \$20 million in aggregate principal of its US senior secured notes next months at a 3.3% premium to par value. The repurchase will reduce future interest expense by around \$A2.4 million per annum. The repurchase, to amount to \$US21 million, will be repaid from cash reserves. St Barbara, which operates the Simberi gold mine in Papua New Guinea's New Ireland Province, expects cash after the repurchase to be

around \$A70 million. In the past 18 months, St Barbara has repaid \$436 million in debt and will have only equipment leases of less than \$1 million outstanding after the final note repurchase.



Simberi Gold Mine

St Barbara managing director and CEO Bob Vassie said the repayment of the debt would inform the board's consideration of future dividends in conjunction with growth options. The company plans to internally fund the \$85-95 million Gwalia extension project. "We can afford our future at Gwalia," Vassie told the Sydney Mining Club earlier this month. While he described Gwalia as the "gift that goes on giving", he noted that the company was very reliant on the Leonora operation. Vassie said the company was keen to add another 250,000 ounce per annum, long-life mine, and would now be able to take advantage of value-accretive opportunities as they arose.

### **More challenges for mining sector: MRA**

February 15, 2017, The National Business

THE Mineral Resources Authority says 2017 holds many challenges for the mining sector. But if a steady state of commodity prices and mine production is maintained to underpin the gains last year, it expects mineral revenue to break through K10.5 billion this year. Managing director Philip Samar said in a statement while it was anticipated that production would cease temporarily at the Hidden Valley mine for some months later this year, "the loss of production will be offset by the Kainantu mine returning to production during Quarter One". "Both Ok Tedi and Ramu mines expect a full year of production, which could see record nickel and cobalt results from the latter," he said. Samar said alluvial exports placed the sector seventh having lost its place to the consistent performance of the Simberi mine.

"It is hoped that mechanised alluvial operations recently approved will bring better results to the alluvial sector, which dropped slightly in 2016 with export gold and silver revenue of K353,652,652 – down 1.4 per cent on 2015." Meanwhile, during the Papua New Guinea Mining and Petroleum conference in Australia last December, Mining Minister Byron Chan said the alluvial mining sector had great potential to benefit people in the rural areas. "The last few years have seen an increase in applications for alluvial mining leases," he said at the conference. "And efforts are being made to properly regulate this sector and increase greater levels of mechanisation so that would benefit alluvial miners."

## **Mining firms pay out K158m in royalties**

February 15, 2017, The National Business

THE total royalty payments made by mining operations in the country last year was K158.11 million, according to the Mineral Resources Authority. Operations which paid royalties in 2016 included the St Barbara's Simberi in New Ireland, Harmony Gold's Hidden Valley mine in Morobe, Ok Tedi in Western, the Barrick Niugini Limited-operated Porgera mine in Enga and Newcrest Mining Limited's Lihir mine in New Ireland. Last year, Simberi paid K7.55 million in royalty, Hidden Valley K14.24 million, Ok Tedi K28.34 million, Porgera K39.46 million and Lihir K68.52 million. Meanwhile, the next generation of major projects – the special mining lease applications for the Frieda River and Wafi-Golpu projects – are in the approval stages. "Investment in the exploration sector is continuing to improve. Tenement applications in 2016 increased by 41.4 per cent on 2015 and returned to a similar level as 2014," he said. "At December 31, 2016, there were 595 registered tenements – a 17.35 per cent increase on January 2016, and 246 exploration licences registered (active licences, extension and new applications).

## **K9.7bn revenue from mines in 2016**

February 15, 2017, The National Business

THE total mining revenue for Papua New Guinea in 2016 exceeded K9.7 billion – a 38 per cent increase from 2015, according to the Mineral Resources Authority. A MRA statement yesterday said the Lihir mine led the way with a revenue of K3.57 billion. Ok Tedi was second with K2.064 billion from the 10-month production – a notable turnaround in the fortunes of the State-owned mine. Porgera was third with K1.995 billion. "These three mines accounted for 78.64 per cent of mineral revenue," MRA managing director Philip Samar said. "By mineral commodity, gold accounted for 78.46 per cent of this total, with copper 12.84 per cent and nickel 5.52 per cent." He said given its significance, the gold price held relatively steady in 2016, averaging \$US1,249.92 an oz (8 per cent more than 2015), until a fall triggered by the election of President Donald Trump last November. Factors which accounted for this encouraging turnaround in the mineral sector from the low point of 2015 include:

- Improving mineral commodity prices – with the exception of copper. However, copper reacted to Trump the opposite to gold. It is currently up more than a third in value since hitting a six-year low last February; n Rising production at key mines, notably Lihir (exceeding 903,000 oz gold) and Ok Tedi (copper up 77 per cent, gold up 54 per cent and silver up 96 per cent on 2015); and
- Benefits from plant upgrades, greater efficiencies and new management strategies, especially at Lihir, Ok Tedi, Porgera and Simberi mines. The MRA is a state agency established through the enactment of the Mineral Resources Authority Act 2005 by Parliament.

## **SME mining creating jobs for youths in Bulolo**

Post Courier, February 14, 2017

A SMALL to medium enterprise (SME) in Bulolo, Morobe Province is having a positive impact on youths in this area. TRocks Construction Ltd owned by Berldon Timah is a four-month old small scale alluvial mining company. Mr Timah said to date the company has created jobs for 48 workers who have been rostered on two shifts. He said business has been good but more could be achieved particularly for the youths in these rural areas through government intervention. Apart from this venture, Mr Timah has established a small foundation in the area which provides help for the local schools, not just in this area but to neighboring Eastern Highlands Province as well. Timah says of the revenue generated from his projects 10 per cent goes towards the foundation's activities. Mean-

while, the foundation, with support from Mr Timah's company has provided help by assisting disadvantaged communities with road projects and other basic services. The foundation has also funded school infrastructure and supplies in the Eastern Highlands and Morobe Provinces. Mr Timah said all his work was not to gain glory but to help give back to the community.



**Tribal fighting is the biggest threat to the LNG project: Potape**  
 Post Courier, February 14, 2017



TWO separate killings have been reported in Komo station in front of security force personnel on call-out operations in Hela Province. Deputy Governor Thomas Potape when confirming the latest killing said tribal fighting is the biggest threat to the LNG Project. Mr Potape who is also the president of the Komo local level government said despite more than seven security force vehicle presence, a community leader was killed right at the Komo Government Station on Sunday. He said another community leader was killed at the same station last week. "I have all the names of all suspects in Komo LLG, the biggest threat to LNG is the tribal fighting in Komo. I am prepared to assist security forces to move into Komo." Mr Potape said he was in Komo for the last two weeks and

the killing occurred during the call-out even when seven to nine security force vehicles were there, it did not stop the killing. "Komo has a record in killing police, army and councilors.

I have 24 councils, one was killed, they held up myself, Governor, Minister for Higher Education, police vehicles. They do not have respect for Government and the rule of law. He said four main areas have been identified and security personnel should move in numbers to protect assets like the Komo International airport and Condensation Plant for PDL1 and 7. He said the other three identified hot-spots are Pai Kelia, Tari town and Tagali. "Security forces should target these four trouble hot-spots. All records are with police. Get all these information and announce the suspect's name in public, which village, districts and council Ward he is from. Who is his Council President? Name them and move in and the community will assist hand them in." "I don't want government to spend more money without any result. I will support moves to arrest all those suspects and tribal warlords in Komo. There is so much killing. I am ashamed."

### **Ramu Nickel/Cobalt project landowners to get K10m in Business Development Grants**

Post Courier, February 13, 2017

THE impacted landowners of the Ramu Nickel/Cobalt project in Madang have welcomed the announcement by Government that it will pay the balance of K10 million owed to them. This is in Business Development Grants (BDG). 'The assurance was given by Mining Minister Byron Chan after Usino/Bundi MP Anton Yagama had raised the issue on the floor of parliament. Chairman of Kurumbukari landowners association Toby Bare, in welcoming the announcement said the initial commitment of K20 million had been made by the former Somare Government. However, this commitment had been honoured by the O'Neill Government, with the first K10 million being paid. Mr Bare said the landowners were grateful to the O'Neill Government and had urged that the balance be paid before the 2017 General Elections. He said given the downturn in the PNG economy, the landowners had great difficulties in securing business opportunities and added that the funds would provide some relief. "While other landowner companies in other project area have been able to progress, we have been struggling," Mr Bare said.

### **Illegal work on Panguna stopped**

February 13, 2017, The National Business

ILLEGAL gold dredging operations have ceased in the midtailings region of Panguna, according to an official. Autonomous Bougainville Government Minister for Minerals and Energy Resources Robin Wilson told The National that the operations of Jaba Resources Limited in the area were not compliant with the Bougainville Mining Act 2015. This resulted in the company being instructed to cease operations in December last year. "This company's operations came about as a result of the Bougainville Executive Council approval of a proposal for a brick production and gold extraction project submitted under the Department of Economic Development in August 2015," Wilson said. "On inspection of the site, and given the nature of the operations, it is clear that Jaba Resources Limited needs to be the holder of a small-scale mining lease under the Bougainville Mining Act 2015 for its operations to be lawful. "Even if no metalliferous minerals such as gold were being extracted, Jaba Resources would still need to be the holder of a quarry lease. There are obviously other requirements under National laws as well, such as environmental approval. "On the basis that the Jaba project has not complied with the relevant laws, the Executive Council has rescinded its decision to support the project. "For these reasons, I have directed the Acting Secretary for Mineral and Energy Resources to take all necessary steps to bring this company's operations to an immediate stop.

## Study: Seabed mining causes long-lasting ecological damage

Brooks Hays, UPI, February 10, 2017



Metal-rich nodules can be found in abundance on large swaths of the ocean floor. Photo by National Oceanography Center/University of Southampton

Analysis by scientists at the National Oceanography Center in England suggest deep-sea mining operations will have long-lasting ecological consequences. Researchers reviewed the available scientific literature on small-scale sea-floor disturbances and found clear and measurable impacts to marine ecosystems lasting decades. As metals become scarce on land, the mining industry has turned its attention to the deep sea floor, where vast expanses of nodules rest. Nodules are potato-sized rocks featuring significant amounts of high-quality metals like copper, manganese and nickel. No commercial deep-sea mining operations are yet underway, but the International Seabed Authority has issued several exploratory mining licenses to companies from multiple countries.

Scientists have been conducting sea-floor disturbance experiments since the 1970s. The predictive value of a single experiment is limiting, but by surveying a variety of these experiments, scientists at NOC were able to identify broader patterns. All of the experiments analyzed by NOC researchers were much smaller than an actual mining operation. These studies will underestimate the impacts of mining," researcher wrote in their paper, published in the journal PLOS ONE. "Many would not even represent one month's work for a full-scale commercial operation, which might last for twenty years." The longest experiment included in the survey lasted 26 years. Though the disturbed site showed some evidence of recovery, biodiversity and abundance remained diminished. Because the deep sea floor is still poorly understood by scientists, researchers say environmental officials must be extra vigilant in regulating deep-sea mining operations.

## Iwi criticises lack of notice by NZ EPA of ironsand mining application hui

Stuff NZ | February 10 2017

Taranaki iwi say they were not given enough notice of a conference being held today ahead of a hearing on plans to mine millions of tonnes of iron-laden sand off the southern Taranaki coast. More than 13,733 submissions have been received over Trans-Tasman Resources' (TTR) bid to mine the seabed off Patea. Next Thursday the Environmental Protection Agency will begin its hearing on the application in Wellington. Today, Friday, the EPA is holding a pre-hearing conference at the Westpac Stadium - but iwi say they only had a week's notice as the hearing was announced on

an EPA website the day the long Waitangi Day weekend began. "Announcing a hui to consider critical matters of the hearing process with only a week's notice, requiring RSVP only two working days later, speaks volumes to the very concerns iwi and others in the South Taranaki community have about the EPA process," Kaitumuaki Cassandra Crowley, of Te Korowai o Ngāruahine Trust, said.



Trans Tasman Resources have applied to mine iron ore from a 66-square kilometre area off the South Taranaki coast.

She said iwi found out about the pre-hearing conference while searching for updates on the application. "At such short notice, it is difficult for iwi and many other Taranaki community-based submitters and individuals to attend a hui in Wellington." Crowley said critical technical submissions would be determined at the conference. The iwi questioned whether the EPA had sufficient resources to properly assess the application, she said. They also wanted to know why hearings were being held away from the affected area and where the most affected people were based. EPA principal communications advisor Helen Corrigan said the EPA did have sufficient resources to process the TTR application. She said the decision-making committee advised on February 3 that a pre-hearing conference would be held on February 10 at the Westpac Stadium in Wellington.

This was posted on the EPA's website on February 3 and all submitters and the applicant were notified the same day. Submitters who indicated in their submission they could receive electronic correspondence were emailed on February 3 and submitters who had indicated in their submission they could not receive electronic correspondence were sent a letter on the same day. TTR first lodged an application to mine off the South Taranaki coastline in 2013. This was subsequently rejected by the EPA. The current application was lodged last year and, like the original application, has been met by strong opposition within South Taranaki. Local iwi Ngāruahine, Ngāa Rauru and Ngāti Ruanui have expressed concerns about the EPA process throughout the latest application.

### **Meeresbergbau rückt näher an die Küste**

*Meeresbergbau in der Tiefsee ist technisch sehr aufwändig und ist wirtschaftlich gegenwärtig kaum rentabel. Küstennahe Lagerstätten auf dem flachen, zugänglicheren Festlandsockel könnten aber in Zukunft beitragen, die steigende Nachfrage nach mineralischen Rohstoffen zu befriedigen. Zu diesem Schluss kommt eine Gruppe von Forschenden vom GEOMAR Helmholtz-Zentrum für Ozeanforschung Kiel in einem Beitrag im internationalen Fachmagazin Nature Geoscience.*

GEOMAR Helmholtz-Zentrum für Ozeanforschung, 09.02.2017

Die Nachfrage nach Rohstoffen steigt weiter und zwingt die Bergbauunternehmen, Erze mit geringeren Wertstoffgehalten und in immer größeren Tiefen zu nutzen. Dies könnte in den nächsten

Jahrzehnten zu einem Rückgang der Bergbauproduktion führen. Ferner hängen die Volkswirtschaften vieler Industrienationen oft von Einfuhren von Metallen für ihre High-Tech-Industrien ab. Einige dieser Metalle kommen in Erzlagerstätten vor, die nur in wenigen Ländern zu finden sind. Um eine Versorgung mit diesen sogenannten kritischen Metallen zu gewährleisten wird seit geraumer Zeit auch die Tiefsee als alternative Rohstoffquelle angesehen. Trotz aller Bedenken hinsichtlich der Empfindlichkeit der Meeresumwelt und der Ökosysteme rückt ein möglicher Tiefseebergbau schnell näher. So wurden die ersten Explorationslizenzen für Manganknollen im zentralen Pazifik bereits 2001 von der Internationalen Meeresbodenbehörde vergeben. Diese Lizenzen laufen derzeit aus und öffnen die Tür für den Abbau. In anderen Teilen der Weltmeere werden erzhaltige Massivsulfide an ehemals heißen mineralhaltigen Quellen (sogen. Schwarze Raucher) und kobaltreiche Eisen-Mangankrusten auf dem felsigen Meeresboden auf ihre Eignung als zukünftiger Rohstoff untersucht.

Aber auch der küstennahe Kontinentalschelf, auf dem bislang vorwiegend nach Öl- und Gasvorkommen gesucht wurde, könnte in den Fokus rücken. In einem Beitrag in Nature Geoscience betrachtet eine Gruppe Kieler Meeresforscher mögliche Chancen eines untermeerischen Bergbaus an den Ozeanrändern. „Die Zeiträume von der Entdeckung bis zur Erschließung von Erzvorkommen werden generell immer länger“, erläutert Prof. Dr. Mark Hannington, Leiter der Gruppe für Marine Mineralische Rohstoffe am GEOMAR Helmholtz-Zentrum für Ozeanforschung Kiel. „Hinzu kommt, das von allen bekannten Tiefseevorkommen nur eine Handvoll jemals für eine kommerzielle Nutzung in Frage kommt“, so Hannington weiter. Eine Nutzung von Vorkommen im Bereich der kontinentalen Festlandsockel hält der Kieler Forscher hingegen für bedeutend aussichtsreicher. Nicht nur, weil die technologischen Herausforderungen dort nicht so hoch sind, sondern auch weil die geologischen Gegebenheiten die Chance bieten, kommerziell interessante Vorkommen zu entdecken, die in der Tiefsee nicht auftreten.

Von Meerwasser bedeckte kontinentale Gesteine, die von der Fläche etwa ein Drittel der globalen Landmasse ausmachen liegen vor den Küsten. Von der Struktur und Zusammensetzung sind diese Gebiete den Kontinenten sehr ähnlich und lassen Vorkommen, die an Land abgebaut werden, auch hier vermuten. Dies wird auch durch die Tatsache unterstützt, dass es sehr viele Ressourcen im unmittelbaren Küstensaum gibt. Ein eindrucksvolles Beispiel dafür ist die Entdeckung einer riesigen Goldlagerstätte unter dem Gelben Meer in der Nähe der größten langgestützten Goldlagerstätten Chinas im Jahr 2015. „Fast alle Metallarten, die heute gefragt sind, gibt es in küstennahen Gebieten, wobei mehr als 1.700 Erzvorkommen bekannt sind, die weniger als 50 km von der Küste entfernt sind“, erläutert Co-Autor Dr. Sven Petersen vom GEOMAR. Die Kieler Geologen prognostizieren große Lagerstätten unterhalb des Meeresbodens in verschiedenen Schelfregionen der Welt. Dazu könnten Goldvorkommen vor der Küste West Afrikas, Nickelvorkommen im arktischen Ozean, und Blei-Zink-Vorkommen im Golf von Mexiko oder im Mittelmeer gehören. „Die Liste der möglichen Vorkommen ist lang und könnte unsere Sicht auf die weltweiten Offshore-Bodenschätze verändern“, meint Mark Hannington.

Ein weiterer Vorteil der küstennahen Lagerstätten unterhalb des Meeresbodens, so die Kieler Forscher, seien zum einen weniger rechtliche Dispute, da diese in den ausschließlichen Wirtschaftszonen der Anrainerstaaten lägen, zum anderen könne der Abbau auch über Tunnel von Land aus, durch künstliche Inseln oder Plattformen umweltverträglicher gestaltet werden. „Küstennahe Ressourcen unterhalb des Meeresbodens könnten eine vergleichsweise risikoarme Option sein, um unsere weltweit steigenden Anforderungen an metallische und mineralische Rohstoffe zu erfüllen“, so Prof. Hannington abschließend. Originalarbeit:

Hannington, M., S. Petersen, and A. Krätschell, 2017: Subsea mining moves closer to shore. Nature Geoscience (2017), <http://dx.doi.org/10.1038/ngeo2897>

Quelle: <http://www.fona.de/de/meeresbergbau-rueckt-naeher-an-die-kueste-21860.html>

## China's deep-sea crewed submersible heads for Indian Ocean mining mission

GBTIMES, 7 February 2017



The Jiaolong crewed submersible ahead of a depth record attempt in 2012. (Photo: CNS)

China's deep-sea manned Jiaolong submersible has embarked on a journey to conduct the country's 38th oceanic scientific mission in preparation for potential mining of the sea bed. Carried by the advanced expedition ship Xiangyanghong 09, the craft departed from the port city of Qingdao in east Shandong Province on Monday morning. Jiaolong will be used to explore the polymetallic sulphides in a deep-sea rift in northwest Indian Ocean, with the mission anticipated to pave the way for China's upcoming application to the International Seabed Authority for mining rights in that area of the seabed. China is pursuing the ability to mine the seabed due to a scarcity of natural resources at home and increasing mineral prices on the international market. Underwater mining operations would not be uncontroversial however, as they would impinge upon delicate ecologies. Such activities will also present exacting technological challenges. During the next few months the submersible will also conduct scientific explorations in the South China Sea, Yap Trench and Mariana Trench. More than 150 scientists and researchers from 20-plus scientific institutions joined the planned 124-day voyage, according to state media.

### Sea dragon reincarnate

Jiaolong was named after a mythological sea dragon and is the world's first manned submersible designed to reach the depth of 7,000 metres below sea level, according to chief designer of the submersible Xu Qinan. In July last year Jiaolong carried out the China's first scientific expedition to the Yap Trench and Mariana Trench in the west Pacific Ocean, reaching a maximum depth of 6,796 metres and acquiring substantial geological, biological, and deepwater samples.

### K92 Mining brings Kaintantu gold mine back to life

Sarah Byrne, Business Advantage PNG, 7 February 2017

After eight years in mothballs, Papua New Guinea's Kainantu gold mine is preparing to export gold concentrate again. K92 Mining's Chief Operating Officer, John Lewins, tells *Business Advantage PNG* the company plans to ramp up to full production around April this year. The Canadian company has spent in excess of C\$10 million (K24 million) in refurbishment and rehabilitation costs to bring the operation back into production. 'It had been sitting for eight years,' says Lewins. 'There

was a fair amount of capital required for refurbishment and rehabilitation of the mine.’ Kainantu gold mine, located in the Eastern Highlands of Papua New Guinea, had been on care and maintenance since 2008, when Barrick Gold acquired the operation from Highlands Pacific. When Barrick Gold decided to sell Kainantu it provided an opportunity for K92 Mining, Lewins explains. ‘We had a couple of people on board with K92 Mining who were ex-Barrick and thought this was a fantastic project, so we acquired it,’ Lewins says.



### **Cash flow**

K92 Mining expects to achieve positive cash flow in March or April this year. Positive cash flow will provide the company with revenue to pay for future exploration activity, which Lewins says is critical in today’s market conditions. K92 Mining’s original plan to fund the operation went out the window when the market went downhill in 2015, Lewins explains. As a result, the mining company secured initial funding from New York private equity firm Cartesian Capital, before going ahead with its listing three months later. Negative sentiment in the market is an ongoing challenge for any junior mining company, Lewins comments. ‘That market for raising funds isn’t necessarily there, so you’ve really got to focus on cash flow and generating positive cash flow to use for exploration.’

### **Self funding**

Self-funding exploration is critical, Lewins says. In terms of cash flow for exploration activity, Lewins says the company must work within its means. ‘I personally believe the market will change towards the second half of the year, but right now it’s a difficult market for junior mining companies,’ Lewins explains. Kainantu’s current resource is over two million ounces, which includes the Irumafimpa area and Kora deposit. According to K92 Mining, two million ounces is only a small part of Kainantu’s potential resource. With no previous drilling in the area between Irumafimpa and Kora, Lewins says the area has significant potential for the company. ‘It’s one of the most exciting bits of ground that I’ve seen, and one of the most exciting projects that I’ve been involved in—and that’s having spent almost 40 years in the industry.’

### **Production**

K92 Mining aims to ramp Irumafimpa up to full production by April this year and to commence production from the Kora deposit towards the end of this year, or early next year. In an effort to step up production activity, there are two diamond drill rigs currently working on the ground, and a third rig ready to commence work at Kora in the coming weeks. Exploration between Irumafimpa and Kora is a focus for the company, but Lewins says there is great potential for exploration outside the mining lease. In January, K92 Mining reached an agreement with local tribal group, the Pomasi, and it has since commenced exploration in this area that spans two of the company’s exploration

leases. With connections to grid power and access to the main highway, Lewins says from a location and infrastructure perspective 'this [Kainantu] is about as good as it gets in Papua New Guinea.' Many areas of Papua New Guinea have limited infrastructure, but according to Lewins there are areas like Kainantu that have the benefit of road access and remain underexplored. 'If it was in Australia, it would be overrun. Papua New Guinea is an incredibly well endowed and a massively underexplored area of the world.'

### **How West Papua's gold rush has created a wasteland: Indonesian island's lush tropical riverland is laid waste by toxic dumping from the world's biggest gold mine**

By Chris Summers For Mailonline, 6 February 2017

- **In 1969 Indonesia annexed what had been Dutch New Guinea after a highly 'Act of Free Choice' referendum**
- **Since then the area, whose indigenous people are ethnically similar to Papua New Guineans, has been swamped by settlers from other over-crowded Indonesian islands**
- **West Papua is home to the world's third largest copper mine and large deposits of gold have also been found**
- **But the gold rush at the Grasberg mine has devastated the ecology of the rivers which run through the area**
- **Indonesia is accused by an Australian group of a 'slow-motion genocide' against indigenous West Papuans**

The western half of the island of New Guinea is rich in minerals, especially copper and gold, but its discovery has been a very mixed blessing for the local people. It was the Dutch who first discovered minerals on the island in the 1930s and when the Netherlands cut its ties with the colony in the late 1960s it was the presence of the goodies underground which tempted neighbouring Indonesia. What had been Dutch New Guinea was annexed by Indonesia in 1969 after a highly questionable referendum, known as the 'Act of Free Choice'.



Dead trees affected by gold mine waste, known as tailings are seen in Timika. Indonesia produces over \$70billion in gold a year but the local people in West Papua rarely see any of that money



An illegal gold prospector sifts through sand and rock as she pans for gold in Timika. Indigenous tribes in West Papua such as the Kamoro are still trying to get their fair share of the country's wealth

The indigenous people, who are ethnically Melanesian, mainly Christian, and kinfolk of neighbouring Papua New Guinea, have been oppressed ever since by Muslim Indonesian settlers and Jakarta's occupying army. In 1971 Melanesians made up 96 percent of the population but now they are in a minority and by 2020, if migration rates remain the same, they will be less than three in 10 of the population. The West Papuans have also suffered as the land they depend on has been devastated by mining.



A man wearing a Santa Claus hat pans for gold in the Aikwa riverbed. According to reports, the Grasberg mine, owned Freeport McMoran, dumps as much as 200,000 tonnes of mine waste directly into the Aikwa delta system every day, turning thousands of hectares of forest and mangroves into wasteland

Indigenous tribes like the Kamoro say they have been hit by disease, poverty and environmental degradation since operations began at the Grasberg mine in 1973. Their chief, Hironimus Urmani, told *The Guardian*: 'Nature is a blessing from God, and we are known by the three S's: Sago (trees), sampan (canoes) and Sungani (rivers). But life is very difficult now.' The Free West Papua move-

ment has been demanding independence for the territory but has struggled to gain attention in a world distracted by other issues. The Grasberg mine is owned by an American firm, Freeport McMoRan, which is based in Arizona. They did not respond to Mail Online's request for a response.



The Aikwa river flows into the ocean but nowadays it is virtually an outflow pipe of the Grasberg gold and copper mine



The gold mine waste, known as tailings, has killed off thousands of trees in the Aikwa river delta



The Aikwa river is so polluted by mine waste that all the fish in it have long ago died off and the water is completely undrinkable. All it is good for now is gold prospecting



A man shows off the gold dust he had found in the Aikwa river. Most prospectors are able to obtain around a gram of gold per day, which they can sell for around £25



The gold is weighed on a scales. This amount is worth 400,000 rupiah (£25)



It takes a keen eye to spot the tiny dots of gold in the murky water.



Kamoro tribespeople working on the devices they use to catch gold in the Aikwa river. The Grasberg mine allegedly dumps as much as 200,000 tonnes of mine waste directly into the Aikwa delta system every day, turning thousands of hectares of forest and mangroves into wasteland (<http://www.dailymail.co.uk/news/article-4197548/How-West-Papua-s-gold-rush-created-wasteland.html>)

### Scientists Fear Deepsea Mining

By MarEx, The Mritime Executive, 2017-02-05



subsea mining equipment

Scientists fear that even before one of the last frontiers of exploration, the ocean deep, has been properly studied it will already have been exploited and damaged by commercial deepsea mining looking for rare metal and minerals on the ocean floor. Around 70 percent of the world's surface is covered by ocean and more than half of that is designated as international waters. Currently less than 0.05 percent of the ocean floor has been mapped at a level of detail where objects a few meters in size can be discerned. Marine biologists estimate that there are around 750,000 marine species yet to be identified, many of them likely to be found in the deep sea. The mining industry has been developing technologies to extract metals and minerals at depths of over 500 meters, and it's expected that commercial mining will start for the first time in 2018 off Papua New Guinea with the Solwara 1 project.

One mining method is to use a conveyor belt system of buckets to bring soil containing metal and mineral deposits from sites on the sea floor up to a mining ship for processing. A second method is to use pipes to hydraulically suck up soil from sites on the sea floor, also to a mining ship for processing. But before that happens the MIDAS project, which is made up of scientists, industry figures, NGOs and legal experts from 32 organizations across Europe, gathered data to gain a good picture of what damage might be done by mining and so inform regulators of what needs to be put in place to protect the deep sea environment. MIDAS scientists have released a summary of findings late last year and plan to release more technical papers in 2017. They found that new environmental issues need to be considered, such as the large surface areas affected by nodule mining, the potential risk of submarine landslides through sediment destabilization in gas hydrate extraction or the release of toxic elements through oxidation of minerals during mining.

There is a risk that the mining process will release metal ions into the water column, either in the benthic plume created by mining vehicles or, following dewatering on the surface vessel, in a mid-water plume. Such plumes can potentially travel hundreds of kilometers, carrying potential toxicants with them. Mid-water plumes may impact photosynthetic microalgae or animals within the water column. Despite considerable sampling and study of the deep sea over the past century, knowledge of species distribution across most spatial and temporal scales is still very poor, say the scientists. Hence, current levels of biogeographic knowledge are not sufficient to make accurate predictions of the consequences of mining. Currently the U.N. Convention on the Law of the Sea (UNCLOS) governs activity on the seabed. UNCLOS states that international waters are the “common heritage of mankind” and that the International Seabed Authority (ISA), based in Jamaica is the body responsible for administering it. The ISA has signed a number of mining deals and is in the process of drawing up a mining code to govern deep-sea mining before 2018.

The MIDAS summary report is available here: [https://www.eu-midas.net/sites/default/files/downloads/MIDAS\\_research\\_highlights\\_low\\_res.pdf](https://www.eu-midas.net/sites/default/files/downloads/MIDAS_research_highlights_low_res.pdf)

### **Government allocates additional K2m for Hela LNG Operation**

NBC, One Papua New Guinea, 4 February 2017



Police and soldiers wait to board a flight to Hela Province (ABC News: Eric Tlozek)

The National Government has allocated another K2 million for the special law and order call-out operations in Hela province. Governor, Francis Potape, revealed to NBC News that the K2 million adds to an initial K11 million allocation for the operation. Mr. Potape says, the additional funding is

to cater for local police who were overlooked in the initial funding. "The callout operations is going good so far. "We had 200 manpower, 150 are policemen and 40 or 50 soldiers. "So bulk of the security forces are in Tari but we have a team in Koroba and also in Komo and Magarima. "We had 3 gun surrenders. Some highpowered guns have been returned. Those are not the guns that we are expecting. We want more guns to come out. We wanted it to be faster but its bit slow. "So the provincial government in consultation with the security forces we've set a deadline for each LLG's, and all the guns and all the warlords from the LLG's must surrender your weapons on that day. And it will start on the 13th.13th of February in Hulia and 14th for South Koroba and 15 so we have 13 LLG's so everything starts on the 13th". Weapons surrendered during the call out will be destroyed on the 27th February while the first phase of the call out is expected to end on the 28th.

### **Landowner royalties to be paid together: Duban**

Charles Yapumi, Loop PNG, February 4, 2017

All landowner royalty payments for the LNG Project will be made after issues regarding landowner identification and clan vetting processes are completed, says Minister for Petroleum and Energy Nixon Duban. The Minister said landowners from the resource areas, pipeline and plant site areas will be paid together after all landowner issues are dealt with, and no preferences will be given. Duban said the Court of Alternative Dispute Resolution (ADR) will be dealing with landowners' disagreements with the department's identification and clan vetting processes. The minister was responding to questions from Kikori MP, Mark Maipakai, in Parliament on Friday. Maipakai asked when his people along the LNG pipeline areas will get their royalty payments because all their landowner identification and clan vetting processes had already been completed.

### **Harmony pins its hopes on Hidden Valley**

Kabelo Khumalo, Business Report, 3 February 2017

Harmony Gold is pinning its growth hopes on its newly acquired Hidden Valley mine and is prowling the market for big acquisitions as most of its South African operations were nearing the end of their production lifespans. It would focus on Hidden Valley, as its other mines in Masimong, Kusa-salethu, Unisel and Bambanani were left with less than five years of mining. Chief executive Peter Steenkamp said on Thursday, besides actively pursuing assets, the company had a solid plan for Hidden Valley. He said Harmony planned to produce 180 000 ounces of gold a year for seven years at the mine to achieve a total production of 1.5 million ounces a year across the group in two years time.

Last year, the company bought 100 percent of Hidden Valley, a gold and copper project in Papua New Guinea, after buying out its partner, Newcrest Mining, Australia's biggest gold producer for \$180 million (R2.42 billion). The company previously had a 50 percent stake in the Papua New Guinea mine. Steenkamp said the company would focus on strong operational performance and create further value. "Our operations - both in South Africa and Papua New Guinea - are maintaining their momentum and we believe our annual guidance of approximately 1 050 000 ounces of gold at a price of about \$1100/oz is achievable." Steenkamp added that Harmony revenue, including the gold hedge for the six months ended December, increased by 3 percent to R9.8 billion.

He said the group's total production profit decreased to R2.4bn in the period from R3bn from the comparative one. The company said it realised R233 million in profits from the gold hedge while group headline earnings increased to 150cents, up from the 100c from the comparable period. Steenkamp said the company reduced its net debt from R1.1 billion to R289 million at the end of December. He said the company would take a measured approach as it scours the market for acqui-

sitions and would refrain from overpaying for its targeted assets. Harmony declared an interim dividend of 50c, its first since the six months to the end of 2012.

### **Total starts drilling at Antelope 7 in Gulf**

February 3, 2017, The National Business

INTEROIL says more than 1900 meters in depth has been drilled with the side track appraisal well at Antelope-7. This was carried out by Total E and P PNG (Total) as the operator of Petroleum Retention License 15 (PRL15) in Gulf. “On January 31, 2017, according to information provided by Total, the Antelope-7 side track appraisal well reached 1,980 meters measure depth below rotary table (MDRT) and is drilling ahead in the Orubadi Formation” InterOil said in a statement. “The well is designed to provide structural control and reservoir definition on the field’s western flank. It has a proposed total depth of around 2,300 meters (7,545 feet) MDRT and is located about 1.45 km west-south-west of Antelope-5.” The New York listed company said the side appraisal was due to difficulties that arose from initial drilling in the Orubadi Formation late last year.

“On December 22, 2016, InterOil announced that the initial Antelope-7 well had reached 2,127 meters measured depth below rotary table,” InterOil said. “After encountering drilling difficulties in the Orubadi Formation, Total E&P PNG Limited, the operator of Petroleum Retention License 15 (PRL 15) in the Gulf province of Papua New Guinea commenced the Antelope-7 side track appraisal well.” InterOil holds a 36.5375 per cent interest in the well. Total has a 40.1275 per cent interest, Oil Search has 22.8350 per cent, and the remaining 0.5000 per cent is held by minority parties. Total is the world’s fourth-largest oil and gas company and a world-leading solar energy operator through SunPower.

With operations in more than 130 countries, it has nearly 100,000 employees who are fully committed to better energy. Supplying affordable energy to a growing population, addressing climate change and meeting new customer expectations are the three main challenges Total must meet as an energy major. That is what guides the company. We are also a world-class natural gas operator and a global leader in solar energy through our affiliate SunPower. The company’s activities span oil and gas production, refining, petrochemicals and marketing where it operates.

### **Kainantu mine moves towards commercial production**

Kevin Silva, BNN, 2 February 2017



K92 Mining, the fast emerging gold producer that purchased Barrick's Kainantu Gold Mine in Papua New Guinea during 2015, has just announced multiple high grade intercepts from drilling in the Irumafimpa area of the project. While much of the attention garnered from the news release has been focused on the multiple holes that intersected high grades over wide cuts (such as 8.18m at 33 g/t Au, plus 1m at 4.51 g/t Au, plus 1.1m at 4.96 g/t Au in hole GCDD0020a), it is also important to note that the company also announced that it was now in the midst of its longest production run to date, since the restart of mining and processing operations. K92 is ramping towards commercial production and this news release touched on this fact, as well as describing results from a previously under-drilled area of the Irumafimpa deposit that exceeded expectations of management. K92 Chief Executive Officer, Ian Stalker, states, "In the context of K92 moving towards achieving Commercial Production, these high grade results are extremely pleasing as they confirm the continuity of the high grade system previously reported in the first six holes. The holes were drilled from an area at the southern extremity of the resource, where data is limited and significantly lower grades were expected. The results also show consistent evidence of multiple parallel high grade veins within close proximity to each other, providing the potential for several veins to be mined from the same underground access."

The combination of near term production, alongside of exploration potential, has not been lost on the analyst community. While K92 might be considered relatively unknown, it is gaining visibility from brokerage firms that have had personnel visit the site and see the potential. Recently, K92 hosted industry professionals onsite from Macquarie, Clarus, Haywood and GMP, and the initial comments that have been released by analysts after this visit speak to the near, medium and long term upside potential. In fact, Clarus titled their post-visit note on K92 "Production Fast Track with Massive Exploration Upside" while Haywood reminded readers that "Papua New Guinea (PNG) is well known for its endowment of world-class porphyry and epithermal deposits." The current grade control drilling program is focused on the areas of Irumafimpa and is designed to bring a high degree of confidence to the production planning and scheduling. K92 plans to mine this area in the coming six months. The closed space drilling pattern of approximately 15 metres by 15 metres has significantly increased the confidence in this sparsely drilled area, with most holes recording high grade intersections. Approximately 80 per cent of the holes completed to date have recorded multiple high-grade intersections, indicating the presence of multiple parallel to sub parallel high-grade veins.

The results from this drilling are used to finalize the various stope and ore development designs, and provide updated information on projected production from the areas in terms of tonnage, grade and contained ounces. The drilled grade control holes are situated at the lowest point in the underground that K92 plans to mine, and are also at the southern edge of the known resource that was previously only drilled on a 100 metre by 100 metre pattern. Bryan Slusarchuk, K92 President, states, "The onsite team has continued to exceed expectations, both in terms of production ramp up and drilling. It's a testament to the skill of this group that it was just 8 months ago we launched K92 as a publicly traded company, and we have now not only fast tracked into production, but have also continued to advance knowledge of Irumafimpa through drilling efforts such as just achieved." K92 trades on the TSX Venture Exchange with the symbol KNT, in the United States (KNTNF) and in Germany (92K).

## **PNG military warns of round-up if amnesty not heeded in LNG Province**

Radio New Zealand, 1 February 2017

A senior military official in Papua New Guinea has urged warring tribes to surrender their firearms or face the law at the end of the month. PNG's *The National* reports Lt Col John Manuai was speaking during the surrender of weapons by a tribe in Hela province at the weekend. An amnesty is in place in the province for illegal firearms after months of tribal fighting and a build-up of high-

powered weapons. The defence force Joint Task Force Commander said the military would round people up on 28 February if they were still holding onto weapons. On Saturday, a leader from Kikita Number Two village, Buka Minape, surrendered his high-powered weapons in the presence of police and defence force personnel. *The National* reported he then called on his rival John Tipa to bring forward his group's weapons. The two groups had been fighting for four years over a \$US3 million payment for the Tari Airport. A similar ceremony took place on Friday at North Koroba where the Pumayu tribe handed in their weapons. The weapons included a factory-made pump action gun and two homemade guns.

## **Solomon Islands Government pushes for controversial Gold Ridge mine to reopen**

By Richard Ewart, Bindi Bryce and staff, ABC news, 31 January 2017

### **Key points:**

- The only gold mine in Solomon Islands has been closed since 2014 amid environmental concerns
- Gold Ridge mine is owned by a local landholder group which supports its rehabilitation
- A Chinese property investment company says it has invested in the mine

The Solomon Islands Government says it is planning to reopen the gold mine that was sold to local landowners by an Australian miner in 2015 for \$100. Mining company St Barbara controversially sold its legal liability in the mine to local landowner company Goldridge Community Investment. The Solomon Islands Government said it was now negotiating with landowners and an investor — Australian-based Chinese property developer AXF Group. A statement on the company's website said AXF had partnered with Goldridge Community Investment, "and aims to repair, refurbish and upgrade the Gold Ridge plant to bring it back into operation". The mine on central Guadalcanal, south-east of the capital Honiara, was closed after severe flooding in 2014. Since then, there have been constant concerns over the risk posed to public safety by the threat of toxic water overflowing from the tailings dam. Shortly after St Barbara sold the mine, the Solomon Islands Government declared it a disaster area when a tropical cyclone filled the dam to capacity. In 2016, after an "uncontrolled release" of untreated water from the mine's tailings dam, Solomon Islands health authorities warned villagers living downstream not to use river water because it could be contaminated by arsenic.

### **Plans to reopen 'as soon as practically possible'**



Photo: Gold Ridge gold mine in Solomon Islands has had a chequered history.

The Government said in a statement it now hoped the mine would be reopened "as soon as is practically possible". Prime Minister Manasseh Sogavare's chief of staff, Robson Djokovic, told the ABC's Pacific Beat program there were still risks associated with the mine reopening, but they were being addressed. "There are procedures and systems that have been developed ... to ensure the highest standards of safety are met to avoid any potential hazards or risks," Mr Djokovic said. "Of course, not everybody is going to agree. We understand the reality of those who might object. "But the Government is ensuring that thorough consultation is being carried out and we are listening to the various stakeholders, particularly those that are located in the area of the mine site."



Photo: Mothers wash their children in a river bed near the Gold Ridge mine. (Reuters: James Regan, file)

The chairman of the landowner company, Walton Naezon, said local landholders did not oppose the Government's push to reopen the mine. But he told Pacific Beat it would take time. "We're trying to restructure and rehabilitate an old mine which has gone, run down almost 100 per cent," he said. "We are going to look at all the aspects of environment issues [and] we are going to make sure that our foreign partners are listening to us. "We want to do everything right according to law. We must make sure everyone likes the operation and the benefits of the operation."

### **EITI to release second report**

January 30, 2017, The National Business

THE PNG Extractive Industries Transparency Initiative will release its second report this year detailing the financial performance and regulation of the country's extractive sector in 2014. Secretariat head Lucas Alkan said the report was produced by the accounting firm Ernest and Young as the independent administrator. "Our independent administrators Ernst and Young are finalising the last data from reporting entities and will be releasing the final report in due course," Alkan said. "We are looking forward to showcasing the performance of the sector through the report." He said the 2014 report contained contextual information of the industry and financial data on revenues received by the Government and paid by the companies in that year. "The independent administrator has collated the financial data and reconciled any discrepancies arising from the figures provided by Government agencies and companies," he said.

"Any discrepancies that cannot be reconciled will be highlighted in the report for citizens to review and ask critical questions to the Government and companies. This is the whole purpose of the EITI. "The report also contains recommendations for the PNGEITI multi-stakeholder group to address issues identified through the EITI process. "While some of the recommendations highlighted in the first report are yet to be implemented by the State in the 2014 report, it is expected that same recommendations will be pointed with new issues." Meanwhile, Alkan said PNG EITI had been allocated a separate item in the 2017 national budget. Alkan is delighted that the Government had

recognised the importance of the EITI implementation and had supported the initiative through the budget allocation. “This demonstrates that the Government is serious about promoting transparency and accountability.”

### **EITI: Beneficial ownership roadmap released**

Post-Courier, January 29, 2017

THE PNG Extractive Industries Transparency Initiative (PNGEITI) has released a beneficial ownership roadmap. The strategy is in compliance with PNG’s membership to the EITI international board. It provides directions and outlines specific actions the government will take in 2017-2020 after which it will submit for the annual EITI country report. PNGEITI head of national secretariat Lucas Alkan, said last week that the roadmap is available on its website. Mr Alkan said it was produced by international accounting firm KPMG under EITI global requirements by which member countries are to provide information on the real owners or beneficiaries of companies operating in the extractive sector.

“The roadmap details who the beneficial ownership covers, landowner companies and corporations that make investments from revenue flowing from the extractive industries. “This is to bring about transparency, accountability to all stakeholders involved in the extractive sector. “PNG is one of the 51 mineral rich countries that signed up to implementing the EITI concept to bring about global standard and best practice in the sector,” Mr Alkan said. “A key requirement for EITI implementing countries is to produce annual reports. “Since joining in 2013, PNG has produced two for the fiscal years 2013 and 2014 and we are organising to produce the 2015 financial year report due at the end of this year, and the road map is to prepare us for this,” Mr Alkan said. The roadmap can be accessed on [www. Pngeiti.org.pg](http://www.Pngeiti.org.pg) or via email on [usoninfo@pnggeiti.org.pg](mailto:usoninfo@pnggeiti.org.pg).

### **Exxon and Oil Search let go of a PNG petroleum licence**

Radio New Zealand, 28 January 2017

Oil and gas companies Oil Search and ExxonMobil have surrendered one of their petroleum prospective licenses, or PPLs, in Papua New Guinea. PNG Industry news reports that the pair paid US\$15 million for the remote licence in 2012, and had offered further payments and royalties based on success. However, the difficulties associated with exploration in the Highlands, the recent dry wells at Strickland and other factors have reduced the attractiveness of the block, known as PPL 277. As partners in PNG's major LNG Project, the two companies already have rights to various energy resources in the Highlands region, including the all important Hides gas fields just west of PPL 277.

### **Ramu landowners will get royalties, assures Chan**

Cedric Patjole, Loop PNG, January 28, 2017

Chan made the assurance in Parliament on Friday when asked by Usino-Bundi MP, Anton Yagama. Yagama said since the project began, tons in mineral exports have left their shores at Basamuk, however, to this date there has been no royalty. He also queried when the outstanding K10 million would be paid to the landowners. Chan said the Mineral Resources Authority (MRA) and project developers, Metallurgical Company of China (MCC), had recently agreed to pay landowners royalties.

## Outrage over limited hearing locations for NZ seabed mining decision

Jeremy Wilkinson, Stuff NZ, January 25, 2017



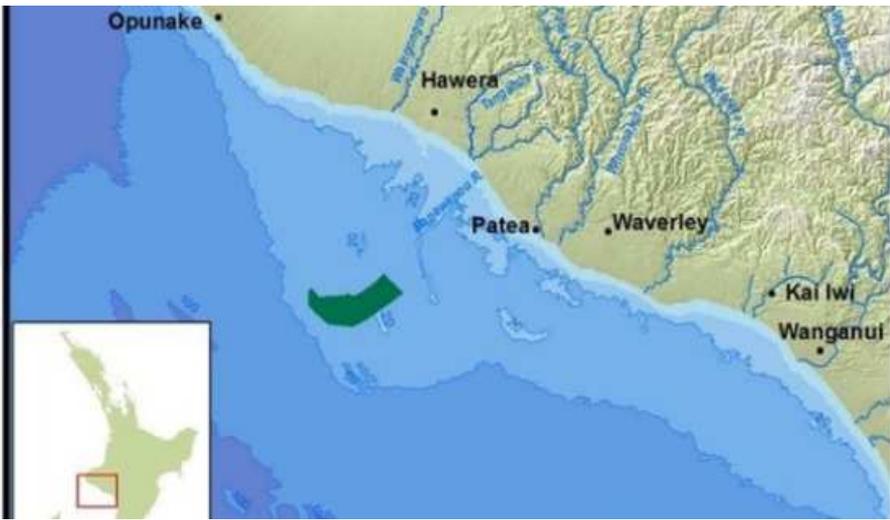
Nga Rauru Kitahi general manager Anne-Marie Broughton compared the hearing locations to tactics employed against Maori in the 1800s.

Hearings which will decide whether a company can mine the seabed off the coast of Taranaki will only be held in two locations - to the outrage of opposition groups. Trans Tasman Resources has applied for the second time in as many years to mine ore from sand 36 kilometres off the coast of Patea. A previous, similar application was denied in 2014. The Environmental Protection Authority will host hearings in New Plymouth and Wellington in mid-February, but Kiwis Against Seabed Mining (Kasm) is arguing that opposition to the mining is far more widespread and hearing locations should be tailored to reflect that.



Nagti Ruanui, the other iwi whose territory TTR has applied to mine iron sand in, protested at parliament in late 2016.

"When the authority held their hearings last time around there were hearings in Hamilton and Whanganui so people all over the country could at least make one," Kasm's secretary Cindy Baxter said. Baxter said of the more than 4000 people that submitted through Kasm, 118 were in Raglan, 65 in Auckland, 38 in Whanganui and 26 in New Plymouth. "Where they're holding hearings doesn't reflect where the majority of submissions are coming from," she said.



The 66 square kilometres off the South Taranaki coast where Trans Tasman Resources have applied to mine iron ore.

"They've said people can Skype in to the hearings, but that's not really the same thing." As for why people from all over the country have submitted against TTR and want to be heard at the hearings, Baxter said it was the precedent the proposed mining activity would set. "It's the black sand that links us," she said. "People are very protective of it. That's how I got involved with Kasm, because I live at a black sand beach in Piha and I was worried once they were done with Taranaki they would move north." Kasm estimated that more than 17,000 people had submitted against TTR's latest application, a number later confirmed by the Environmental Protection Authority as 13,733 total submissions - with those for and against yet to be confirmed. This was the highest number of submissions the EPA has ever received on any application since it was established in 2011. The second highest being 4850 submissions on TTR's similar application in 2014. It's not just Kasm that is unhappy with the decision. Nga Rauru Kitahi - one of the iwi which TTR's proposed mining activities will affect - has said the decision to not hold hearings within the territory of tangata whenua was "appalling".

"It's a serious insult to not hold hearings on one of Ngati Ruanui or Nga Rauru Kitahi marae or at an absolute minimum, within one of our rohe (territory)," Nga Rauru Kitahi's general manager Anne-Marie Broughton said. She compared the the decision to "behaviour deployed on Maori in the 1800s when the Native Land Court convened sittings regarding Maori land in distant locations creating barriers of time and cost to owners". "Consequently, many Maori owners were unable to attend court hearings, resulting in the loss of their lands." Broughton said it was appalling that this behaviour was continuing in 2017. The hearing will begin in the Member's Lounge in Westpac Stadium, Wellington, at 9am on February 16. Dates and times for the New Plymouth hearings have yet to be confirmed.

## **Solomon Islands govt reinstates Gold Ridge mining lease**

Radio New Zealand, 24 January 2017

The mining lease for a closed gold mine in Solomon Islands is being reinstated by the government after having been cancelled by the mines minister last year. A government statement said the relevant framework for the Gold Ridge mine to reopen was being finalised. But the chairperson of the customary land-owning company, Gold Ridge Community Investments Ltd, which is the minority shareholder in the mine, said this basically referred to cancelled mining lease. Walton Naezon said the majority shareholder, the Chinese-owned AXF Group, wanted to begin reconstruction of the mine in early February provided the lease has been reinstated. "There is two things, one is to start the mine, doing the roads, rehabilitating the mill, doing constructions and doing explorations and assessing the tailings dam. Those are mining activities that can be taking place quickly from Febru-

ary upward. The actual production was look at end of 2018." He said it was projected that the cost of bringing the mine back into production would be between \$US80 and 90 million.

### **LNG security callout: a holiday for Hela's warlords?**

Johnny Blades, Radio New Zealand, 23 January 2017

Late last month, 300 police and military personnel were deployed to Hela, which is home to the lucrative LNG gas project, after months of tribal fighting and a build-up of high-powered firearms. There are warnings that a major security forces callout to Papua New Guinea's Hela province will not provide a long-term solution to ongoing tribal fighting. Dozens of people are understood to have died last year in fighting and lawlessness which has been particularly bad around Hela's capital Tari. Since the callout, police have been on a province-wide drive to collect illegal firearms in Hela, with an amnesty in place for tribes to surrender their guns by the end of February. The proliferation of high-powered guns in the region is not a new concern, but remains a concern for the operations of the ExxonMobil-led LNG project. Deputy governor of Hela Thomas Potabe said that since the callout, fighting had largely cooled off. "Now the province is quiet and we have almost 300 police and soldiers on the ground, so I don't think we will get big fighting like before we did," he said.

However there's scepticism from NGO worker James Komengi, who has worked with facilitating mediation between warring tribes since 2008. He said merely taking some guns out of the equation would not help in the long term because tribal fighting was entrenched in Hela as a result of the lack of public services and development. The Highlands' warring tribes have a source of illicit firearms trade which they can tap, along the border with Indonesia - both via Indonesian military and West Papuan tribes. In Mr Komengi's view, warlords could easily seek more weapons if they felt exposed. "We are giving a holiday to the warlords," Mr Komengi said of the current callout "It looks like it's only a callout for the arms, and they don't have any programmes that will be left behind to help us transform the communities. And that's something I think the politicians will seriously have to get into to transform the province. Otherwise it's more like a temporary break for the warlords."

### **Leadership**

For others, addressing the lawlessness and fighting is a question of leadership. A Hela community leader, George Tagobe, said local police had the resources to deal with fighting before a callout was needed, but that direction was lacking. "Our leaders, when they are in there, when they show their presence in the area where the fighting is, people respect. When there's no leaders, people run around like animals," was Mr Tagobe's summary. "Now the local police, they can be able to perform, but they're waiting for orders to come. They can't just go in and conduct raids and go into the fighting zone without any orders from the hierarchy," he said. Police operations commander, Assistant Commissioner David Manning, said Hela people had lost confidence in the region's governance, and that needed to be restored in order to end lawlessness.

"Over the years the thinking of the people of Hela has been that the national government has abandoned them, has really not given much focus on addressing some of the socio-economic challenges that the people face up here," he said. "As such, there was a building resentment towards the government [at] the national, provincial and district level." Part of the resentment that exists in Hela stems from the perception among of communities in the LNG Project area that promised benefits from this massive commercial venture have not materialised. While their grievances have tended to be with government rather than developer, landowners mounted various protests last year, demanding outstanding project payments, and greater share of equity in the project. Both police and local authorities deny that the tribal fighting is directly related to the LNG project, yet the project's footprint, and expectations surrounding it, remain important and potentially explosive in Hela.



Tribal divisions are entrenched in Hela Province, Papua New Guinea. Photo: RNZI / Johnny Blades

Mr Manning said that ending the fighting was a huge task that wouldn't be completed quickly. "The success of this operation hangs all over the shoulders of the people of Hela and how we - the operations - can engage in effective and productive partnerships with them in resolving the future of the province." Hela provincial government officials said the security forces callout had sparked constructive peace talks between warring tribes, and they were hopeful of a lasting settlement. As PNG's five-yearly general elections are due in mid-2017, it's likely the government will maintain a boosted security forces presence in Hela. With unrest around polling having hampered previous elections in parts of the Highlands, prime minister Peter O'Neill has indicated that security around the upcoming elections will be a priority. However, people in Hela are concerned that settlement of tribal fighting may collapse after the polls.



A school burnt out as a result of tribal conflict in Papua New Guinea's Hela province. Photo: RNZ / Johnny Blades

### **Dialogue and understanding**

James Komengi has been involved with the Ambassadors for Peace programme which was instrumental in the signing of a peace agreement between 32 warring communities in Hela region in 2008. He said that since then none of the communities had resorted to violence. Mr Komengi said the programmes which civil society facilitated have brought warring tribes together at workshops to

develop the skills to dialogue and understand each other as well as the causes of conflict. These workshops and dialogues were generally mediated by trained local facilitators like him. He said that peace agreements between previously warring communities or tribes were based on their own agreements, publicly declared, and monitored by facilitators. These were the types of programmes he said were needed to cope with Hela's current wave of conflicts.

### **Drought a factor**

Adding to the sense of despair and frustration among people in Hela, and other parts of the Highlands, is the hobbled government response to the recent drought. Farmers and crop gardeners in many parts are still recovering from devastation caused by the El Nino-induced drought from 2015 to 2016.



A dry creek bed during the drought. Photo: Supplied

Mr Komengi said that in response to the drought there was little effective help from provincial or central government. According to him, government relief supplies or funds were often misused or misdirected. Now, the National Agriculture Research Institute is partnering with civil society in the Highlands to help build resilience to future droughts. Mr Komengi said that NARI has chosen the United Church to work with in Hela because it led the drought impact assessment and response programmes. The notion of not waiting around for government to help, but instead of getting on with a community-driven response, has gained currency in PNG's Highlands. But taking matters into one's own hands, particularly where justice is concerned, is also at the heart of the tribal fighting problem.

### **Illegal firearms at Exxon-Mobil LNG a concern**

Ramcy Wama, Post Courier, January 24, 2017

THE building up of illegal firearms at the Exxon-Mobil LNG project sites in Hela Province is alarming and leaders have raised concerns that it might affect the LNG project. Hela Governor, Francis Potape when welcoming the police and PNGDF soldiers said there are a lot of illegal firearms that are building up at the projects sites and security forces, leaders and the people have to work together to curb the building up of illegal weapons at the project sites and the whole of Hela Province. He said the amount of illegal firearms at the projects sites is alarming and can affect the LNG project. "The amount of firearms at the LNG project sites is alarming and has the potential to affect the PNG LNG Project in Hela," Mr Potape said.

He said the ‘call-out’ in the province is very important and urged leaders not to politicise the whole operations but let the security forces carry out what they are assigned to do. "We don't want the call out to be involved with the politics of Hela leaders and politicians in the province. The outcome of the security operation must be police and soldiers driven and not politics," Mr Potape said. He said the people of Hela want the operation to be successful and the end result must be positive. "We don't want a third call out in the province. If this operation fails, I don't think the third operation would work out for the province." Mr Potape said.

### **Western Province people given 33% mining shares**

Charles Yapumi, LOOP PNG, January 23, 2017



The historic benefit sharing agreement (BSA) signing happened in Alotau on the weekend between the six mine area villages and the 152 villages from the Community Mine Continuation Agreement (CMCA) regions will share the 33 per cent direct equity interest in OTML. The National Executive Council's (NEC) decision relating to the granting of the free equity was made in 2014. The benefit sharing Memorandum of Agreement (MoA) took over two years of negotiation amongst landowners, the Fly River Provincial Government and the State. The breakup of the shares will see CMCA group owning 12 per cent, the Mine Area Villages 9 per cent while the Fly River Provincial Government (FRPG) will own 12 per cent. "Now you've got one third direct participation.

It is for the first time in the history of this country and it's a big decision the Government has made for landowners to have direct participation in OTML," Chief Secretary to the Government, Isaac Lupari said. According to the MoA signed, 40 per cent of the benefits from the respective shares will be paid in cash to landowners while the other 40 per cent will go towards investment purposes and 20 per cent will go towards infrastructure development programs and projects. MRDC's Managing Director Augustine Mano said it was not an easy part but to manage the interests is a huge responsibility on MRDC. "Thank you for the confidence given to us to manage your interest. We will do our best. We will not let you down," Mano said. The Fly River Provincial Government is yet to sign the MoA and will do so at a later date. Once all parties have signed, the agreements will be submitted to NEC for approval for the transfer of the shares in OTML.

## **Miner RamuNico reminded that ‘performance is crucial’**

Post-Courier, January 18, 2017

MINER RamuNico (MCC) Limited has been reminded that its investment in PNG is the single largest of Chinese origin in Papua New Guinea, and therefore its business performance was crucial. The prompting was from China’s commercial counselor to PNG, Cai Shuizeng, following a tour of the mine’s operations in Kurumbukari and Basamuk in Madang Province recently. “The company must bear in mind the overall situation and attach great importance to quality, safety and efficiency of this project, and to enhance the co-operation and friendship between the two nations,” Mr Cai said. Mr Cai said he was impressed with what he had seen, and commended the operators of the Ramu nickel and cobalt mine especially for achieving 100 per cent design capacity. His delegation travelled to Madang late last month to ensure higher safety standards of operation and production, self-checks and self-rectification of all overseas Chinese enterprises including RamuNiCo Mr Cai said the results were impressive, adding that the success of the project would inevitably improve the image of China in PNG and also strengthen the two countries economic and bilateral relationship.

The delegation visited the chromite concentrate stockpile, hydraulic sluicing section, washing plate and beneficiation plant at KBK mine. In Basamuk they toured the High Pressure Acid Leach (HPAL), neutralisation and product area acid plant, limestone plant, warehouse and wharf and deep landfill areas. They had sought information on safety production, sales, environment protection, community construction and localisation. The site management used the opportunity to give the visitors, an update on the mine’s performance. Chairman of RamuNiCo ZongShaoxing, vice president Zhao Deqian and Xujian received the delegation on behalf of the company, and thanked the Mr Cai for his warmness and promised to work hard in delivering the project to the stakeholders successfully.

## **Die rauchenden Schätze der Tiefsee**

Sydney. Der Bergbau will tief in Ozeane vordringen, um wertvolle Erze zu fördern. Umweltschützer warnen vor einem maritimen Raubbau. Von Rainer Kurlermann  
RP Online (Rheinische Post), 18. Januar 2017

Die großen Maschinen stehen schon bereit. Im nächsten Jahr sollen sie 1800 Meter tief bis zum Meeresgrund abgelassen werden. Die kanadische Bergbaufirma "Nautilus Minerals" plant vor der Küste von Papua-Neuguinea eine technische Meisterleistung. Ein gewaltiger Bagger und eine Fräse sollen auf dem Boden des Pazifischen Ozeans wertvolle Erze abbauen. Der Meeresboden entstand durch die Tätigkeit von Vulkanen. Seine Kruste enthält große Mengen wertvoller Metalle: Kupfer, Gold, Silber, Kobalt und andere seltene Erze, die für Hightech-Legierungen in Windkraftanlagen, Computer und Handys benötigt werden. Die Kanadier sind mit den Vorbereitungen für den Beginn des Tiefseebergbaus weit fortgeschritten. Auch das Letzte der ferngesteuerten Geräte, ein schraubenförmiger Aufzug, der das Gestein an Bord eines Schiffes hieven soll, absolviert den Praxistest.

Nach Firmen-Angaben ist der Metallgehalt der Steine bis zu tausendfach größer als bei den gewöhnlichen Minen auf dem Land. "Nautilus Minerals" rechnet angesichts der hohen Nachfrage damit, dass sich die teure Investition für die Entwicklung der Maschinen bald rechnen wird. Experten schätzen allein den Wert der Kupfervorkommen im Abbaugbiet vor Papua-Neuguinea auf 350 Millionen Euro. Und die geologische Struktur unter der Bismarcksee vor den Pazifikinseln ist keineswegs selten. "Wir erwarten weltweit mehr als 5000 mögliche Abbaugebiete", sagt Mike Johnston, Geschäftsführer von Nautilus.

Die technischen Probleme scheinen beherrschbar. Der neue Goldrausch hat längst begonnen. Eine japanische Firmengruppe kündigte 2016 ein erstes Bergbauexperiment vor der Küste Tokios an. Die

internationale Meeresbodenbehörde (ISA) hat inzwischen 27 Lizenzen für Tiefseebergbau vergeben, drei Viertel davon erst in den letzten fünf Jahren. Auch Deutschland gehört zu den Lizenznehmern. Die 1994 gegründete ISA soll die Bodenschätze der Tiefsee als "gemeinsames Erbe der Menschheit" verwalten und Richtlinien für den Abbau formulieren. Mike Johnston und sein Team müssen diese Dokumente aber nicht abwarten. Ihr Schürfgebiet in der Bismarcksee liegt innerhalb der 200-Meilen-Zone von Papua-Neuguinea, der Pazifikstaat kann über die Nutzung des Gebiets allein entscheiden.

Offiziell sucht "Nautilus Minerals" den Schulterschluss mit der Bevölkerung. Doch für das Miteinander von Tourismus, Fischfang und Tiefseebergbau ist keine Lösung in Sicht. Das arme Land hofft auf hohe Einnahmen durch die wertvollen Erze. Doch ob dieser Ertrag die möglichen Folgen für die Umwelt rechtfertigt, vermag derzeit kaum jemand abzuschätzen. "Die Vielfalt und Verteilung des Lebens in der Tiefsee sind noch weitgehend unbekannt", erklärt Antje Boetius. Nicht einmal ein Prozent des Meeresbodens sei bisher erforscht, so die Meeresbiologin an der Uni Bremen. "Wir wissen noch nicht einmal, welche Lebewesen dort existieren und welche Belastung sie tolerieren", beklagt Matthias Haeckel von Geomar Helmholtz-Zentrum in Kiel. Die Forscher wünschen sich eine Bestandsaufnahme, bevor Bagger ihre Arbeit aufnehmen. Doch für eine Diskussion über die Größe der Abbaugelände, über die Ausweisung von Schutzzonen und Ausgleichsflächen oder Rekultivierung lässt der ehrgeizige Zeitplan keine Luft.

"Die Regierung und Nautilus verwenden die Bismarcksee als Experimentierplatz für den Tiefseebergbau", bilanzierte Christina Tony, die enttäuschte Chefin einer lokalen Umweltschutzgruppe zum Jahreswechsel. Die Folgen des Bergbaus sollen erst untersucht werden, wenn die Arbeiten schon begonnen haben. Mehrere Pazifikstaaten, mit denen "Nautilus Minerals" bereits Vorverträge abgeschlossen hat, warten den Start der neuen Technologie ab.

Das geringe Wissen, das Forscher über die Auswirkungen des Tiefseebergbaus gesammelt haben, stammt von deutschen Wissenschaftlern. Im Auftrag des Bundeswirtschaftsministeriums haben sie im Jahr 1989 eine elf Quadratkilometer große Fläche in 4500 Meter Tiefe durchpflügt und mit einer Art Fangkorb die dort auf dem Boden liegenden Manganknollen geerntet. Die Folgen dieser Aktion im Osten des Pazifiks finden die Forscher auch 26 Jahre später noch. Auf den Videos des Tiefsee-U-Boots der Geomar sind die Spuren des Pflugs noch sichtbar. Auch die Biologie hatte sich noch nicht erholt. "Das Entfernen der Manganknollen hat die Verteilung der Organismen in diesem Gebiet dauerhaft verändert", berichtet Antje Boetius, "denn ohne Knollen kommen einige Arten nicht wieder".

Der Bergbau in der Bismarcksee könnte größere Auswirkungen haben. Denn dort wird nicht nur loses Material gesammelt, sondern der Meeresboden aufgebrochen. "Durch den Abbau wird eine große Wolke von Sedimenten und giftigen Metallen entstehen", beschreibt Haeckel. Während die größeren Stücke binnen weniger Stunden wieder zu Boden sinken, treiben die feineren Partikel nach seiner Einschätzung über mehrere Wochen durch das Meer. "Wir wissen nicht, wie das Ökosystem, wie Fische und Fischlarven auf diesen feinen Staub reagieren. Die Organismen, die Wasser filtern, können dieser Belastung kaum entkommen", sagt der Meeresbiologe.

<http://www.rp-online.de/panorama/wissen/die-rauchenden-schaetze-der-tiefsee-aid-1.6541228>

### **MRA says mine MoAs should be public and independently audited every year...**

Freddy Mou, Loop PNG, 18 January 2017

The Mineral Resources Authority (MRA) is calling for an improvement on how revised mining projects Memorandum of Agreements (MoA) are administered. MRA Managing Director Philip Samar made this call when presenting six revised MoAs to the Mining Minister Byron Chan on Monday.

The revised MoAs are for Hidden Valley, Tolukuma, Ok Tedi, Simberi and Sinivit. The only new mining project MoA is for Woodlark. Samar said that there is definitely a need to improve on how these MOAs are administered. “The negotiations, as difficult and challenging as they might be, is actually the easy part. “The real challenge is, and has always been, for the various parties to these MOAs to fulfil and deliver on their various commitments.”

Samar added that the MRA is proposing that an open and transparent process be built into these respective MoAs. He said this is to enable each MoA to be self-administered where an independent party is engaged under the respective MoAs to conduct an annual audit of how each of the parties have performed in terms of fulfilling their various commitments and to have this report made available publicly to the various stakeholders and the general public. “A complimentary initiative given PNGs participation in the EITI protocols is for these MOAs to be made public documents. “The MoA review process itself is a public process involving various stakeholders in numerous public forums and as such the final product itself should therefore be a document that the various stakeholders and the general public can have access to.”

### **Ok Tedi Mine funds foundation: OTML**

January 18, 2017, The National National

By GYNNIE KERO

OK Tedi Mining Ltd (OTML) says it fully funds the operations of its subsidiary the Ok Tedi Development Foundation (OTDF) at US\$8 million (K24 million) per annum. According to the miner, the foundation does not operate with Community Mine Continuation Agreement (CMCA) funds. Since its establishment as a development vehicle for the CMCA communities in 2008, the foundation received up to US\$64 million (under K200 million). This is OTML’s additional commitment to the CMCA community on top off the compensation package. The OTDF is responsible for the administration of the trusts, investments of community funds and the delivery of community projects and programmes as agreed to by the individual village planning committees and approved by their respective trusts. Under the CMCA, there are nine trust regions:

- Mine Villages (six mine villages – Kavorabip, Finalbin, Atemkit, Wangbin, Bultem, Migal-simbip);
- Dudi Development Trust (South bank)
- Kiwaba Development Trust (Kiwai and Wabada Islands);
- Manawete Development Foundation (North Bank);
- Middle Fly River Development Foundation (Middle Fly);
- Nupmo Development Foundation (North Ok Tedi);
- Suki Fly Gogo Development Foundation (Suki and Gogodala);
- Tutuwe Development Foundation (Highway communities); and
- Wai Tri Development Trust (Lower Ok Tedi).

Speaking at an agreement signing by Sepe/Auti village, South Fly last Friday, OTML’s deputy chief executive officer and general manager employee and external relations, Musje Werror explained the foundation’s function and programmes. “The next four to five years will see more improvements with the implementation of the livelihood development programme.” “All CMCA funds are accounted for and OTDF’s books are audited every year in line with OTML’s financial processes so your funds are protected. “OTDF is your vehicle and in the near future we plan to transfer one share in OTDF to the CMCA communities to your company CMCA Holdings. “On behalf of the OTML and OTDF boards, the managing director Peter Graham, OTDF’s chief executive officer Ian Middleton and the rest of the CMCA communities, I once again welcome Sepe/Auti to the CMCA family,” Werror told the villagers.

## **Papua New Guinea Finalizes Agreements For Six Mining Licenses**

PORT MORESBY, Papua New Guinea (The National, Jan. 18, 2017) – Five revised agreements plus a new one regarding mining projects around the country will be submitted to Cabinet by Mining Minister Byron Chan. The revised memorandum of agreement are for Hidden Valley, Tolukuma, Ok Tedi, Simberi and Sinivit. The new one is for Woodlark. The agreements are the result of negotiations over two years. Chan received the agreements from Mineral Resources Authority managing director Philip Samar yesterday. “This is a tremendous effort by all involved and I am advised that what you (MRA) have delivered is unprecedented,” he said.

“No previous government had the opportunity to deliver even two MOAs in any given year. For the MRA to deliver six over a period of two years is commendable.” Samar said the output was testimony to the efficiency and commitment of the Government to deliver on its commitment to review the agreements. Samar said there was a need to improve the way the agreements were administered. “The negotiations, as difficult and challenging as they might be, is actually the easy part,” he said. “The real challenge is, and had always been, for various parties to these memorandum of agreements to fulfil and deliver on their various commitments.”

## **13,700 have a say on NZ seabed mining application**

Wanganui Chronicle, 17 January 2017

Environmental Protection Authority staff have finished counting all the submissions made on Trans-Tasman Resources' applications to mine the South Taranaki seabed for ironsand. There are 13,733 submissions, now listed alphabetically on the authority's website, but not yet analysed. A note from the authority says the Te Runanga o Ngati Ruanui submission included a petition. Its signatories were not counted as individual submitters. It also says some submitters did not include all the information required on the authority's online submission form. In some cases the need for that information has been waived, and those submissions will be considered.

## **Trust funds frozen by court case: OTML**

January 17, 2017 The National National

By GYNNIE KERO

TRUST funds for Community Mine Continuation Agreement (CMCA) villages in the South Fly district of Western are still frozen by a court case, according to Ok Tedi Mining Ltd (OTML). But despite that, OTML continued to contribute money into the trust every year, deputy chief executive officer and general manager employee and external relations Musje Werror said. As at December last year, the company paid more than K9.8 billion in benefits to the people of Western since 1982. He revealed that 50 per cent of these funds were currently tied up in court. Addressing people at a village in South Fly last Friday, Werror said the village was among others in the district whose projects would be delayed. The Sepe/Auti village in South Fly was the final village in the CMCA corridor to sign the CMCA Extension Agreement (CMCAEA) last Friday. “Your benefits start today (last Friday) after signing of the agreement. “But your name (Sepe/ Auti) is among all South Fly villages, project delivery will be delayed. Until the (court) case is over, we cannot draw down from the trust,” he said.

Werror also told the locals that the compensation package for the 158 CMCA communities in Western was reviewed over the years. “In 2001, the compensation package at that time was K175 million. “That was revised in the 2006 memorandum of agreement (MOA) to close to K1.2 billion and now the CMCA extension agreement nearly K600 million.” Werror urged Sepe/ Auti locals to

cooperate with the miner and the Ok Tedi Development Foundation and the provincial government if they wanted to see real change in the village. “To achieve sustainable development is not easy but it can and will happen if we all work together. I encourage the people of Sepe/Auti through your leaders to work closely with OTML, OTDF and the Fly River Provincial Government (FRPG),” he said. “There will be disagreements along the way but we must never lose focus of our dream and our desire to develop our village, our region and our province.” Ok Tedi Mining Ltd also presented two outboard motors and sporting equipment worth K70,000 to the village last Friday. It is understood that two 23-foot dinghies would be delivered to Sepe/Auti later.

### **‘Urban mining’: Engineers say e-waste richer than ore pulled from the ground**

Randy Shore, Vancouver Sun, January 16, 2017



Amit Kumar has been grinding up LEDs at UBC in Vancouver to recover valuable metals. Arlen Redekop

Electronic waste is proving to be a far richer source of valuable metals than any ore pulled from the ground, according to mining engineers at the University of British Columbia. PhD student Amit Kumar and professor Maria Holuszko have succeeded in “mining” copper and silver from LED lights, and they are certain that rare earth metals such as europium, cerium and lutetium can also be recovered. Light Emitting Diodes are gaining popularity as a highly efficient alternative to incandescent and fluorescent lights and represent an increasing proportion of e-waste and a potential source of metal pollution, said Holuszko. “We believe that within three years there will be enough LEDs in the waste stream to make this viable,” said Kumar. “And if we don’t do it, they will all end up in the landfill.”

What makes the LED recycling process tricky is that lights are made of fused composite materials that blend plastics and metals with a variety of other compounds that cannot simply be pulled apart. But if LEDs are ground up fine enough, the material isn’t much different from a high quality ore, though one with a variety of metals and industrial materials to be recovered. “We are using techniques like the ones employed by the mining industry, mainly physical processes that exploit the weight, density and conductivity of the metals to separate them from other materials,” said Kumar. “So far we haven’t needed to use any chemicals, so it’s a very clean process.” The researchers employ gravity, electrostatic separation, and other non-chemical methods to separate metals from each other and from binding materials.

Processed samples contain up to 65 per cent recoverable copper — far higher than processed ore — along with 4.5 per cent zinc and 1,640 parts per million of silver. “Eventually, we also hope to use this workflow to find a way to recover gold in significant amounts,” said Holuszko. Recovering rare earth metals will likely be accomplished with a chemical process, but only the small amount of material that remains after the common metals are removed would need to be treated, said Kumar. A successful test run of the process with Richmond’s Contact Environmental recovered copper, zinc, lead and silver, according to Holuszko. The next step is to find an industrial partner interested in investing in a real-world pilot program. “We have a grant from (non-profit innovation funding agency) Mitacs, but it’s not enough without a private partner,” she said.

### **More than K9.8b paid: OTML**

January 16, 2017 The National National

Reports by GYNNIE KERO

OK Tedi Mining Ltd paid more than K9.8 billion in benefits to the people of Western since 1982, the company says. According to the miner almost 50 per cent of these funds were currently tied up in Court. According to the miner, these billions of kina could be used to lift the sorry state of education in South Fly. Addressing the people at Sepe/Auti village last Friday, Ok Tedi Mining Ltd’s (OTML) deputy chief executive officer and general manager employee and external relations, Musje Werror noted that South Fly once produced highly qualified and educated people. “This is a totally unacceptable situation which none of us should accept especially in a province that has received so significant benefits from OTML,” he said.

He said a programme to improve education was approved by the Ok Tedi Development Foundation Board pending the outcome of a South Fly court case. “With OTML’s K32 million funding commitment to improve health services in the North Fly district, the 2015 Health Department sector report showed Western moved to fourth position from last compared to the other provinces. “Through OTDF and with the support of the communities and the Fly River Provincial Government, we want to do the same with education,” Werror said. While providing insights on the firm and the foundation, Werror said: “OTML’s subsidiary, Ok Tedi Development Foundation (OTDF) is fully funded by OTML at US\$8million (K24 million) per annum and not from the CMCA funds so since 2008 the total amount is \$64 million (under K200million).

### **OTML to execute Strategic Business Plan in 2017**

Post-Courier, January 16, 2017

OK Tedi Mining Limited (OTML) is well poised for the challenges that lie ahead in 2017. This is from OTML deputy chief executive officer and general manager employee and external relations Musje Werror. Mr Werror was giving the OTML’s challenges for 2016 and outlook for 2017 during the signing ceremony of the Community Mine Continuation Agreement Extension Agreement (CMCAEA) in Sepe/Auti village last Friday. The villages who turned up in numbers for the event heard that the last few years, and especially 2016, had been very tough years for OTML. He said world prices since 2014 for copper and gold had dropped, while also the ore grade and subsequently the company had to make some tough decisions including reducing its workforce by 2250 to 1500 and its operational costs. He said in 2015 the firm had to suspend operations in August due to the dry weather forced on by the El-Nino for seven months.

However, it resumed production on March 1, 2017. “More than a quarter of the planned copper production in 2016 was to come from the centre pit, but with the loss as an ore source due to a failure on the Westwall, OTML’s mining plans were significantly impacted. “The mine with the support

of other business developed and implemented contingency plans to recover from this set back,” he said. He said with the strong focus that the company had on cost containment and structural changes, though tough, had enabled the company to weather the challenges thus resulting in the firm restoring its position as one of the lowest copper producers. Other challenges he said the firm experienced in 2016 included the transition from a semi-residential to a full-on fly in fly out, fewer rosters and panels, tighter management of supply and services contracts. Nevertheless, it was not only operating profitably but also declaring and paying out a dividend of K150 million in 2016, the first since 2014.

He said of this, one third or K50 million will be paid to mine villages and Community Mine Continuation Agreement (CMCA) landowners and the Fly River provincial government following the agreement on the additional equity granted by the National Executive Council. “This has been a major turnaround for OTML under the leadership of the managing director Peter Graham with the support from the management team and the workforce,” Mr Werror said. He said in 2017 the company would execute its Strategic Business Plan which he said would enable OTML to continue operating profitably in a low metal price environment and generate value. He also highlighted that a new OK Tedi Environmental Management Act is currently being drafted which will replace the current environmental regime. This is expected to come into effect also this year. It will also continue to foster good relations with the mine-impacted communities particularly the CMCA communities, Fly River Provincial Government and the State.

### **Community signs agreement with mine**

January 16, 2017 The National National

A LOCAL community in South Fly can now see benefits such as compensation packages from the Ok Tedi Mine in Western following the sealing of an agreement last Friday. Sepe/Auti was the final village in the Community Mine Continuation Agreement (CMCA) corridor to sign the CMCA Extension Agreement (CMCAEA) last Friday, bringing the total number of villages under the CMCA mine extension agreement to 158. The Community Mine Continuation Agreement (CMCA) was signed in 2001 by many communities affected by the mine’s operations allowing the mine to continue operating and dumping waste rock and mine tailings into the river following the exit of BHP Billiton. Ok Tedi Mining Ltd’s (OTML) deputy chief executive officer and general manager employee and external relations, Musje Werror urged the Sepe/ Auti villagers to focus on the future. “Today’s signing marks a new beginning for the people of Sepe/ Auti and we are all delighted to welcome them to be part of the CMCA community. “This agreement is powerful. It signifies the communities desire to be part of the CMCA family and to participate in development opportunities in the region,” Werror said. He said while Sepe/ Auti village was part of the initial CMCA consultations in early 2001, they and U’uwo village did not sign the CMCA Agreements. OTML and the Government respected their positions then. U’uwo village eventually signed the agreement on March 9, 2011 followed by the CMCA Extension Agreement Nov 29 in 2012. He added that the community must work with OTML, Ok Tedi Development Foundation and the provincial government if they wanted to see real change in the village.

### **Western Province agrees to buy Kroton equity option**

January 13, 2017 The National Business

By MUHUYUPE SORANZI

WESTERN has become the final province to sign the agreement to acquire the Kroton equity in the PNG LNG project. Deputy governor Abini Gesele signed the agreement yesterday with the Kumul Petroleum Holdings Limited. Governors of the four other beneficiary provinces – Hela, Southern

Highlands, Gulf and Central – signed their agreement last month to acquire the equity. “Last month, Western was left out because there were no MPs present to sign the agreement,” Gesele said. “As the deputy governor, I don’t want this to happen again and fail Western for the second time. “Western did not signed the agreement last month because the governor was accused of misappropriation and jailed.” Gesele urged landowners of the impacted provinces to put differences behind and work together. “As the deputy governor, I am willing to work with all the landowners. If you are fighting among yourselves than I’m going to stand and watch.” He also urged the leaders, landowners and educated elites of the impacted provinces to work together to make sure that “benefits and services” reached the people. “Pipeline come through the land in Gulf in order to come to Central. “Therefore, leaders want the benefits to reach their people than the leaders must come together because pipeline did not went over but it came through you,” Gesele said.

### **Indonesia to introduce, issue new mining rules**

January 12, 2017, The National Business

JAKARTA: Indonesia will issue new mining laws and rules for miners this week, mining minister said I on Tuesday, which will cover contracts and permits, exports, taxes, divestment obligations and domestic processing requirements, among other issues. Indonesia announced in 2014, a ban on ore shipments to push miners to build smelters to process ore locally, but gave some concessions to concentrate producers after protests from the industry. As part of this push, a ban on the export of mineral concentrates is due to kick in on Jan. 12. Rules now being drafted will allow concentrate shipments to continue beyond deadline in certain cases, Energy and Mineral Resources Minister Ignasius Jonan told reporters after a cabinet meeting.

The new rules were needed “to clarify agreements on downstream mineral processing and other related matters,” Jonan said, referring to directions from President Joko Widodo and rules on domestic processing set out in the 2009 Mining Law. The rules would have to maximise returns on Indonesia’s natural resources, as mandated in the Constitution, while also considering increasing state revenues and employment opportunities, he said. “The government hopes for the creation of new work areas,” he said. Foreign mine investors would need to divest 51 percent of their holdings “wherever possible.” Traders have been closely watching the situation given Indonesia is a major producer of metals such as copper and nickel.

Any relaxation of Indonesia’s ban on ore exports could impact nickel prices and nickel smelter investors, which have been supported by supply restrictions, including from the Philippines, which took Indonesia’s place as the world’s top nickel ore exporter in 2014. No mention was made of nickel or bauxite on Tuesday, but Jonan said the new rules would include obligations on domestic processing of low-grade ores. Last month Jonan said the government was considering allowing some nickel ore and bauxite exports. A change to the existing rules is critical for Phoenix, Arizona-based Freeport McMoRan, whose Grasberg operation in Indonesia currently exports around two-thirds of its output as copper concentrate. Freeport, along with state-controlled PT Aneka Tambang Tbk and other major miners, had lobbied President Joko Widodo’s administration to ease the ban to allow more time for them to build the necessary smelters to process all the ore at home. A continuation of concentrate exports would be linked to the development of smelters, Jonan said on Tuesday, stopping short of providing details.

In December, the government said Freeport would first need to switch over from its current contract of work (COW) to a special mining licence in order to clinch a new export permit. This would mean Freeport needs first to agree on new fiscal terms including taxes and royalties among other things, issues that may take longer to resolve. Freeport’s exports from Indonesia were held up for more than six months in 2014 in a fractious export tax dispute connected to the country’s mining rules,

costing Southeast Asia's top economy more than \$1 billion and putting thousands of jobs at risk. "Hopefully in 1, 2, 3 days this week this will all be finished," Jonan said. He said the laws were to control the mining industry so that the industry achieves desired outcome for Indonesian people. We cannot achieve our people's desire unless we make laws that would guide what we wanted to get." – Reuters

## **Sonk explains Kroton Equity**

January 12, 2017, The National Business

*The issue of Kroton Equity in the PNG LNG project, and the vendor financing option offered by Kumul Petroleum Holdings Limited to beneficiary groups in the project impact areas, had been widely discussed in recent months as the deadline drew closer. KPHL managing director WAPU SONK explains to The National acting business editor SHIRLEY MAULUDU what the public debate was all about.*

**MAULUDU:** What is the Kroton Equity?

**SONK:** The Umbrella Benefit Sharing Agreement (UBSA) provides for the beneficiary group to be given a commercial option for 25.75 per cent shareholding in Kroton (Kroton No 2 Limited – now Kumul Petroleum (Kroton) Limited). Kroton holds the States 16.57 per cent in the PNG LNG project. The option, under Clause 6.1(a) (ii) of the UBSA, is for an undivided and fixed 25.75 per cent shareholding in Kroton, as a result of which the beneficiary group will have an indirect interest estimated in the UBSA at 4.27 per cent in the PNG LNG project (now calculated to be 4.27 per cent). There is no grant under the UBSA of a direct interest in the PNG LNG project. There is no provision in the UBSA for the appointment of a third party to manage the benefits from Kroton option entitlement for the beneficiaries. The UBSA expressly directs Kroton to act as a clearing house and to pay the cash distributions or dividend payments directly to beneficiaries. The UBSA directs that the beneficiaries interests in the PNG LNG project with respect to the Kroton equity will be represented by Kroton which is now a subsidiary of Kumul Petroleum Holdings Limited.

**MAULUDU:** Who are the beneficiary groups?

**SONK:** The Kroton equity beneficiaries are the PNG LNG project-impacted provincial governments – Hela, Southern Highlands, Central, Gulf and Fly River provincial governments – the PDL 1, 7, 8, 9, 2, 4, 5, 6 area landowners, LNG plant facilities and pipeline segments 1 to 8 as provided for under the Kokopo UBSA.

**MAULUDU:** What is the vendor financing option that Kumul Petroleum Holdings Limited is offering to the beneficiary groups?

**SONK:** The State wishes every beneficiary to have the opportunity to decide whether or not to exercise their Kroton option and recognises that in the current economic climate, this may be difficult for some beneficiaries. The National Executive Council approved KPHL to make available a "standby facility" (vendor finance) to assist any beneficiary who wishes to exercise their option but does not have access to sufficient funds to pay the option price. It is not mandatory to use the vendor finance and beneficiaries are able to use other sources of funds if they chose but must tender the option price at the time of exercising their Kroton option prior to 31 December 2016.

**MAULUDU:** Briefly explain certain important areas of the vendor financing option that KPHL is offering.

**SONK:** KPHL is basically offering following benefits:

- Government reduced the option price from US\$240 million (for each per cent bought) to now US\$150 million, and extended the option exercise period to December 31, 2016. KPHL has been instrumental in assisting the Government to reach this positive decision;
- Landowners will not have to pay a single toea to exercise the option upfront. KPHL will self-fund the option price of US\$640 million on their behalf by withholding 25.75 per cent of the LNG revenue which would be allocated to the beneficiaries. The Government will be

- paid by Kumul Petroleum yearly for the next 20 years to pay up the option price. If the oil price improves, the payment period will be shorter;
- The beneficiaries will get a distribution of US\$10 million per year to the beneficiaries as a preferential dividend if the oil price on an annual basis averaged US\$45/barrel. The distribution will increase to US\$15 million if the price average is US\$55/barrel. It further goes up to US\$20 million if the oil price goes up to US\$65 per barrel. The landowners will benefit as oil price increases and at the same time payment to State would increase, hence shortening the term period.
  - KPHL will work with the beneficiaries to have board positions on the Kroton company so there is visibility of the operations of the company. Beneficiaries can know how the company is performing, how much revenue is coming in and how much of that is going to State and how much is being distributed to the beneficiaries. This provides transparency and also fulfils the intent of the UBSA where Kroton was only supposed to be a pass through vehicle. Kroton will pass through all benefits (LNG revenue) to the Mineral Resources Development Company which is the entity legislated to manage landowner benefits;
  - The exercise of option doesn't necessarily mean that the beneficiaries are locked into KPHL. They can use their share option and if the oil price is high enough to raise capital, the beneficiaries can seek financing and pay State and opt to have fully paid shares of Kroton;
  - The vendor financing is a fall back option and so far, no beneficiary group has provided any financing. So KPHL has provided a fall back option.

**MAULUDU:** What is the role of KPHL in dealing with Kroton Equity?

**SONK:** The UBSA is an agreement between the State and the group beneficiaries. The terms of the UBSA can only be varied by agreement of the State and the beneficiary groups. KPHL currently holds 100 per cent of the shares in Kroton and is required to implement the terms of the UBSA in relation to the Kroton option strictly as provided in the UBSA. KPHL is not a party to the UBSA. It has no other role other than ensuring that the terms of the UBSA, as they relate to the Kroton option, are complied with and the State's legal obligation is implemented.

**MAULUDU:** Explain the difference between the groups not benefiting directly, but indirectly, in the PNG LNG project, when they acquire the Kroton Equity.

**SONK:** In the UBSA, the shareholding option would give the beneficiaries an indirect interest in the PNG LNG project of about 4.27 per cent. The option price was agreed to be calculated at US\$240 million for each 'indirect percentage interest' in the project, which, in this regard, translates to US\$1.0128 billion. The UBSA beneficiary groups must understand the key principle here that it is an option and that option can be exercised or not. It's not a must for any group to exercise that option if the price is not right or if the economic conditions are not right. At the end of the day, it's not free; hence a commercial decision need to be made.

**MAULUDU:** How much is the equity that the groups will pay to acquire?

**SONK:** The UBSA provides for the option price to be determined at US\$240 million per percentage point corresponding to the Kroton equity percentage. The State has now offered a discounted price of US\$150 million per percentage point corresponding to Kroton equity percentage (current option price). The current option price is payable in full by each beneficiary upon exercise of their respective Kroton option entitlement.

**MAULUDU:** Does the completion of the clan vetting exercise play any significant role in having the respective beneficiary groups to benefit from this equity?

**SONK:** KPHL also wishes to stress that the clan vetting process and the ADR (alternative dispute resolution) process must be allowed to progress very quickly and concluded so that beneficiaries are properly identified and their representatives elected.

**MAULUDU:** Why is it important for the interested beneficiary groups to sign up now?

**SONK:** The Kroton option exercise is a commercial exercise with its deadline as agreed or provided under UBSA. The key criteria of the option is it has a price and must be exercised in a fixed time. Both have not been made and there is a real risk of the risk being declared void. This is why KPHL as a joint venture partner in the project has been facilitating exercise of the "last resort" opti-

on of vendor financing KPHL has offered. KPHL prepared itself over last two years to provide this option as a back stop option because the Department of Petroleum and Energy and other agencies of Government were delaying the CVP and other programmes to properly identify beneficiaries.

### **Seabed mining project advances, Papua New Guinea locals consider lawsuit**

Free Speech Radio News, January 12, 2017



A hydrothermal vent chimney in the Mariana region. (Photo credit: NOAA Ocean Exploration & Research via Flickr / Creative Commons)

The deep seas are some of the most uncharted ecosystems in the world. Scientists say we know more about the surface of the moon than the deep seas. Yet the world's first commercial deep sea mining operation for gold, copper and silver in the Bismarck Sea could be underway in just a year. But, as Georgia Clark reports, Papua New Guinea locals are considering a lawsuit, calling for greater transparency and fearing the project could cause irreversible damage to one of the world's few pristine frontiers. In the next hundred years, humankind is set to face ever more pressing environmental challenges. With climate change already taking hold, scientists say conservation is crucial. But economies with growing populations continue to depend on finite resources, like fossil fuels and minerals, pushing exploration for deposits into new frontiers. And that quest for resources has come to an underwater biosphere off the coast of Papua New Guinea's New Ireland Province.

"These deep sea hydrothermal vents are some of the most remarkable biological communities ever discovered and they were only very recently discovered in the 1970s," says marine biologist, professor Richard Steiner, who has been studying the area and the life it sustains. "The rarity of this ecosystem is extraordinary, it could be the most rare ecosystem type in the biosphere of this planet." Canadian mining company, Nautilus Minerals, has been developing a plan to extract high-grade deposits of copper, gold, zinc and silver on the seabed near the mineral-rich underwater Hydrothermal Vent Systems. According to their Environmental Impact Statement, remote-controlled seafloor mining devices would collect ore that will be sent to the surface for processing. Known as the Solwara 1 project, the 25-acre underwater site is slated to become the world's first commercial seabed mine. But the project has been under fire, with critics arguing that the environmental risks are too high and, more recently, calling on Nautilus to be more transparent.

"For the past four years the deep sea mining campaign and also communities in Papua New Guinea have been calling on the government and Nautilus to release documents around this project," explains Natalie Lowrey, media coordinator at the Deep Sea Mining campaign. "If they don't there could be a situation where communities there look at a legal challenge." Some Papua New Guinea locals have raised concerns about the government's 15 percent stake in the project. "The PNG government is so corrupt that it's very difficult to monitor and regulate projects like this. Given the situation, it's a stakeholder and therefore there is a conflict of interest and we don't think it will car-

ry out the responsibility of regulating and monitoring this project effectively,” says John Chitua, a coordinator with Bismark Ramu, an NGO that represents Papuans opposed to the project. “To make matters worse, the conservation minister was formerly the mining minister; he was the one who licensed Nautilus.”

Chitua says Indigenous communities in PNG also worry about how mining operations could disrupt longstanding cultural practices closely linked to the local environment: “The sea is their welfare, their livelihood – it’s the source of food. The people in New Island also use the sea for bathing, cooking. In the past people used to use sea as graveyard as well. In the west coast of New Island, they still practice shark calling.” FSRN sent multiple interview requests to Nautilus Minerals over a three-week period. A company representative said Nautilus CEO Mike Johnston would be unavailable for comment until after the story’s publication. In past statements, Nautilus Minerals has expressed confidence that cutting edge technology will allow the company to mine the seabed in an environmentally responsible way. But Professor Steiner, who conducted his own independent study into the proposed mine, says the project warrants extreme caution. “Scientifically, there’s just too many unknowns about these deep sea vent communities, so we really can’t accurately predict what the impacts will be,” Steiner points out. “But we do know that they will be severe on a local scale and they could actually be severe and long lasting – there could be species extinctions caused just on this 11 hectare site.”

While some environmentalists argue there is insufficient conclusive evidence to give the world’s first commercial deep sea mine the green light, Nautilus argues the benefits of deep sea mines outweigh those of terrestrial mines. “I think that the one thing Nautilus has done well is that they’ve been very good about collecting scientific information. They’ve been very open about what they’ve found in terms of the biodiversity,” says Professor Elaine Baker, an expert in the sustainable use of marine resources at the University of Sydney. “They’ve have engaged top scientists from around the world to do the environmental impact study, and they’ve taken note of criticism – they’ve actually really progressed the science and our understanding of these organisms by the number of studies that they’ve done.” Copper density in the Solwara deposit is reputedly several times higher than what is typical in terrestrial mines. It’s copper that Nautilus says will help meet worldwide demand for goods like smartphones and computers.

Natalie Lowrey of the Deep Sea Mining campaign says consumers need to consider costs behind the price tag. “Solwara 1 is gold and copper. We don’t really need any more gold – 80 percent of gold is used for jewelry, it’s not a necessity. Copper, yes, I can understand, copper is used in a lot of things, but these are things that could be recycled,” Lowrey points out. “We could really look at it like the idea of urban mining in the economy is actually cradle to cradle, so actually the way we design our products in the first place that they can last longer but also we’re able to extract the minerals and metals from there in the best way possible.” While Nautilus has outlined mitigation strategies, such as transplanting sea animals in the path of the mines, with the integrity of their sea life and cultural practices at stake, locals say court action is foreseeable. With operations set to commence in 2018, the clock is ticking.

## **Hidden Valley Parties sign revised mining agreement**

Post-Courier, January 12, 2017

BY SAMPSON BONAI

ALL parties in the Hidden Valley project have signed the revised mining agreement in Lae on Tuesday. The event took place after its endorsement by the government at the meeting at the Lae International Hotel. The review document will now be forwarded to the National Executive Council on January 19, for its endorsement after four years of negotiation. It was discussed at length by the

stakeholders and they all have agreed to a second meeting regarding the same matter. Harmony Gold chief executive officer Johannes Van Heerden and his managers, Mineral Resources Authority managing director Philip Samar and his officers and Morobe Provincial Government officers attended the meeting with the landowners to discuss the agreement. Mr Samar who chaired the meeting resolved to give priority to the second meeting within the month. Mr Van Heerden endorsed Mr Samar's commitment and said that the revised agreement will be given a priority by all parties to have it ready to be forwarded to NEC. Hidden Valley landowners were represented by the Nakuwi Landowners Association chief Mr Mauri, deputy chairman Wayang Kawa, Secretary Ben Joseph, executive Maurie Mita and Ayamba Suwara.

### **New Zealand seabed mining opponents want a say**

Laurel Stowell, Wanganui Chronicle, January 11, 2017



Rochelle Bullock, left, liaises with Phil McCabe and Wanda Barker from Kiwis Against Seabed Mining

The Environmental Protection Authority has failed on two counts in the lead-up to hearings on Trans-Tasman Resources' application to mine the South Taranaki seabed, Rochelle Bullock says. Trans-Tasman Resources wants marine consents to mine nearly 66 square kilometres of seabed offshore from Patea. Hearings on the matter begin next month. Ms Bullock liaised between opponent groups during Trans-Tasman Resources' (TTR's) last applications in 2013 and is doing so again. Opponents include iwi from the region, Kiwis Against Seabed Mining (KASM) and others. The authority (EPA) has failed to keep in touch with submitters and also failed to hold hearings in the places where most of those who want to speak live, Ms Bullock claims.

Anyone who wants to speak during the hearings must contact the EPA before noon today to let it know. Otherwise they will not be able to speak. Ms Bullock said that last time all the submitters were warned of the deadline by email, but that hasn't happened this time. She was desperately trying to get the word out yesterday. She also said it was not logical or ethical to hold hearings only in Wellington and New Plymouth. Submitters had asked for hearings in the places that would be most affected by the mining - from Patea south toward Whanganui. Hearings for TTR's first application were held in several places in 2013, including Pariroa Marae near Kakaramea and at the Wanganui District Council. KASM says there have been 17,000 submissions to the applications. A spokeswoman for the EPA could not confirm this, saying as they were still being counted.

The "highest density" of people who wanted to speak at the hearings was in Whanganui, Ms Bullock said. The EPA could not confirm that either. When Ms Bullock rang the EPA to ask why the hearings would only be in Wellington and New Plymouth, she was told those locations were more accessible and had venues. She told the staff member there was no lack of venues in Whanganui. "It's very unfair to expect a whole community to travel to Wellington or New Plymouth. [The hea-

rings] should be held in the place of the people directly affected. There seems something very obviously wrong when you choose not to go to the people that are submitting," she said.

## **Advocacy group forewarned of LNG violence in Hela**

PNG Mine Watch, 10 January 2017

In December 2012, the anti-poverty advocacy group, Jubilee Australia published a report, PIPE DREAMS: The PNG LNG Project and the Future Hopes of a Nation. The report examined in detail the potential costs and benefits of the Exxon-Mobil LNG project and concluded "it is very likely the Project will exacerbate poverty, increase corruption and lead to more violence in the country." In one part of the report, the authors, Luke Fletcher and Adele Webb, canvassed the serious possibility the LNG project would likely fuel clan violence or, even more seriously, conflict between local people in the Hela Province and security forces representing the Government in defending the project. With these scenario's now being played out on the ground and army and police units being deployed to Hela Province it is poignant to revisit the report and two pages in particular...

### **RISK OF SERIOUS CONFLICT**

It will be recalled from chapter 2 that violence has played a role in the life of the Huli people. Along with compensation and discussion, violence has been one of the natural and unquestioned means of dispute resolution for the Huli for generations. Problems arise, it might be argued, only when an outside world, hungry for the underground resources of the region, distorts this system of social relations, which, if not exactly 'harmonious', was nevertheless part of a world 'in harmony'. This is the context in which discussions of violence related to PNG LNG should be framed. When analysing the risks of conflict in the Project areas, it is important to highlight two particular scenarios. The first scenario is intra- or inter-clan violence or conflict in the Southern Highlands among Huli groups, or between Huli and other groups who have migrated to the Project looking for economic opportunities. The second scenario is more serious: that of a larger-scale conflict between Landowners/ locals in the Hela Province and security forces representing the Government and/or the Project. We now consider these two scenarios in turn.

### **Project-related conflict between/among clans**

The scenario of intra- or inter-clan conflict in the Project area is most likely to unfold from disputes over land, or to arise out of social tensions related to migration into the area. To date, the land ownership disputes that have occurred have been concentrated in PDL 152 where the Liquefaction Plant is to be concentrated, rather than up in the Southern Highlands. In January 2010, five people were killed in a conflict near the plant site between Boera and Porebada villages as a result of land-ownership disputes related to Project benefits. In the same month, 270 properties were destroyed, and 11 people were killed by villagers from the neighbouring Erave district, in violence related to the Project. Currently, the large number of economic opportunities available because of the PNG LNG construction boom seem to be keeping a lid on any potential inter-group conflict in the new Hela Province.

Although some compensation cash handouts have already been made, these are relatively small compared with the large amounts of revenue that will enter into the community once the gas starts to flow. In the long-term, land-related conflicts will be minimised if the revenues are collected fully, managed well, and distributed as evenly and fairly as possible. The main concern involves the potentially unresolved issues resulting from the rushed signing of the Benefit Sharing Agreements (BSAs) before the Final Investment Deadline at the end of 2009. These issues could reemerge if there are less positive benefits to share around than have been promised and expected. According to recent research conducted in the Project area, land ownership disagreements still persist. In particu-

lar, 63 per cent of the respondents to one survey felt that Landowner agreements were a problem or a serious problem.

Furthermore, many respondents in the Otago University Study identified disputes over landownership as the Project's most serious potential flashpoint. Such findings are a cause of concern given the large problems that beset almost all the institutions associated with management and distribution of Landowner revenues. A secondary concern is the relationship between groups that are indigenous to the Hela region and those who have migrated there looking for work and other opportunities. Widespread migration into the region has already occurred; the risk is that this migration might lead to tensions and an increase in violence. In the Porgera gold mine in neighbouring Enga Province, the spike in violent crime has been associated with the huge amount of migration into the area.

### **Operational Disruption and Militarisation**

While this first scenario should not be taken lightly, operational disruption and militarisation of the entire area is the much more dangerous possibility. According to the Otago University Study, close to 30 per cent of respondents felt that conflict between Landowners and the Companies was a possibility—a figure more than double the number of those worried about clans/ Landowners fighting each other. Small-scale incidents of conflict that have occurred to date include: various reprisals against the Companies and those representing them over the issue of employment and working conditions; workers strikes at the LNG Plant, reflecting dissatisfaction with working conditions and pay, attacks by locals against expatriate workers in the Hela Province; foreign workers being attacked at Komo (the site of the airfield); and, of course, the hostage-taking and occupation of Project sites that occurred in connection with anger over the distribution of the business development payments (see Section 5.2). Fortunately, though troubling, these episodes have been temporary.

What do we currently know about the security arrangements for the Project? First, EHL has designed the Project infrastructure, especially the pipeline, to be as tamper-proof as possible, so as to minimise the likelihood of disruption of the gas flow due to sabotage. It is worth noting that the fortification of Project infrastructure, while intended to minimise Project disruption, could simply push Project disruption techniques to focus, not on the pipeline, but on human and labour resources. Secondly, there is a confidential Memorandum of Understanding between EHL and the PNG Government that outlines the various roles that each party is expected to play regarding security. In a reply to a letter from Jubilee Australia, ExxonMobil stated that EHL is committed to doing business “in a way that protects the security of its personnel, facilities, and operations and respects human rights”, but that it is the PNG State that has primary responsibility for “maintaining law and order, including addressing crime and general civil unrest, in the PNG LNG Project areas”. The company also stated:

Under the terms of the memorandum, where the government's capacities or resources are limited, we may provide prescribed support for defensive security purposes only to protect our personnel, facilities and operations - for example, for transportation and accommodation of police in remote Project locations. The Government's security apparatus currently in place for the Project contains the following components:

- the local police of Hela Province, who are essentially doing regular community policing;
- three mobile squads of the Royal PNG Constabulary: the same squads who have been operating in Porgera, which are assisting with policing of the Project sites;
- international firms employed by the Project to assist with security. (Two such firms thought to be linked with the Project are: 1) A subsidiary of G4S, the world's largest private security firm; and 2) Guard Dog Security.)

In early April 2012, the Government announced plans to send squads of the PNG Defence Force to Enga and Southern Highlands Province to quell unrest and violence at the Porgera mine and the PNG LNG construction areas. It is not known at this stage how many soldiers were to be deployed or for how long, although it is suggested that part of the reason for the deployment in the Tari area was that potential unrest could have disrupted the provincial elections in June. The use of foreign-owned private security firms has been heavily criticised by Former PNG Defence Force Commander and veteran of the Bougainville conflict, Major General Jerry Singarok. Singarok argues that the use of these private security forces pose two separate threats: indirectly, they weaken the strength and the morale of the indigenous defence forces by drawing quality personnel from their ranks; and, more directly, their presence in the Project site is a threat because private security contractors are inherently perceived as more inflammatory by locals, and more prone to violence than domestic forces.

Some counter Singarok's claims by suggesting that the private security firms are better trained and more disciplined than PNG forces, but his public position on the issue confirms that there is indeed a pervasive uneasiness amongst the domestic security forces about the use of contractors, which is in itself troubling. Ultimately, the most important factor regarding the security forces is perhaps not their make-up, but in what manner and under what circumstances they may be deployed in the case of Project disruption. On this note, there is cause for some pessimism, given the Government and the Companies are both dependent on meeting a strict timetable for the deliveries of gas. As was explained in chapter 2, the PNG Government has taken on significant financial liabilities in order to participate in the Project. Although it has to repay many of these before the gas flows, the Government will nevertheless need to apportion some of the Project's early gas revenues to debt retirement. Moreover, it will be relying on the gas revenues to service other spending obligations in its budget. The Companies, for their part, will face significant financial penalties in the case of disruption of deliveries of the gas to the buyers. In both cases, there are significant financial incentives to respond harshly to any sort of sabotage or Project disruption. It seems fair to assume that if there is serious Project disruption, militarisation of the region is a genuine possibility.

The risk of serious conflict attending the Project will, in the end, turn on the experiences and expectations of the Project-affected communities. When the opportunities from the construction phase dry up, the people of Hela Province and of PDL 152 will face the question of whether their expectations of the Project have been delivered. Will the revenues flowing to the communities transform them into better places? This of course depends on how the revenue management structures we have discussed earlier in the Chapter perform. There is a great deal of uncertainty about this. What we do know is that the communities and groups will make their own assessment of whether the Project has been beneficial overall.

What is less certain is the question of whether communities, and in particular, community leaders, will take disruptive action if they grow unhappy with the Project. Many have already gone on record making public threats against the Project and its workers if they do not get what they want. According to Hela Community Care's John Tamita: It may be a disaster coming up. They've chopped the neck off a couple of Asians already, Asians who worked on the new airfield in Komo. And most likely, its (sic) also going to be taking place here [Tari] too. A lot of our residences demolished; no payment; we are struggling now; our lives become useless, they didn't consider us. A recent news item picked up a similar sentiment expressed by a source close to Southern Highlands landowners: [...] I fear what is coming unless something changes soon [...] We are not being heard and feel we have no choice. We know we will be out-gunned, and Exxon, being an American company, may receive US government support, but this is about dignity and our rights.

Worryingly, the same informant claimed that weapons are being smuggled into the region in preparation for violent conflict if expectations are not met. The possibility of a weapons' build-up in the

region was raised two years ago in Jubilee Australia's previous report on this subject. The ingredients for Project-related conflict unfolding in Hela Province are all present: high community expectations, the apparent preparedness of some groups to use violence if necessary, a highly-charged and complex security situation, a government and a company that will likely respond harshly to any sabotage or other acts of violence or disruption. The vital ingredient, however, will be the perception of actors within the Project area of whether the promises of the Project were received. If conflict does break out, the most positive thing that can be said is that it is unlikely to be as long-term or as horrific as on Bougainville. Read the full report:

[https://ramumine.files.wordpress.com/2017/01/jubileeaustralia\\_pipedreamsreport\\_april2013\\_web.pdf](https://ramumine.files.wordpress.com/2017/01/jubileeaustralia_pipedreamsreport_april2013_web.pdf)

### **Bougainville Copper Ltd promises to pay Panguna landowners**

January 10, 2017 The National Business

AFTER 27 years of waiting, the Panguna landowners have finally been promised to be paid what they are owed. The landowners received the news during the Panguna landowners' community review conducted recently by Bougainville Copper Limited and the Autonomous Bougainville Government's Panguna negotiation office. The Bougainville crisis ended 27 years ago. Acting director of the Office of the Panguna Negotiation Bruno Babato thanked the people of Central and South Bougainville for welcoming officers from the ABG and BCL. Babato said the aim of the programme was to verify and confirm the list of landowners with their account numbers so that payments could be made. Bougainville Copper Limited's consultant Justin Rogers said BCL has pledged K13.9 million to them as an outstanding payment for 1990. That payment ceased then because of the crisis. "The amount that was given by BCL is for the year 1990 to 2013," Rogers said. Rogers urged the landowners to cooperate with ABG and BCL to settle that issue and focus on other programmes or developments.

### **East Timor tears up oil and gas treaty with Australia after Hague dispute**

By Henry Belot and Emily Stewart, ABC News, January 9, 2017

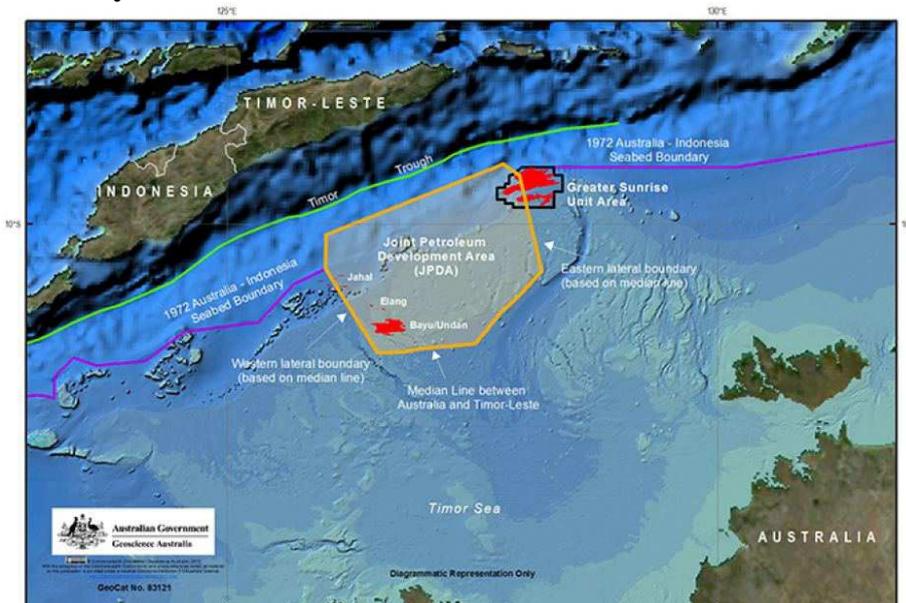


Photo: The disputed territory contains large oil and gas deposits worth an estimated \$40 billion. (ABC News)

East Timor will tear up an oil and gas treaty with Australia that has been at the centre of espionage allegations, international arbitration and a bitter diplomatic dispute. The 2006 treaty relates to a temporary maritime border in the Timor Sea, and access to oil and gas deposits worth an estimated \$40 billion. The agreement had outlined a 50-year freeze on negotiations for a permanent border.

But East Timor, also known as Timor-Leste, had claimed the treaty was invalid given Australian intelligence operations in 2004.

### A history of treaties in the Timor Sea



- In 1989 Australia and Indonesia signed the Timor Gap Treaty when East Timor was still under Indonesian occupation.
- East Timor was left with no permanent maritime border and Indonesia and Australia got to share the wealth in what was known as the Timor Gap.
- In 2002 East Timor gained independence and the Timor Sea Treaty was signed, but no permanent maritime border was negotiated.
- East Timor has long argued the border should sit halfway between it and Australia, placing most of the Greater Sunrise oil and gas field in their territory.
- In 2004 East Timor started negotiating with Australia again about the border.
- In 2006 the CMATS treaty was signed, but no permanent border was set, and instead it ruled that revenue from the Greater Sunrise oil and gas field would be split evenly between the two countries.

Diplomatic relations have been tense since East Timorese officials accused Australia of spying on cabinet ministers amid negotiations on the treaty to divide the oil and gas fields. Today, a joint statement from both countries said the Treaty on Certain Maritime Arrangements in the Timor Sea would no longer apply, after a three-month transition period. "The Government of Australia has taken note of this wish and recognises that Timor-Leste has the right to initiate the termination of the treaty," the statement said. The statement added Australia and East Timor had agreed to "an integrated package of measures to facilitate the conciliation process", which included abandoning the deal.

As a result, both countries will negotiate on a permanent boundary. ANU professor of international law Don Rothwell said the carefully worded joint statement indicated conciliation talks between the countries were progressing. "The statement gives some indication that the conciliation process is constructively moving forward and there is a hint that perhaps Australia has conceded that they are prepared, for the first time, to settle on a permanent maritime border with East Timor," he said. "If that is the case, then that is a significant change to Australia's position however we still don't know what the permanent boundary will be."

## **Dispute in The Hague**

The two countries have been locked in an ongoing disagreement over maritime borders in the Permanent Court of Arbitration in The Hague. Australia lost its bid to stop East Timor from forcing compulsory conciliation in September last year, months after Prime Minister Malcolm Turnbull rejected calls for fresh negotiations. Australia has long maintained the maritime border should extend beyond its continental shelf and much closer to the East Timorese shore. But it has failed to reach agreement on the subject with East Timor. Instead, Australia has shared the energy wealth of the disputed seabed within an area known as the Joint Petroleum Development Area.

East Timor maintains Australia has unfairly claimed the oil and gas reserves within its own territory. In 2013, Canberra-based lawyer Bernard Collaery, who was representing East Timor in the spying case at The Hague, claimed his office had been raided by the Australian Security and Intelligence Organisation (ASIO). Later, Australia agreed to return documents seized from Mr Collaery's office. East Timor's former president Xanana Gusmao has accused Australia of taking advantage of the country in 2002, when the country was struggling to establish itself after attacks by pro-Indonesian militias.

## **Huge gaps in Papua New Guinea's 2014 EITI Report**

by PNG Mine Watch, January 9, 2017

There are huge gaps in Papua New Guinea's draft 2014 Extractive Industry Transparency Report that has been very quietly released over the New Year holiday - PNG EITI Report 2014 [pdf file here: <https://ramumine.files.wordpress.com/2017/01/png-eiti-2014-report.pdf>]. Despite the fact this is PNG's 2nd EITI report the document contains very limited information from government departments including almost no information from the Department of Petroleum and Energy or the Mineral Resource Development Company. The tax information also has huge gaps. This, again, throws into question the PNG government's commitment to the EITI standard and the World Bank conceived, sponsored and run process to get PNG to join.

According to the international consultants, Ernst and Young, who prepared the 2014 report, they "experienced varied levels of cooperation from reporting entities" and the report contains "significant gaps". In particular, Ernst and Young say, while "nearly all companies have complied fully or partially", State Owned Entities only answered questions about non-financial information and "Some government departments were challenging to engage with. Some did not respond to any communications; some met with us and shared some non-financial information" The incomplete draft report has been published to 'comply' with international EITI requirements, though it rather undermines the credibility of the EITI standards if such a limited report as PNG has produced can be deemed 'compliant'. PNG applied for EITI candidacy in 2013. In March 2014, the country was accepted as a candidate country, and in early 2016 it published its first EITI report, on the calendar year 2013.

## **Hela not like Bougainville**

Post-Courier, January 09, 2017

BY GORETHY KENNETH

THE Hela situation cannot be "likened" or compared with the Bougainville Crisis but purely a law and order situation, Chief Secretary to Government Isaac Lupari said yesterday. Mr Lupari said this while responding to reports and questions raised by people that the situation in Hela was like another Bougainville. But he strongly brushed that aside saying the Hela situation is not like Bougainville and cannot be comparable in such circumstances. Mr Lupari said that the Hela situation

was a law and order issue and not like that of the Bougainville situation and further explained that Security Risk Assessment identified Hela Province as “high risk” due to the heavy presence of unlicensed firearms. He said it presented a high level and real genuine threat to the general law and order in the province and also threat to the PNG LNG project. He also singled out that the general law and order in the province has declined dramatically in the past 12 months. “And with the continuous tribal fights in the province, involving use of high powered weapons, this has resulted in the call out operation,” he said. “It is not Bougainville, we’ve only got a law and order problem in that province which affected the services and has caused families’ and government’s attention. “To have it likened to Bougainville is off track.”

### **Sticking points in Mining Act yet to be resolved, says Mining Minister Byron Chan**

David James, Business Advantage, 9 January 2017



Byron Chan, Minister for Mining Source: Business Advantage International

The Minister for Mining, Byron Chan, says that the long-awaited amendments to Papua New Guinea’s Mining Act are ‘complete’. But, he tells *Business Advantage PNG*, there are still some contentious issues. Byron Chan says there has already been considerable work on the revisions to the 1992 *Mining Act*. ‘Everything is complete, it’s done. My department over the last nine years of consultation has come out with something pretty good and pretty modern. ‘Those amendments are there ready for any government to enforce, or to take up. I suppose you have to have the will to do it. ‘There are some issues there that are maybe a bit controversial. It is to do with equity, and the compulsory acquisition increase (in) governments’ equity over the next 25 years of the mine life,’ he told Business Advantage PNG recently. ‘Those major issues are concerns at this time which we could not really attend to right now, so the PM has deferred the matter to later.’ (At the December 2016 PNG Mining and Petroleum Investment Conference, Prime Minister Peter O’Neill postponed changes until after the July 2017 national elections.)

#### **Appreciation**

Chan says ‘it has been quite a struggle to maintain the status quo’ during his tenure as Mining Minister. He expresses his appreciation to landowners ‘and other associations’ for their understanding. ‘This government, over the last several years, has dealt with landowner problems and associations and mining problems through the memorandum of agreements (MOAs). That was a way forward for us. Our people were pretty content for us to address these issues through the MOA discussions. ‘It is something that maybe previous governments did not attend to, which led to a lot of shut-downs. This government, under my ministry, has been very lucky that people have been very constructive in their approach towards getting what they want.’

## Exploration

Chan believes that, despite a period of low commodity and minerals prices, investor interest remains strong. 'It is time for some good news, now and into the medium term and maybe into the long term future.' Speaking at the PNG Mining conference in December 2016, Chan said mining production in PNG improved in 2016, pointing to an increased number of mining leases and a resurgence in the number of exploration tenements. 'It is reason to be optimistic about the mineral sector. Over the last 9 months of 2016, we have had a total of 560 applications for tenements. 'Out of these tenements 338 are active, 61 are in the renewal process, and 161 are new (operations). So there hasn't been a significant downturn in exploration.' Chan says the special mining lease applications for the Frieda River and Wafi Golpu mines also indicate there is a resurgence in interest in mining in PNG. 'We anticipate that the required statutory technical assessments required under the Mining Act will be completed by the second quarter of 2017.'

## Growth

Chan says several key mines have enjoyed increased production and revenue in 2016. 'Lihir, our largest producer, is projected to be up a whopping 38 per cent on revenues, against 2015. (In 2016) Porgera is up 17 per cent; Ok Tedi 36 per cent; Hidden Valley 33 per cent; Simberi 20 per cent. 'Unless there are price falls in our key minerals of gold, silver, nickel and copper, this level of production and revenue is expected to continue to rise over the next 10 years.' Chan notes a mostly upward, albeit uneven, growth trend in mining. He says in 2013 the mineral sector contributed K8.1 billion and in 2014 K8.5 billion. In 2015, revenue fell to K7.2 billion, but in 2016, despite the downturn in commodity prices, it is expected to rise to K9.1 billion.

## Alluvial

Chan says there has also been strong growth in the alluvial mining sector. 'The last few years we have seen an increase in applications for alluvial mining leases and efforts are being made to properly regulate this sector. 'It is estimated that total income from alluvials from 2016 will exceed K330 million.' Production from alluvial mining has been uneven. Chan says in 2008 the export value of alluvial gold exports was K180 million. By 2014 it was up to K373 million but it fell to K356 million in 2015 and it is expected to be lower again in 2016 at K311 million. The average over the eight year period has been K300 million. 'It will continue to contribute significantly to the country's economy. All PNG needs to do is create a business and social environment conducive for investment.'

## New studies

Chan adds that PNG's 'own scientists' are currently conducting exploration studies on coal, geothermal and strategic minerals, such as rare earth elements. 'These resources will open new opportunities in the energy sectors. Policy documents are also being drafted by relevant government organisations to provide the guidelines for exploiting these resources.'

## Papua New Guinea Government deploys troops, police to secure gas project

*The Papua New Guinea Government has deployed troops and police to stop gun violence near the country's biggest resources project.*

Eric Tlozek, ABC News, 9 January 2017

About 150 police and soldiers are being deployed in Hela Province in the PNG highlands in response to a spike in tribal violence that has left dozens of people dead in recent months. The security forces have been told to seize and destroy illegal weapons, after police raised concerns about a build-up of high-powered guns. The callout is also to secure the PNG liquefied natural gas (LNG) project, which has been disrupted recently by incursions and blockades from disgruntled landowners. The chief secretary to the Government Isaac Lupari said the security operation was aimed at

stabilising the province. "We've got a law and order problem up in Hela," he said. "What do you do when people are running around with guns, causing havoc? [They] have no respect for human life. "Services have been affected as a result, kids are not going to school, mums are not getting medical attention. "The Government has been responsible and decided we'd send in a special operation to restore law and order."



The security operation is aimed at stabilising the province, the Government says. (ABC News: Eric Tlozek)

The full deployment will involve about 300 people, and will include public servants from the law and justice sector. It coincides with an amnesty on illegal firearms. Mr Lupari said securing the PNG LNG project was also a critical aim of the deployment. "We've got a very important project that is located there," he said. "It supports the economy, employs thousands of Papua New Guineans, so we've got to restore law and order." Landowners of the project area are still waiting for royalties, development levies and dividends to be paid and some claim the Government is not honoring the original project agreement. But the Government says the payments have been held up because some landowners obtained a court order preventing further identification of beneficiaries.

### **Lihir could yet be million ounce gold mine: Biswas**

Peter Ker, Australian Financial Review, January 8, 2017

The man leading the turn-around of Australia's biggest gold miner, Sandeep Biswas, has not given up hope that the Lihir gold mine may yet fulfil its potential to produce a million ounces of gold in a year. The Newcrest chief executive has in recent years improved output from the PNG mine, which Newcrest acquired for \$10.5 billion of scrip in 2010. Located in the caldera of an extinct volcano, Lihir boasts one of the world's largest gold deposits and was supposed to be producing more than a million ounces per year by 2012. But Lihir has never lived up to those expectations, with annual production never getting close and reliability issues prompting \$5.6 billion of asset impairments over the past five years. But improvements have been seen in the 30 months since Mr Biswas took the reins at Newcrest; mill throughput has risen at Lihir by close to 30 per cent, plant availability has risen from just over 70 per cent to more than 80 per cent while all-in sustaining costs of production have fallen from \$1201 per ounce in the December half of 2013 to \$830 per ounce in fiscal 2016. Lihir produced a record 900,034 ounces of gold in fiscal 2016, and official guidance for fiscal 2017 has been set at between 880,000 ounces and 980,000 ounces.

Mr Biswas rarely speaks about gold production targets, preferring instead to guide investors towards more controllable goals such as the volumes of ore put through the processing circuit at Lihir. But he told *The Australian Financial Review* that producing 1 million ounces of gold from Lihir in a year could yet be achieved. "If you took the plant up to 15 million tonnes to 17 million tonnes grinding rate, as long as your [gold] grade was in the high 2 per cent [range] then yes, it's possible to get over a million ounces," he said in a recent interview. For comparison, Newcrest was due to be grinding at about 13 million tonnes per year by the end of 2016, 14 million tonnes by December 2017 and 15 million tonnes per year within five years. But while 1 million ounces per year would be a major milestone for Lihir, it does not appear to be a driving ambition for Mr Biswas. The Indian-born executive stressed he was more interested in value rather than volume, and under his stewardship Newcrest is taking a lower-cost development approach to Lihir that has seen its gold production volumes rise more slowly than originally anticipated.

Plans to be producing 1 million ounces at Lihir by 2012 implied an early development of a high-grade gold deposit called Kapit, but Mr Biswas has delayed the development of Kapit and studied ways to do it more economically. "With the work we have done on developing the Kapit ore body, we have saved \$1 billion on capex minimum which they would have had to spend under that plan," he said. "We have pushed that back, by the time we get to Kapit it will be 2025. "Yes it [Kapit] has better [gold] grades, but you don't want to spend a billion and half dollars going to get it, we would rather spend \$200 or \$300 million, which is the current plan." "When you look at how much gold you produce you also have to look at how much capex and what your operating costs are. I think we've got a much more sustainable model." Newcrest is expected to publish its December-quarter production results on January 30, before revealing half-year financial results on February 13. Mr Biswas is scheduled to give an address to the Melbourne Mining Club on February 9.

### **Anti mining lobby denied charitable status**

Post-Courier, January 05, 2017

Kiwis Against Seabed Mining has been denied charitable status and the accompanying tax benefits because it's considered an advocacy rather than educational group. KASM describes itself as a community-based action group that raises awareness of mining proposals and educates the public. It made submissions against Trans-Tasman Resources' application for permission to mine in the South Taranaki Bight and NZAX-listed Chatham Rock Phosphate's bid to mine the Chatham Rise, some 450 kilometres offshore to the east of Christchurch. The group also attended relevant hearings and engaged legal counsel and scientific and economic experts about the proposals. The Charities Registration Board said in its December 15 decision that it agrees KASM does have a charitable purpose in protecting the environment. But because its main way to achieve this was by advocating for a moratorium on seabed mining applications, the board said it could not decide if the end result was charitable.

"Given the potential consequences of preventing seabed mining until all environmental impacts can be understood and mitigated, the board does not consider it can determine a charitable public benefit," the board said. "Any public benefit is unlikely to be capable of demonstration by evidence." In the year ended March 31, 2016, KASM generated about \$25,500 in income, of which \$17,200 came from membership and donations. It spent \$21,300, with its biggest expenses being legal costs at \$8,800 and wages at \$8,600. KASM argued it was only opposed to non-essential seabed mining, not all seabed mining, and its advocacy work was ancillary to its main purpose of advancing education. The group also argued relevance from a Supreme Court finding on Greenpeace's charitable status. In that case, the majority of the bench found political advocacy could be charitable, depending on the goal and its promotion, particularly where environmental objectives were at stake.

–NZN

## **K6m financing notice for Nautilus**

Post-Courier, January 05, 2017

NAUTILUS Minerals has delivered a US\$2 million (K6 million) Financing Notice for November 2016. This was released last month in its market report announcing it was pursuant to its subscription agreement with Mawarid Offshore Mining Ltd and Metalloinvest Holding (Cyprus) Limited. The “Investors” dated August 21, 2016, as amended (the “Subscription Agreement”), the Company has delivered a financing notice dated November 21, 2016 (the “Financing Notice”) to the Investors in respect of a private placement of an aggregate of 15,539,080 common shares of the company at an issue price of C\$0.174 per share for aggregate proceeds to the company of US\$2,000,000. The private placement will be allocated equally between the two investors.

In accordance with the Subscription Agreement, the issue price equals the five day volume weighted average trading price of the company’s shares on the Toronto Stock Exchange immediately prior to the date of the Financing Notice, and the number of shares to be issued under it was calculated based on the noon US/CAD exchange rate of 1.3519 posted by the Bank of Canada on the last business day prior to the date of the notice. Closing of the private placement under the Financing Notice is required to occur during December, 2016 and within 10 business days following payment of the subscription proceeds by the investors to the company, pursuant to the Subscription Agreement. The private placement forms part of the up to US\$20 million (K65 million) financing approved by the company’s shareholders at the extraordinary general meeting of the company held on October 26, 2016.

## **Coal power generation given green light by CEPA**

Post-Courier, January 05, 2017

BY FRANKIY KAPIN

MAYUR Resource’s first proposed mixed coal power generation of 50 megawatts in in the country represents a miniscule 0.005 per cent, according to the company. Mayur stated that the area of impact will be comparatively minor, whilst it will use simple mining techniques and no need for chemical processing. PNG will mine around 300,000 tons of coal per year while Indonesia mines 300 million (and increasing) - 1000 times more and by comparison in Queensland the recently approved Adani mine will abstract up to 60 million tons per year – one of the biggest coal mines in the world, says Mayur Resources. “Even Japan, in the post Fukushima age, is building 43 coal new fired power stations in the next 12 years that will be 467 times bigger than what PNG is proposing. Indonesia is building 100 new coal-fired power stations to lift its people to a superior level of living standard which is one thousand times bigger against PNG’s proposed EEP. In Asia alone, there is over 1 million MW of new coal fired power capacity in the pipeline. Mayur’s EEP is 50MW, which represents a miniscule 0.005 per cent of this figure.” The Enviro Energy Parks (EEP) will produce 15 per cent less carbon dioxide (CO<sub>2</sub>) against diesel via the use of biomass and cogeneration by product steam use.

The energy park (EEP) also reduces by 16 times and 11 times respectively sulphur dioxide and nitrogen oxide that is prolifically emitted in the middle of cities in PNG. Mayur says the EEP has been fully permitted by Conversation, Environmental Protective Authority (CEPA) as a result of being able to meet the reduced emissions stated above. “This permit represents a new benchmark for power generation in PNG with significantly tightened emissions standards against current practice. These new standards have surpassed even what is acceptable in our first world neighbor Australia,” Mayur said. The EEP has access to domestic (in country) vertically integrated coal supply as well as biomass and solar. (delinking power costs through vertical integration). “The key here is priority to the power station has been contracted and will benefit the people by keeping energy costs lower.

The vertical integration allows the coal price to be decoupled from international energy markets so that a far lower coal price is provided to the power station that directly benefits the people - this is responsible vertical integration where the people get the benefit from the resources," said Mayur.

### **Call for Government to sign Mining Act before 2017 elections**

Post-Courier, January 03, 2017

MINING resource owners have renewed calls to the National Government to sign and implement the new Mining Act before the 2017 National Elections. Former PNG Prime Minister and the New Ireland Governor Sir Julius Chan made the call in support of Nakuwi Landowners Association president Rex Mauri to have it implemented as early as possible. Sir Julius made an appeal to the mining resource owners to call on the Prime Minister Peter O'Neill to rescind his decision to sign the new Mining Act before the national elections. "The landowners have missed out from major contracts, spin off benefits and employment from Hidden Valley gold mine and the laws governing the industry must be changed," Sir Julius said.

"PM O'Neill should listen to our calls for the changes to the new Mining Act and respond positively by rescinding his earlier statement made during the Mining and Petroleum Conference in Sydney to defer the signing of the new Mining Act until after the 2017 national elections," he said. Mr Mauri said they have suffered at the hands of the developers for a long time and make a fresh start with the new Mining Act. He said he is looking forward to hold round table discussions with Sir Julius to discuss the new Act and to get support from all the landowners to call on Mr O'Neill to rescind his decision. He said the current Mining Act has left out the resource owners of many benefits making them mere spectators on their own land and allowing the developers to walk away with millions of kina.