

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

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Compilation:

Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt, Germany  
<http://www.roland-seib.de/mining.html>

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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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**Sale of Gold Ridge mine to Solomons nearly done**

Radio New Zealand, 29 August 2014

The Australian based owner of the Gold Ridge gold mine in Solomons Islands, St Barbara, has confirmed the sale of the mine to the Solomons government is being negotiated. The company would not disclose the terms of the transfer, saying negotiations are still underway but it says it would not play any further part in the operation of the mine. The mine has not operated since early April after flooding put it out of action. Earlier this month, the company laid off hundreds of local workers.

## *Editorial*

### **Never repeat such destruction**

The National, 29th of August, 2014

ENVIRONMENT and Conservation Minister John Pundari's comments earlier this week that Papua New Guinea's longest river, the Fly, in Western, is so badly polluted that it is 'gone' is, although an apt description, not a startling revelation. It is common knowledge that the activities of one of the country's largest mines, Ok Tedi, in the province's North Fly district, are solely responsible for the state of the Fly. Pundari condemned the damage done to the river system over the three decades that the mine had been in existence. The Ok Tedi Mine is an open-pit copper and gold mine located near the headwaters of the Ok Tedi River, in the Star Mountains Rural LLG of North Fly. The Ok Tedi River is a tributary of the Fly. Discharges from the mine have caused widespread and diverse harm, environmentally and socially, to the estimated 50,000 people who live in the 120 villages downstream of the mine. The mine is operated by Ok Tedi Mining Limited (OTML), which is majority owned by the PNG Sustainable Development Program Limited (PNGSDPL).

Before 2002, it was majority owned by BHP Billiton – the largest mining company in the world since a merger in 2001. Ok Tedi came into full operations in 1984 after copper and gold deposits were first sampled in the 1970s. Located in a remote area of PNG, above 2000-metres on Mount Fubilan, in a region of high rainfall and frequent earthquakes, mine development posed serious challenges. The town of Tabubil was built to serve the mining operation. In 1999, BHP reported that the project was the cause of "major environmental damage". The mine operators discharge 80 million tons of contaminated tailings, overburden and mine-induced erosion into the river system each year. Chemicals from the tailings killed or contaminated fish, which subsequently caused harm to all animal species that live in the area as well as the indigenous people. Some scientists have described parts of the river as a dead zone where plant and animal life has been affected to the extent that the population numbers of aquatic life and the diversity of flora will not be seen again in pre-mining time.

The dumping of tailings changed the riverbed, causing a relatively deep and slow river to become shallower and develop rapids thereby disrupting indigenous transportation routes. Flooding caused by the raised riverbed left a thick layer of contaminated mud on the flood plain where the plantations of taro, bananas and sago palm that are the staples of the local diet grow. About 1300 square kilometres were damaged in this way. Although the concentration of copper in the water is about 30 times above the standard level, it is still below the World Health Organisation (WHO) standards. Pundari told Parliament on Wednesday that the situation was a lost cause and a plan to build a tailings dam was pointless because the damage to the river could not be undone. The problem with Pundari's remarks is that everyone is already aware of the seemingly irreparable damage wrought on the environment of Western by this miner.

What the people deserve to know is what is being done to assist the people of Western move on from this man-made disaster? If the Government, through the minister responsible, has already given up on finding a solution to the problem, then what hope do the people of Western have? Pundari should be looking at ensuring that what happened in Western does not occur in other parts of the country. One should remember that there are several mines in operation in the country and more planned in the short and medium term, so the State, at the very least, should be wary of the risks that are posed on the environment. The rhetoric does not put one at ease though. "What difference will it make when we have damage already? The livelihood of our people, if any, is gone," Pundari said. Instead of lamenting the destruction of the Fly, Pundari should be coming up with alternatives to rehabilitate the Fly and limit further damage. Of course, the irony is that the state has

majority ownership of this mine through the PNGSDP and nothing has been said about closing the operations to protect the people and environment.

### **Porgera mine 'just as responsible'**

The National, 29th of August, 2014

LAGAIP-Porgera MP Nixon Mangape says the Porgera gold mine in Enga is just as responsible for polluting the Fly River as the Ok Tedi mine in Western. He said that outside Parliament yesterday when asked to comment on The National's front page story yesterday about Environment and Conservation Minister John Pundari admitting that the Fly River "is gone". Mangape has been one of the staunchest critics of the Porgera mine, which empties its tailings into the Porgera and Lagaip rivers in Enga, and eventually into Lake Murray, Strickland, and Fly rivers in Western. "We don't have government officers on the ground to monitor all the toxins that are discharged from the mine into the river system," he said. "The government only gets reports from the mining company (Barrick). I don't think we are safe. "Toxins go straight into the river, into the Strickland, into Lake Murray, and all the fish are gone. Our Porgera River is already polluted."

### **Mining giant BHP under fire from lawmakers**

Post-Courier, August 29, 2014



*By Gorethy Kenneth*

AUSTRALIAN miner BHP came under heavy fire in Parliament yesterday with legislators describing the PNG Sustainable Development Program as only a clever ploy. The legislators are claiming the mining giant came up with the program to escape prosecution for massive environmental damage from Ok Tedi mining operations. In 2011 [2001!], the Government of Prime Minister Sir Mekere Morauta, who is now chairman of PNGSDP, passed a legislation that allowed BHP to exit the mine, with a blanket immunity that protected the company from prosecution for the environmental damage. The running of the mine was handed to program company PNGSDP, a company registered in Singapore with majority board members nominated by BHP. The debate, on a statement to Parliament by Prime Minister Peter O'Neill yesterday, was fiery and at times emotional, with calls for Sir Mekere and his appointees to the board to step down voluntarily. The call by the legislators was unanimous – bring BHP to account and return the PNGSDP and the Long Term Fund to the people of Western province and PNG.

Former Attorney General Kerenga Kua opened the assault on BHP by calling on the PM to fight the global mining giant, and ensure the fund set up and controlled by third parties be returned to the independent state of PNG. "The setting up of PNGSDP and the long term fund is typical of global multinational corporations around the world, setting up complicated structures to escape responsibilities for damages they do to the environment and the lives of people," Mr Kua said. "The real issue was the massive damage done to the environment by its mining activity, and the potential massive

liability they faced. "They forced us into a clever deal, so that Parliament gave them immunity upon exit. But they did not live up to their part of the bargain by paying the compensation they promised. They instead met us halfway, by setting up this fund overseas and placed it in the hands of independent nonelected people who represent no one and report to nobody."

Mr Kua said BHP and PNGSDP do not need to be compensated. What the government has started, in removing BHP's immunity from prosecution, and the legal battle against PNGSDP is part of a process to undo a clever and complicated structure. "The Prime Minister and government have my support to get to the bottom of this, and to return to the State what it deserves," he said. Public Service Minister Sir Puka Temu, who was a member of the Eminent Persons Group that negotiated without success with Sir Mekere's board, told Parliament in one of those meetings he almost leaned over to punch Sir Mekere. "We were genuine and we made concessions to PNGSDP. But Sir Mekere and his group were not. I don't know who they represent. "We should have struck a deal in February, but we did not. The people of Western province are still waiting to benefit from what is rightfully theirs. I call on Sir Mekere to step down voluntarily," Sir Puka said. He said PNGSDP must be handed back so it can be restructured and run in a way that delivers the aspirations of the people of Western province and PNG. NCD governor Powes Parkop said the government must do all it can to return the assets to the people of Western province.

### **MP: Western people suffered too long**

The National, August 28th, 2014

WESTERN Governor Ati Wobiro says his people have been suffering for too long under the PNG Sustainable Development Program Ltd. He was responding to the report of the Eminent Persons Group into PNGSDP tabled in parliament by Prime Minister Peter O'Neill. "For too long our people have been suffering. "The benefits (from Ok Tedi mine) have not been flowing to the people of Western. "My people have been living with the difficulties that the mine has created. "When the Prime Minister made a decisive step to take ownership of Ok Tedi, myself and the three MPs of Western, made a decision to support it. This is a golden opportunity for the Government to make some decisions to correct the mistakes of the past. "I refer to the formation of the board of PNGSDP right from the start. "Although the objective of the entity was for the benefit of Western, there were no directives on the composition of the board, for a Western province person to be directly included on the board. "Other people, with no knowledge of what's happening in Western, have been representing out interests. "I hope that this new opportunity, with 100% ownership of the mine, Western people will be given the appropriate structure that will at last address compensation for the damage our people have suffered."

### **PNGSDP: Change of ownership 'misleading'**

The National, August 28th, 2014

PRIME Minister Peter O'Neill has branded as misleading statements regarding the change of ownership of Ok Tedi Mining Ltd and compensation for the impacted communities in Western. That includes statements on the setting up of the PNG Sustainable Development Program (PNGSDP). He presented to Parliament yesterday the report of the Eminent Persons Group set up by the National Executive Council to mediate and facilitate an agreement between the State, PNGSDP, BHP Billiton and Ok Tedi. O'Neill said the EPG comprised former Prime Minister Sir Rabbie Namaliu, former Lae MP Bart Philemon and Minister for Public Service Sir Puka Temu. They recommended to the State and PNGSDP that they immediately sign a heads of agreement which set out very clear commitments and actions agreed by the parties. "Despite the efforts and recommendations of the EPG, the PNGSDP board rejected the recommendations," he said.

“In noting and anticipating this, the EPG recommended that the State has demonstrated very clearly its genuine efforts, and therefore should undertake direct negotiations with BHP Billiton, with or without PNGSDP. “The NEC, in considering the EPG report on March 5, 2014, decided that any efforts in further discussions with Sir Mekere (Morauta) and PNGSDP will be unproductive as PNGSDP has no intention to reach agreement with the State.” O’Neill said this was not the first time PNGSDP and Sir Mekere “reneged on agreements they have reached with the State”. “Sir Mekere and I reached the agreement, confirmed by us shaking hands in Majuro, Marshall Islands, in early September 2013 on the sides of the Pacific Forum meeting,” he said. “Immediately on return to Port Moresby, Sir Mekere and the PNGSDP board served legal proceedings against the State. At no time in Majuro did Sir Mekere convey any concerns to me.”

### **O’Neill: Government will reform PNGSDP**

Post-Courier, August 28, 2014, *By Gorethy Kenneth*

PRIME Minister Peter O’Neill has assured the people of Western Province that the government will do all it can to help "save" the PNG Sustainable Development Program (PNGSDP) so that it benefits them. He said there would be a change to the program rules to allow a larger annual payment (about US\$100 million) a year from the long term fund for development programs in Western Province. In a ministerial statement on OK Tedi and PNGSDP in Parliament yesterday, Mr O’Neill said after the Singapore courts ruled in favour of the State, the Government plans to look at a new Western Province entity which will be established to undertake development program management in the province. "The Western Province Government, leaders and stakeholders will also take active part in deciding priorities and projects for Western Province Development," he said. He told Parliament that the government would now have a new approach in State’s initiative and intentions to re-negotiate the scheme of arrangements relating to BHP Billiton’s exit from OK Tedi Mine in 2001, the change of ownership of OTML, the compensation of impacted mine communities in Western Province and the setting up of PNGSDP.

Mr O’Neill presented his statement from a report from an eminent persons group which was tabled in Parliament yesterday. Mr O’Neill said despite the fact that PNGSDP was created by agreement between BHP Billiton and the State and despite the fact that the State’s and PNG stakeholders’ interests were recognised in the governance structure of PNGSDP, its board and members were not accountable to anyone. Mr O’Neill said the board members were only accountable to themselves but this will come to an end. O’Neill told Parliament there will be a total change to PNGSDP even including looking at the sale of assets which had been undertaken on very low prices. "Sir Mekere and I reached agreement confirmed by both of us shaking hands in Majuro, Republic of Marshall Islands in early September 2013 on the sides of the Pacific Forum meeting. Immediately on return to Port Moresby, Sir Mekere and the PNGSDP Board served legal proceedings against the State, the PM said.

### **Fly River ‘gone’**

The National, August 28th, 2014

By MALUM NALU

THE Fly River in Western “is gone” as a result of the massive damage to the environment caused by mining over the years, according to Environment and Conservation Minister John Pundari. He told Parliament yesterday that there was no point in putting up a tailing dam (to withhold the waste) now because the damage to the river by the Ok Tedi Mining Limited “cannot be undone”. “What difference will it make when we have the damage already? The Fly River system is gone. The livelihood of our people, if any, is gone,” he said. “We’ve lost it. If we have to build a dam today,

just to tell the world and show the world, and tell ourselves that we are doing the right thing for ourselves, and for our future generations, I don't know what the tailings dam will do. "What will this tailings dam save?" He was contributing to the debate on the Eminent Persons Group report tabled by Prime Minister Peter O'Neill. The group was set up by the National Executive Council to mediate and facilitate an agreement between the State, PNGSDP, BHP Billiton and OTML after differences over the impact of mining on the communities in Western.

"It will take 50 to 100 years for natural occurrences to help rehabilitate it (Fly River). That is a long time," Pundari said. North Fly MP Boka Kondra said the people had suffered greatly because of the Ok Tedi mining operation. In a lengthy and emotional address, he told of the plight of his people, who had silently been suffering from various ailments as a direct result of mine pollution on Fly River. "People are dying, mothers are dying, children are dying, with not much benefits (from the mine)," Kondra said. "I brought in a media team from Japan and they went to a village where they found 17 deformed children. When this was shown in Japan, millions of people there were in tears. Look at how many people are dying along the river." Sumkar MP Ken Fairweather said it was ironic for the Government to continue operating the Ok Tedi mine after the huge damage to the Fly River by previous operator BHP Billiton.

### **Court stops PNGSDP from drawing money**

Post-Courier, August 27, 2014

PRIME Minister Peter O'Neill has welcomed a ruling by a Singapore Court judge stopping the PNG Sustainable Development Program (PNGSDP) from drawing money from the long term fund to pay for its operational expenditure. The court also directed the PNGSDP to make available its accounts for the State to examine in two weeks. "The long term fund is meant to be drawn down for the development of Western Province and its people. These funds are not there to be drawn down to pay for the upkeep of a few individuals," the PM said in a statement yesterday. "As a Government, we have said all along that PNGSDP is not above the law and must play by the rules. This decision by the court in Singapore confirms our position." The judge handed down the decision on Monday in the presence of Attorney General Ano Pala, who flew to Singapore to attend the proceedings. The State had gone to court after Sir Mekere Morauta amended the PNGSDP Memorandum of Articles in an attempt to remove Government representations on the Board of PNGSDP. Sir Mekere's move was seen as illegal and an attempt to shield his board from transparency and accountability.

The court ruled that PNGSDP and its officers be restrained from effecting any changes to its Memorandum and Articles and to the composition of its Board of Directors until the disposal of the main action (in Suit No. 795 of 2014) or until further order. It also ruled that PNGSDP furnish the State with copies of PNGSDP's management accounts, copies of the reports given by its portfolio managers, consolidated statement of assets and liabilities, copies of the management accounts, reports and consolidated statement for the period ending 30 September 2014 to be provided by 17 October 2014. The court also ordered PNGSDP that, until the hearing of the State's application for leave to appeal, it is restrained from disposing of the assets in its long term fund, save to the extent that such disposals are effected by any fund manager in the normal course and for the purpose of managing the assets of the fund. The judge also indicated to PNGSDP that it should not take more than two weeks to call a board of directors' meeting to determine the conditions for the State's inspection of PNGSDP's books of accounts, accounting records and other records, and to respond substantively to our request in this regard.

## MRA to lift small-scale mining profile

EMTV, 26 August 2014



Alluvial gold and silver generates revenue of over K300 million a year. The majority of this goes directly to local miners, their families and the community. Currently, the Mineral Resources Authority is in its' second phase in developing a document for the upcoming PNG Alluvial Mining Convention in September. Mineral Resources Authority, or MRA, hopes to elevate the profile of alluvial mining or small-scale mining through the convention, to be staged in Lae from the 24<sup>th</sup>-25<sup>th</sup> of September. The document MRA is working on outlines the proposal for development, compensation agreement and a tribute agreement, which will assist applicants in completing their applications and providing guidance to those operating within the sector.

Prior to this, MRA conducted a review of the tenements involved and undertook a trial assessment as part of its verification process. From April to June this year, MRA conducted a re-registration process to verify applicants and gather details of their current mining operations and intentions. Of the 304 tenements, only 175 were found to be genuine. The tenements date back to the early gold rush in Wau – Bulolo. In fact, 95 percent of the historic exploration licenses are located within the Wau – Bulolo area which is home to the most sustained mining of alluvial gold in Papua New Guinea. Through the PNG Alluvial Mining Convention, it is anticipated that all stakeholders will engage in all aspects and subsequently, double the revenue within the next 5 years.

## Concerns over impact deep sea mining for copper, gold off Papua New Guinea will have on sea life

Lateline, ABC Australia, By Jason Om, 26 Aug 2014

A controversial mining project that involves ploughing the sea floor off Papua New Guinea (PNG) is set to begin amid concerns about its impact on the marine environment. Canadian company Nautilus Minerals plans to mine 1.6 million tonnes of copper and gold a year from the volcanic hot springs in the Solwara 1 deposit in the Bismarck Sea, in what is hailed as the first deep sea mining project in the world. The PNG government has a 15 per cent stake in the mine and is set to reap millions of dollars in royalties. Nautilus chief executive Mike Johnston said seafloor mining holds enormous economic potential for countries in the Pacific. "I think this is a real opportunity for these countries, particularly Tonga, Solomon Islands, Vanuatu [and] Fiji, where we've got licences," he told Lateline. "They have limited potential on land so seafloor mining gives them the opportunity to develop a solid mining industry which has a low environmental impact but produces a high-value

product which can generate significant returns." But PNG campaigners and environmentalists remain sceptical about the company's assurances there will be little impact on sea life such as snails, shrimp and crabs. Remote-controlled machines will be sent down to churn up the sea floor and the ore will be pumped back up to a ship. Part of the mining process also involves returning waste water containing elevated concentrations of metals and sediments to the bottom of the ocean.

### **Project will lead to species extinctions: biologist**

One critic is former University of Alaska marine biologist Rick Steiner, who reviewed the project's environmental impact statement for a group of indigenous people in PNG. "We expect that there will be species extinctions caused by this project," he said. "I think ethically and morally we have to draw the line in the sand." He is particularly sceptical about the company's plan to relocate organisms by transplanting parts of their habitat. "It's sort of like if they're going to clear cut a forest. Would it be worth trying to save a few trees and replanting them and seeing if they will survive? It's worth a try. I think the chances of it succeeding is relatively small." In 1996, CSIRO scientists were part of an international team that discovered the Solwara 1 deposit and say knowledge about this deep sea environment is still largely unknown.

"There's a huge amount that we don't know about these environments," CSIRO geologist Dr Joanna Parr said. "There is a lot unknown about the interactions of the various species with each other, the life cycle and how the synergies go between the species." CSIRO geologist Dr Ray Binns doubts species will become extinct as a result of the mining. He previously worked as a consultant for Nautilus. Dr Binns said the volatile nature of the volcanic, hydrothermal environment means the system will restore itself within a few years and the organisms will return. "The mining's undoubtedly going to kill some animals. That will be a limited loss and the population as a whole will survive," he said. Nautilus plans to start mining at Solwara 1 in two years.

### **Testing times for Bougainville's mining future**

ANU Canberra, 25 Aug 2014



A lone copper dump truck that was completely burned out during the crisis at Panguna mine. Photo by Ian Booth.

*Autonomous government needs to weigh the cost and benefits of extractive industries, writes MATTHEW ALLEN.*

The recent passage of new mining legislation on Bougainville comes at an especially troubling time for large-scale mining operations in the Western Pacific. One of the first major laws to be enacted since the transfer of a suite of powers to the Autonomous Bougainville Government under the terms

of the 2001 political settlement with Papua New Guinea, the transitional mining law is a significant step towards the possible recommencement of large-scale mining on the island. However, an assessment of how some of the region's largest mines have been travelling in recent times makes for sobering reading and points to the need for deep and careful reflection as Bougainville contemplates a mining future. The report card reads like this. In April of this year the PNG government declared a state of emergency at the Porgera gold mine in the highlands province of Enga – operated by the Canadian miner Barrick Gold – and launched a three-month operation to stamp out what it describes as "illegal" mining. Over a hundred police and military personnel were deployed to the region and hundreds of houses allegedly belonging to illegal miners were razed by security forces.

Two weeks ago the Chinese-owned Ramu nickel mine, also in PNG, was reportedly attacked by "armed villagers" resulting in injuries to five Chinese workers, damage to equipment and a three-day halt to mine production. Late last year the PNG government effectively expropriated the lucrative yet environmentally and socially problematic Ok Tedi mine in Western Province, a move that remains the subject of a court challenge in Singapore. In neighbouring Solomon Islands, the country's only mine, Gold Ridge on north Guadalcanal, has been closed since the site was flooded during heavy rains in April. The Australian operator returned staff to the site in June but has recently pulled out again citing a serious escalation in security incidents and the presence of large numbers of "illegal miners" in the mine lease area. Further south in New Caledonia, the Vale nickel mine in the Southern Province was closed for several weeks earlier this year following a chemical spill that triggered a series of fatal clashes between riot police and Kanak youth. And so the list goes on.

Unfortunately there is nothing particularly new about this association between large-scale mining and violence in Melanesia (and nor is it peculiar to the region – a 2009 United Nations study found that at least 40 per cent of intrastate conflicts globally are related to natural resources). Gold Ridge mine was a flash point during the so-called "ethnic tensions" that gripped Solomon Islands in the late 1990s, eventually closing down as a result of the violence. And of course local grievances associated with Rio Tinto's giant Panguna copper mine on Bougainville were a major contributor to the 10-year civil war in which thousands died. The mine has remained closed since the conflict, but Rio Tinto's subsidiary, Bougainville Copper Limited (BCL), had, until the passage of the new legislation this month, retained its mining lease under PNG law. Bougainville's political leaders are in the unenviable position of having to weigh the costs and benefits of a mining future. At the forefront of their minds is the prospect of a referendum on full independence from PNG which, according to the autonomy arrangements, must take place between 2015 and 2020. A key question is whether an independent Bougainville can be economically viable without large-scale mining.

The avowed policy of the ABG's current leadership is to actively explore the possibility of at least one large-scale mine, with the preferred candidate being the mothballed Panguna mine. The need for the ABG to be able to regulate Bougainville's mining sector has been given added urgency by the increasing activities of foreign investors with questionable credentials and intentions, as well as by the recent boom in small-scale and artisanal mining activities. There are aspects of the new mining law that are innovative and clearly informed by the problematic history of the Panguna mine and the legacy of the conflict. For example, the legislation vests the ownership of mineral resources in customary landowners, who can veto exploration but not mining once an exploration license has been granted. It also contains provisions for the development of the island's poorer regions. That said, the legislation has not been without its detractors – in large part reflecting the highly fragmented character of Bougainville's politics – with the parliamentary debate and subsequent passage of the bill met with an outpouring of opposition across mainstream and social media.

Opponents claim that the new law gives privileged treatment to BCL, which loses its mining lease but automatically gains an exploration license and therefore the right to negotiate for a new mining lease. Other critics have long maintained that Bougainville should follow a path to development ba-

sed on smallholder agriculture and artisanal mining rather than large-scale mining. For its part BCL's chairman Peter Taylor has described the new legislation as a "set-back" and Rio is to review its majority shareholding in BCL. Whatever the legal status of BCL's claim, the history of mining on Bougainville and elsewhere in Melanesia shows us that no new mining is likely to take place without the agreement of landowners, and such agreements are open to frequent renegotiation. One thing we can be certain of is that despite demonstrable economic recovery, Bougainville's social and economic development indicators remain well below pre-conflict levels. There are pressing human development needs on Bougainville, which only heighten the urgency of the tough choices that must be made about its economic future.

*Matthew Allen is a fellow at the State, Society and Governance in Melanesia program, ANU College of Asia and the Pacific. He is conducting research on mining and political change in Melanesia funded by the Australia Research Council.*

## **PNG, Bougainville Mining Law Compromises Local Rights**

*New law gives much less rights to customary landowners*

HONIARA, Solomon Islands (Solomon Star, August 25, 2014) – A legal analysis commissioned by the Mineral Policy Institute says Bougainville's new Mining Law fails to protect the rights of local people. The law is also in breach of Bougainville's own Constitution and is inconsistent with the United Nations Declaration on the Rights of Indigenous People, reports PNG Minewatch. The opinion finds the rights given to customary landowners under the new mining law are "vastly inferior" than those given to the Autonomous Bougainville Government and the consultation provisions fail to fulfill the universally recognised principles of prior, free and informed consent. By giving joint ownership of customarily owned mineral resources to landowners and the Autonomous Bougainville Government, the law contradicts Bougainville's Constitution which requires laws to protect the ownership of mineral resources by the people of Bougainville in accordance with custom. The opinion was provided in August 2013 and considers an earlier draft of the Mining Law, but none of the key provisions of the law that was passed earlier this month are materially different, says PNG Minewatch.

However, the Chief Administrator in the Papua New Guinea province of Bougainville, Chris Siriosi, claimed critics were misinformed, adding that once the public was informed they would see what protections the law offers, reports Radio NZ International. Bougainville's Parliament last week passed what President John Momis said was a world first, with the legislation ensuring landowners would own the resources on their land. It removed existing licences – including stripping Bougainville Copper Limited (BCL), operators of the Panguna mine closed by the 10-year civil war – and shut the national government out of the province's mining sector. Critics claim the measure will make it easier for foreign companies to gain a foothold but the government says there is no basis to that claim. Siriosi told RNZI's Don Wiseman people with vested interests had spread misinformation but awareness building would overcome this.

## **Total trade between Asia quadrupled**

The National, August 25th, 2014

THE total trade flows between the Pacific and Asia have increased significantly in the past decade – from US\$1.7 billion (K4.12 billion) in 2000 to almost US\$10 billion (K24.26 billion) last year – the ANZ Group says. Chief executive Mike Smith said, "Exports from the Pacific to Asia have quadrupled in the decade to 2012 and imports from Asia into the region have risen by more than 10 times over the same period". He said the result highlighted the region's increase engagement with Asia. He said as such "We need a more active conversation about how to make the most of Asian

Century". "We all know however that there's a large gap between potential and the current reality." He said the Bold Thinking report commissioned by ANZ revealed that the investment activity between Asia and the country have increased. He said the report aimed to examine the potential for the nation to benefit more broadly from Asia's industrialisation and urbanisation and its growing demand for natural resources as well as agricultural commodities. Smith said it became obvious during his visits to PNG that the Asian Century was a perfect match for PNG's location. That was the reason ANZ commissioned the report. He said PNG has begun to put runs on the board with successful world class projects such as the PNG LNG project.

### **Government eyes law to keep some gas onshore**

Post-Courier, August 25, 2014

The national Government will soon make it mandatory under Papua New Guinea laws to ensure any future developers of liquefied natural gas (LNG) projects in the country to allocate 15 percent of gas they extract for local consumption. After realising the Konebada Petroleum Park has been dormant for many years now because there has not been any gas allocated to be used in downstream processing by petrochemical companies investing in the park, Minister for Petroleum and Energy Nixon Duban announced on Thursday that the Government will soon push for a template agreement that will be endorsed by cabinet so it sets a stage that any future developer in this country will have to comply with that template agreement. "Meaning that every time you sign an agreement, 15 per cent (of gas) must be locked in for the Government of Papua New Guinea and so you will have control over and you will make available for gas to electricity or you can make it available for petrochemical opportunities," Mr Duban said.

"So it is a very important step that this country has taken under the Government of Prime Minister (Peter) O'Neill and I think it will have a long term impact in our country in terms of growth, in term so four challenges and opportunities and furthermore it will be a very important landmark in our country's economic growth." This was welcome news for representatives from Japanese petrochemical company Sojitz, who said that with such mandatory allocations for gas for local consumption, their proposal for a petrochemical plant at the Konebada Petroleum Park would be a reality. "Having a cheap gas allocation for the project will be a required condition for our project," said Natsugu Koinua from Sojitz Corporation during a visit to the Konebada Petroleum Park site on Thursday. "We welcome this news as having gas readily available will be the most essential requirement to make the project feasible." It is understood lack of readily available gas for downstream processing has been delaying any firm commitments to invest at the Konebada Petroleum Park and with Minister Duban's announcement, more companies that have been holding back will reconsider their investment decisions.

### **PNG's Frieda River project finally in PanAust's paws**

Peter Ker, The Age, August 25, 2014

The first job facing PanAust managing director Gary Stafford this morning is to send \$25 million to Swiss mining giant Glencore. Almost 10 months after agreeing to pay Glencore \$75 million for its exciting Frieda River Project in Papua New Guinea, PanAust will finally take ownership of the copper and gold deposit today with payment of the first instalment. Closure of the acquisition ends a long wait for PanAust, which could not be sure of getting its hands on the asset until Glencore successfully sold a separate copper project in South America. But the wait for Frieda River is not the only reason PanAust has been in limbo this year. An indicative takeover offer from its major shareholder, Guangdong Rising Assets Management (GRAM), has dragged out into a three month mean-

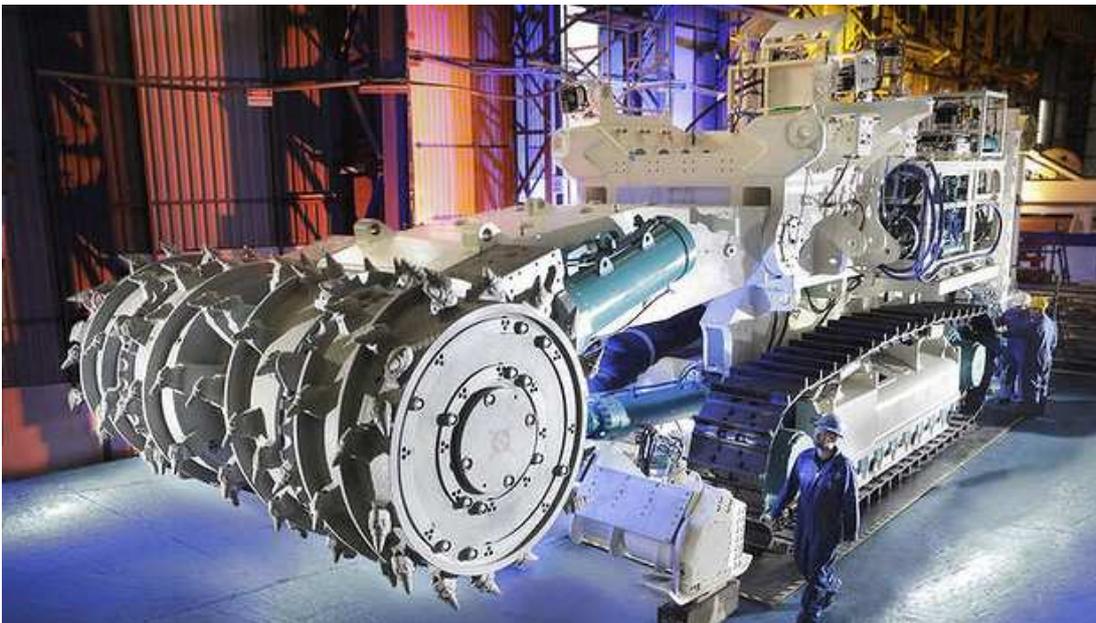
der, with little indication that a resolution is near. The takeover bid has delayed the departure of Mr Stafford, whose resignation has been put on hold until the saga is worked through.

Despite appearances, Mr Stafford said talks with GRAM and other parties were still progressing, and he was confident a resolution would be achieved. "I would hope that during September we will start being able to engage some of those groups and start to listen to what their ideas are as well and hopefully by early October we should have some clarity on this current process," he said. "If nothing transpires, well, on Monday we acquire the Frieda River Project and we have plenty of things to be getting on with." Now it's in his grasp, Mr Stafford is willing to say what he has not been prepared to say previously: Frieda River will be PanAust's main growth focus, overtaking the stalled Inca de Oro project in Chile. "I think the market is turning in terms of its appreciation of that project," he said. Located in the remote north west of Papua New Guinea, Frieda River was previously the focus of a \$US6 billion development plan before being divested by Glencore.

PanAust and its 20 per cent joint venture partner Highlands Pacific want to progress with a development plan that will cost barely a quarter of that, yet still produce similar amounts of copper to OZ Minerals' Prominent Hill mine in South Australia. Some believe that GRAM has been waiting for the Frieda transaction to close before pushing through with the takeover. Others believe GRAM has gone cold, and there are persistent rumours that the group was never particularly warm in the first place. Mr Stafford acknowledges the process has been lengthy, but says he is not despondent. "They came in with what we thought was a low-ball offer. The directors said at the time, and it still holds true, it was materially below what we would feel was a level we could recommend to our shareholders. Since then our share price is starting to trade more on fundamentals," he said. "They remain engaged, they had a site visit just a short time ago, and other groups are catching them up on their knowledge, so I think we are in a good position."

### **Seabed mining - from science fiction to reality**

Andrew Darby, Sydney Morning Herald, August 24, 2014



The 'bulk cutter' is built to make the world's first attempt at deep sea mining. *Photo: Nautilus Minerals*

On an engineering works floor in Britain stands a 250 tonne machine that promises to change the way we think about the seabed. It's built to mine the deep. On the front of the track-mounted "bulk cutter" is a formidable toothed drum designed to chew through heavily mineralised volcanic vents, 1600 metres below the surface of the Bismarck Sea off Papua New Guinea. Attached will be a sys-

tem to collect and pump a slurry of copper and gold-bearing ore to a mother ship, for transfer and onshore processing. Nautilus Minerals chief executive Mike Johnston said from his Brisbane base that the unique machine had been built from existing cable trenching, mining and offshore oil and gas equipment. "Basically all the existing technology is being put together in a different configuration," Mr Johnston said. Far from being science fiction, this newest frontier in mineral exploitation only needs adaptation. A quiet international rush is under way to stake out seabed claims, concentrating on the central Pacific.

Led by big businesses such as the US defence contractor, Lockheed Martin, it offers the dream of fortunes to poor island nations. At the same time, an environmentalist coalition is growing to halt the industry, and in this little known diplomatic space, the Australian government is well positioned to become a leading negotiator. "To me, it seems that Nautilus is bent on proving the concept - and I think they will," said ANU law professor Don Anton. "Given that they are working on the continental shelf, rather than much deeper on the abyssal plain, I think it will work," Professor Anton said. After protracted negotiation, Nautilus agreed to sell a 30 per cent share of the business to the Papua New Guinea Government for \$120 million this year. The company, whose main shareholders also include Omani and Cypriot interests, will next commission a purpose-built ship in a project expected to be ready to mine after 2016, and costing more than \$450 million. This is cheap, Mr Johnston says. "A similar size project on land, Ozminerals' Prominent Hill in South Australia, was built at a cost of \$1.8 billion." He said that while Prominent Hill covered 8000 hectares, the concentration of valuable ore was so great at Nautilus's Sowara 1 mine, that it would work a total area of 1.1 hectares.

Deep sea miners argue not only do they have less impact on the world around them, they don't need costly roads or bridges, and their environmental disturbance is naturally contained, because sediment plumes do not rise from the deep. "I can't understand why people are pushing for a moratorium on things," Mr Johnston said. "It's all very low-impact stuff." But with more than 1.5 million square kilometres of the Pacific sea floor now under leasehold, the Deep Sea Mining Campaign has called for the moratorium. "There is insufficient scientific data to understand the impacts of deep sea mining, there are no regulatory frameworks in place to govern mining operations and the capacity to enforce such frameworks does not yet exist," said the campaign's Sydney-based activist, Natalie Lowrey. "The issuing of exploration licences must cease until these issues are addressed." Professor Anton, who is leading a federally funded project examining the industry's effects on Pacific islands, said: "developing states look at it altogether differently".

Around the Cook Islands, for example, prospectors have already identified billions of dollars worth of cobalt, a metal highly prized for its hardness. Professor Anton also saw a pressing need to regulate the deep seas beyond national boundaries, where this year alone the UN's International Seabed Authority dispensed seven new exploration permits. Among them is the Lockheed Martin-owned UK Seabed Resources, which plans to explore a 58,000 square kilometre area of the Pacific for polymetallic nodules. Announcing this, British Prime Minister David Cameron claimed seabed mining could be worth £40 billion (\$71 billion). Australia is one of 21 nations on the seabed authority's governing council, yet it is doing no deep sea mining of its own. "There's not much going on in our waters because we are so terrestrially blessed," Professor Anton said. "That puts us in a position to take a robust leadership role in terms of environmental protection."

#### FACT BOX:

- Deep sea miners are looking for high-grade mineral deposits of gold, copper, nickel, cobalt, manganese and rare earths.
- Some of these minerals form in volcanic vents, others lie on the sea floor as fruit-sized nodules, formed over millions of years.

- While offshore miners may work in the 50 metres below the surface of the sea, deep sea mines start around 1500 metres and prospectors are now working at 4000 metres.
- They are working deposits on, or near, the sea floor, rather than drilling far below it.
- Regulations to mine the seabed of the high seas beyond national exclusive economic zones are being developed by the UN's International Seabed Authority.
- It is issuing prospecting licences for areas of the central Pacific, south-west Indian Ocean, and mid-Atlantic.

## **Solomons, Australian Mine In Negotiations To Give Ownership To Solomon Gov**

*Layoffs and security concerns have company contemplating move*

MELBOURNE, Australia (Radio Australia, August 22, 2014) – Solomon Islands' Prime Minister Gordon Darcy Lilo says the Australian-operated Gold Ridge mine remains viable despite recent security concerns and mass lay offs. Unrest around the mine site in central Guadalcanal has escalated in recent days, leading to the evacuation of all of Gold Ridge's expatriate staff. Mr Darcy Lilo has told Radio Australia's Pacific Beat program that Gold Ridge's owner St Barbara is in talks to hand over the mine to the Solomon Islands Government. "St Barbara is a very respected company, but up until recently they have now come to a point where they have decided to negotiate with the government to hand over the investment back to the Solomon Islands Government and we respect that," he said. Operations at Gold Ridge were suspended in April this year due to torrential rainfall and flooding. Management has said the security situation around the mine has been a key reason preventing operations from restarting.

But the government says security isn't a problem. "We have a respected response that has been able to arrest the situation or contain the situation in Gold Ridge and therefore I don't see that as a real issue," Mr Darcy Lilo said. But the Prime Minister acknowledges that changes need to be made to the mining industry in his country. "We can work hard to ensure that the regime to regulate the mining sector in Solomon Islands is cleaned up," Mr Darcy Lilo said. "We (need to) ensure that all stakeholders can see things in a more transparent and accountable way to give greater confidence for better quality and a strong investor to be able to come and develop this gold mine." Mr Darcy Lilo is in Brisbane where he's attending the Australia Solomon Islands Trade Business Forum and Trade Expo. He's the keynote speaker at the event and says there are plenty of opportunities for investment in his country. "We believe that there is a very important tourism product that can be developed," he said. "We have a natural environment that has not been spoilt even though people have raised a lot of concern about the rate of extraction of the natural forest."

### **Australian assistance**

At the same business event, the Australian Government announced it will be providing Solomon Islands with another \$2 million to help in the recovery from April's devastating floods. The disaster killed 23 people, displaced thousands and caused widespread damage to infrastructure. Australian Government Senator Brett Mason said the money will be particularly helpful in repairing damaged roads and bridges. "I visited Solomon Islands days after the disaster and saw firsthand how Australian support was helping to relieve suffering and contribute to the repair of essential infrastructure," he said. "Now we want to support Solomon Islanders recovery from the economic impact of the floods by helping to restore commercial activity in Honiara and surrounding areas."

## **State plans chemical plant at Konebada**

The National, August 22nd, 2014

By SHIRLEY MAULUDU

A petrochemical park will be built outside Port Moresby, Petroleum and Energy Minister Nixon Duban said yesterday. Duban said petrochemical is an industry that is emerging in our region and the government sees Konebada, outside Port Moresby, as the ideal location for the petroleum park for the industry. "It has not been tapped properly and that's the reason why, when we went to Japan to witness the first shipment of LNG. "At the initiative of the prime minister, we immediately held talks with petrochemical companies in order to set the stage to enter this country's economic growth." Duban said, while encouraging petrochemical companies to enter into the country, the government acknowledged the need for gas supply. "We are mindful of the fact that the gas that they are trying to access will be difficult.

"For a petrochemical plant, you probably need about 400-500bcf which must come from an existing gas project. "At the moment this country has got the PNG LNG. All the gas that is now available for the project have already been pre-sold under contractual arrangements which cannot be easily made available to petrochemical companies. "So if you look at the next project on line, you've got the Elk/Antelope. That is the project that will probably come around 2022. And within now and 2022, our country has got the biggest challenge to find cheap gas for petrochemical companies," Duban said. Thus, he added that "it is in our interest as the government to conduct feasibility study to ensure that we have cheaper gas available for petrochemical companies. This two hundred plus hectares for Konebada Park is reserved".

## **Resource area looks good, says PNG chamber**

Post-Courier, August 22, 2014

PNG Chamber of Mines and Petroleum says there are some signs of optimism emerging in the country's resource area. This is even though commodity prices remain near recent lows and with some falls in the price of crude oil. The chamber's executive director Greg Anderson said among the recent events was the approval on the mining lease by Mining Minister Byron Chan for the Woodlark gold project. Mr Anderson said this was the first onshore mining license to have been issued in eight years. Offshore, the settlement of outstanding issues with the Government and Nautilus Minerals, the company is now confidently looking at 2017 to start up its Solwara 1 deep sea mining, which will be a world class first. The Ramu nickel project he said was another. Mr Anderson said the chamber understands that the developers are gradually overcoming the technical challenges brought about by the recent attack. Mr Anderson said Highlands Pacific Limited, who we're shareholders in the Ramu nickel project, has reported in its quarterly that a weekly production of 77 per cent has been achieved on several occasions.

## **Kula starts diamond drilling**

Post-Courier, August 21, 2014

Kula Gold Limited has announced that diamond drilling has commenced at the company's flagship Woodlark Island gold project. This is following the processing of the newly acquired helimag data and the identification of additional large scale hydrothermal systems. Kula Gold has accumulated a significant amount of knowledge during the discovery of the 2.1 million ounces of gold mineral resources at Woodlark Island. Additional resource discovery will add to the profitability and mine life of the 1.8 million tonnes per annum (mtpa) project and potentially enable an upgrade of capacity in a stage two expansion to 4mtpa. The first phase of drilling has commenced at Kulumadau North,

where a geophysical repetition of the 900,000 ounce Kulumadai Mineral Resource has been interpreted to occur, 600m to the north. Kula Gold's chief executive officer Stuart Pether said: "The exciting interpretation of multiple, large scale hydrothermal systems under shallow cover, indicated by the helimag program, has confirmed the company's view that it can add significant gold resources to the project's current resource base."

### **Bougainville Copper shareholders cry foul**

Radio New Zealand, 20 August 2014

*A group of minority shareholders in Bougainville Copper Ltd are crying foul over Bougainville's new mining law and say they want billions of dollars in compensation.*

Under the new law, the autonomous Papua New Guinea province has stripped Bougainville Copper or BCL of its exploration and mining licenses but has given it first right of refusal when negotiations over new licenses get underway. The president of a group of BCL's European shareholders Axel Sturm says it is an unfriendly gesture after 25 years of investment in Bougainville. "I consider this more or less as an attempted blackmail for getting more money from the company. We already invested a lot of money on the island, a lot of that money was lost because unlawful people destroyed our equipment with the value today of around 6 billion US dollars." Mr Sturm says the European Shareholders of Bougainville Copper are urging the major shareholder Rio Tinto to take further legal action against not only the Papua New Guinea government and the province but local landowners and former leaders of the Bougainville Revolutionary Army.

### **Porgera: Military, cops extend anti-illegal mining ops**

The National, August 20th, 2014

THE police and army call-out in Porgera, Enga, to quell illegal mining and criminal activities has been extended for another three months. Highlands division police commander Teddy Tei said yesterday the call-out has been extended from early this month. Tei said during the past three months, illegal operations at the Porgera mine site and illegal roadblocks along the road came to a halt. He said many suspects who engaged in criminal activities have been arrested and charged as a result of the call-out operation in the Laiagam-Porgera district. Tei said a Defence Force platoon and police mobile squads were deployed during the operations and succeeded in restoring law and order in the district. He said the disciplinary forces carried out awareness to educate people to refrain from engaging in criminal activities. "The people begin to understand and stop from illegal mining, illegal roadblocks and other criminal activities since the operation was started." He appealed to the people cooperate with them in maintaining order and make their community a place conducive to live and work in. Tei urged the people to respect people's right to travel in the province and those of companies, including miners, working in Enga. "They (culprits) can't continue to engage in illegal activities."

### **Mining giant Rio Tinto reviews Bougainville stake**

The National, August 19th, 2014

Mining giant Rio Tinto is considering the future of its key stake in a company that has lost the right to mine in Bougainville. Bougainville Copper Ltd was stripped of all exploration and mining licences by the Autonomous Bougainville Government last week. "Rio Tinto has decided now is an appropriate time to review all options for its 53.83% stake in Bougainville Copper," the mining giant said. Bougainville Copper owns the Panguna mine, and the company has been in discussions with the government, the Bougainville government and landowners about a potential return to mi-

ning. Rio's statement appears stronger than last week's comments by Bougainville Copper managing director Peter Taylor, who has not ruled out legal action, but said pulling out of the project was not being considered. The controversial mine was closed 25 years ago and was a key component in Bougainville's bloody civil war that ended in 2001. Locals fiercely resisted the open pit – then one of the world's largest copper mines – arguing they saw little revenue and it was causing environmental and social problems. Bougainville's government is interested in re-opening the mine because it would potentially benefit the local economy. – The Australian

### **Bougainville Mining Law Fails To Protect Landowners: PNG Minewatch**

*Legal analyst says law violates constitution, Rights of Indigenous People*

AUCKLAND, New Zealand (Pacific Scoop, August 19, 2014) – A legal analysis commissioned by the Mineral Policy Institute says Bougainville's new Mining Law fails to protect the rights of local people. The law is also in breach of Bougainville's own Constitution and is inconsistent with the United Nations Declaration on the Rights of Indigenous People, reports PNG Minewatch. The opinion finds the rights given to customary landowners under the new mining law are "vastly inferior" than those given to the Autonomous Bougainville Government and the consultation provisions fail to fulfill the universally recognised principles of prior, free and informed consent. By giving joint ownership of customarily owned mineral resources to landowners and the Autonomous Bougainville Government, the law contradicts Bougainville's Constitution which requires laws to protect the ownership of mineral resources by the people of Bougainville in accordance with custom. The opinion was provided in August 2013 and considers an earlier draft of the Mining Law, but none of the key provisions of the law that was passed earlier this month are materially different, says PNG Minewatch.

However, the Chief Administrator in the Papua New Guinea province of Bougainville, Chris Siriosi, claimed critics were misinformed, adding that once the public was informed they would see what protections the law offers, reports Radio NZ International. Bougainville's Parliament last week passed what President John Momis said was a world first, with the legislation ensuring landowners would own the resources on their land. It removed existing licences – including stripping Bougainville Copper Limited (BCL), operators of the Panguna mine closed by the 10-year civil war – and shut the national government out of the province's mining sector. Critics claim the measure will make it easier for foreign companies to gain a foothold but the government says there is no basis to that claim. Siriosi told RNZI's Don Wiseman people with vested interests had spread misinformation but awareness building would overcome this.

### **PNG to reap major benefits from LNG**

Post-Courier, August 19, 2014

By ISSAC NICHOLAS

*PRIME Minister Peter O'Neill has given an undertaking that the government is committed to ensuring the country gets maximum benefits from the liquefied natural gas (LNG) project.*

Mr O'Neill, who was speaking at a dinner last Friday to mark the conclusion of the construction phase of the project and the commencement of production and exports, described the LNG project as the most successful project ever undertaken in PNG since independence. He said the government is committed to managing revenue flow in a transparent and sustainable manner and that it supports the government programs. "Already discussions for the establishment of the Sovereign Wealth Fund is nearing conclusion and we will be able to take it to Parliament very soon. That will ensure that we are able to secure and stabilise our nation's fiscal future and the future of our country," the PM said. "We are now able to, at the back of this project, provide free education for every child in the

country. We are also able to provide free basic health care for every citizen in this country. "We are starting to improve the much-needed infrastructure such as roads, major economic highways and of course our programs are starting to reduce major crimes and making our communities much safer.

"I believe the completion of PNG LNG project marks a real "coming of age" for our country. The successful completion and delivery of the project, well ahead of schedule, earned Papua New Guinea two important accolades. "First, we have shown to the rest of the world that our country is an attractive large investment destination and we are capable of delivering world class projects safely and to the magnitude of this PNG LNG Project. "The second, the successful completion of the project and start of LNG exports has elevated PNG to that exclusive club of LNG exporting countries." He thanked the leaders from Southern Highlands, Hela, Gulf and Central provinces and responsible government ministers for their leadership in getting the project off the ground. "Seven years later the project has been delivered, and the first exports have begun. We can now proudly point to a massive resource development that has taken place. Infrastructure has been built, thousands of jobs have been provided for people and of course the revenue that will come as a result of this project. "We must build on this success to deliver economic and social services that our country demands and our future generations demand," the Prime Minister said.

## **Solomons Police Arrest 12 In Gold Ridge Mine Unrest**

*Government doing what it can to restore security to site*

By Stephen Di'isango

HONIARA, Solomon Islands (Solomon Star, August 18, 2014) – POLICE say they arrested 12 people at Gold Ridge mine site in central Guadalcanal since Tuesday in relation to the law and order problem in the area. The escalation of lawlessness at the site in the past few days has resulted in the evacuation of the Gold Ridge Mining Limited's (GRML) expatriate staff. Acting assistant police commissioner of the national capital, Gabriel Manelusi, confirmed the number of arrests yesterday. Mr Manelusi said the suspects are in police custody. "These suspects are believed to be involved in the looting of properties at the site," he said. He added some of those arrested are believed to be employees of Gold Ridge. Mr Manelusi said police have now established their presence at the mine site will deal with anyone who plans to cause further problem. He said officers on the mine site are members of the highly trained Police Response Team (PRT). "They (police) will be at the site to ensure everything is under control and to continue to review the law and order situation in the area."

Mr Manelusi appealed to landowners to respect the law. "Taking things in our own hands will not bring any good for us or our country, but only tarnish our image to the world. We must say no to crime in order for our country to move forward. "We must not think of ourselves but think for our future because what we did today will not only affect us but will also affect our future generations," Mr Manelusi added. The deepening law and order problem in the area resulted in GRML evacuating its entire expatriate staff to Honiara since Tuesday. The workers, including Gold Ridge Mining Ltd (GRML) general manager Stean Barrie, were sheltered at Pacific Casino Hotel, awaiting their flights back to Australia. It's believed some have left to Australia yesterday.

In a statement issued Wednesday night, St Barbara's managing director and chief executive Bob Vassie said: "GRML has safely withdrawn all personnel from its Gold Ridge mine following a serious escalation in security and associated safety concerns. "The company is liaising with local authorities. "Once the Royal Solomon Islands Police Force is able to confirm that security has been re-established at Gold Ridge, a return to site will be assessed." Operations at Gold Ridge were suspended in April this year due to torrential rainfall and ensuing flooding. Mr Vassie said the company has been unable to resume production due to a number of factors beyond its control, including the loss of stable bridge access across the Tinahulu River on the public road to site, and the contin-

ued presence of large numbers of illegal miners camped in the open pit mining areas. He said since returning to site in June, the company has focused on site stabilisation works and lowering the water levels in the tailings storage facility.

## **Taiwan Commits To Buying PNG Gas For Next 20 Years**

*LNG deal likely to lead to stronger bilateral relations*

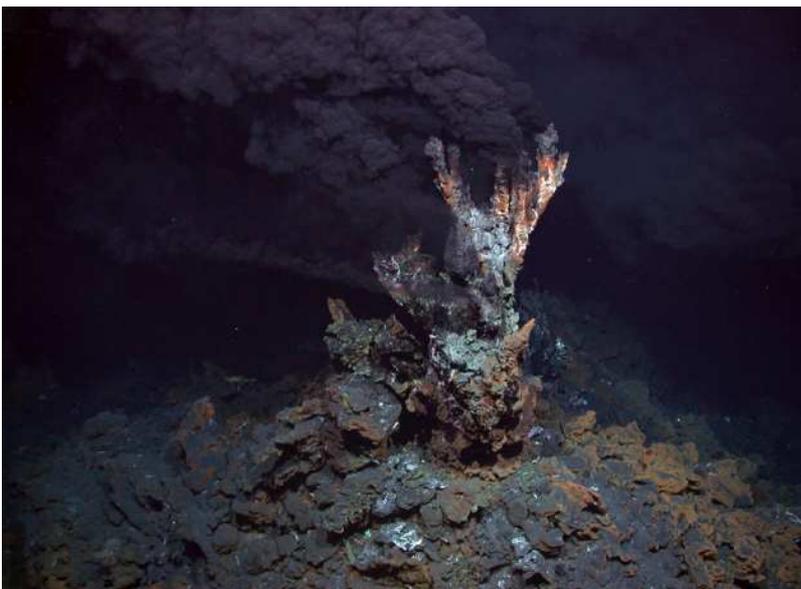
PORT MORESBY, Papua New Guinea (The National, August 18, 2014) – Taiwan's Chinese Petroleum Company is committed to buying liquefied natural gas from PNG in the next 20 years and beyond, chairman Cheng Lin says. Lin was in Port Moresby on Friday for a dinner organised by ExxonMobil for all stakeholders. The Fortune 500 company has an annual turnover of more than US\$400 billion a year. Lin said that Taiwanese businesspeople knew little about PNG. But thanks to the LNG deal, and the efforts of Taiwan Trade Mission leader Daniel Hu, stronger bilateral relations would be created. "Papua New Guinea and Taiwan are members of APEC, and under the APEC agreement, ministers get opportunities to talk," he said. "Taiwan can assist PNG in developing its small and medium enterprises."

Lin said Taiwan previously sourced its LNG from Qatar, Malaysia, and Indonesia. "This (PNG) will be the fourth-largest (LNG) supplier to our side," he said. "Already, some Taiwanese fishermen are fishing in your country. Your country has many good resources." Hu said the deal augured well for improved relations between the two countries. "This will certainly strengthen bilateral relations," he said. "The good thing is that the two countries are not far from each other. "Taiwan is making a shift from nuclear power to LNG and there is potential to import more LNG from PNG. "Our relationship in future will be transformed."

## **Health check for deep-sea mining**

*European project evaluates risks to delicate ecosystems.*

Katia Moskvitch, Nature, 13 August 2014 Corrected: 15 August 2014



MARUM, University of Bremen, Germany

Marine communities living near mining targets such as hydrothermal vent fields might be at risk. As commercial plans to exploit mineral resources on deep-ocean beds gather pace, marine researchers are increasingly concerned about the damage such projects might cause to the sensitive and

little-understood ecosystems that thrive there. Now, scientists are taking to the sea as part of a three-year, €12-million (US\$16-million) project designed to address these concerns and to develop a set of guidelines for industry.

The latest research expedition of the Managing Impacts of Deep-sea Resource Exploitation (MIDAS) programme returned to France earlier this month after exploring the Lucky Strike region of the Mid-Atlantic Ridge near the Azores islands. There, a research team began investigating whether plumes of particles that might arise from future mining operations near hot hydrothermal vents — often rich sources of metals — could affect the creatures that live there, such as deep-sea mussels. “The goal of our experiment is to test the effects of sulphide particle deposits on the structure — composition, density, biomass, diversity — of the dominant hydrothermal fauna of the Lucky Strike vent field,” says Jozée Sarrazin, a deep-sea ecologist at the French Research Institute for Exploitation of the Sea (IFREMER) in Plouzané, France, who is leading the expedition. “It should help us to propose management strategies to help protect the unique fauna associated with high-temperature emissions on the sea floor.”

Resources such as polymetallic sulphides exist in large quantities around deep-sea hydrothermal vents. The idea of mining them was first mooted in the 1960s, but only now, with land sources declining and demand rising, is it being seriously explored. Although no mining projects are yet under way, Nautilus Minerals of Toronto, Canada, has received a green light from the government of Papua New Guinea to mine about 50 kilometres offshore in the Bismarck Sea, at a depth of 1.6 kilometres. Other concessions have been awarded in the eastern Pacific Ocean. Nautilus would use sea-floor trawlers to cut or scoop up the deposits, which are then pumped up to a support ship. The effects of such mining are cause for concern. The operations may “severely damage” the sensitive biological communities that live near under-sea mountains, hydrothermal vents and mineral-rich nodules on the sea floor, says David Santillo, a marine biologist and senior scientist at Greenpeace Research Laboratories at the University of Exeter, UK. As well as the physical destruction of habitats, he adds, this type of mining could smother deep-sea species with suspended plumes of sediment. Species could also be disturbed by noise, light pollution and exposure to toxic metals and other chemicals released by the mining.

The severity of such effects depends on several factors, including the nature of the exploited resource and the method of extraction, says oceanographer Cindy Van Dover, director of the Duke University Marine Laboratory in Beaufort, North Carolina. But her biggest concern is the general lack of knowledge about sea-floor processes and the cumulative effects of multiple mining events. “If we get the environmental management wrong, we are unlikely to be able to fix our mistake,” she says. The MIDAS project, which began in November, is receiving €9 million from the European Union, and includes representatives from industry and non-governmental organizations. “We will try to identify the best ways to monitor before, during and after mining to determine the total impact and recovery of the ecosystems,” says Philip Weaver, managing director of Seascope Consultants in Romsey, UK, which is coordinating MIDAS.

Cruises to conduct experiments and sampling at depth form a core part of the project’s work. The IFREMER cruise, on the research vessel *Pourquoi Pas?*, was the first stage of a two-year experiment to test the effects of sulphide plumes. The research team weighed mussels found around hydrothermal vents at a depth of 1.7 kilometres and assessed their general health. Next year, they will return and mimic the effects of particle plumes on the mussels, monitoring their reactions — for instance, death, migration or increased numbers — with temperature sensors and cameras. The results of the tests will then be studied on shore. A second MIDAS study is currently simulating potential effects on marine life in the shallow waters of Portman Bay off the coast of southeastern Spain. An onshore mining facility dumped waste into the waters there for three decades, and the researchers want to assess how the waste affected the underwater fauna. “We want to see how metal-loaded

plumes behave — how far they spread, how long it takes for them to settle and so on,” says marine geoscientist Miquel Canals Artigas of the University of Barcelona in Spain, who is leading the expedition. MIDAS will submit its report to the European Commission in November 2016.

## **Solomons Police Deployed To Gold Ridge Mine Site**

*Deterioration of law and order causes company to evacuate staff*

By Stephen Di'isango

HONIARA, Solomon Islands (Solomon Star, August 15, 2014) – Police deployed 50 officers to the Gold Ridge mine site in Central Guadalcanal following the escalation of law and order problem in the area. The situation resulted in Gold Ridge Mining Limited evacuating all its expatriate staff to Honiara on Wednesday. The workers, including Gold Ridge Mining Ltd (GRML) general manager Stean Barrie are now taking shelter at the Pacific Casino Hotel, awaiting their flights back to Australia. In a statement issued Wednesday night, St Barbara's managing director and chief executive Bob Vassie said: "GRML has safely withdrawn all personnel from its Gold Ridge mine following a serious escalation in security and associated safety concerns. "The company is liaising with local authorities. "Once the Royal Solomon Islands Police Force is able to confirm that security has been re-established at Gold Ridge, a return to site will be assessed." Operations at Gold Ridge were suspended in April this year due to torrential rainfall and ensuing flooding.

Mr Vassie said the Company has been unable to resume production due to a number of factors beyond its control, including the loss of stable bridge access across the Tinahulu River on the public road to site, and the continued presence of large numbers of illegal miners camped in the open pit mining areas. He said since returning to site in June, the company has focused on site stabilisation works and lowering the water levels in the tailings storage facility. Expatriate workers staying at Pacific Casino Hotel said only their boss Mr Barrie is allowed to make public comments on their evacuation. Mr Barrie was not available when the Solomon Star visited the hotel. Local workers confirmed to the Solomon Star there has been some looting and threats at the site. Acting assistant police commissioner of National Capital, Gabriel Manelusi said police are now at the mine site providing security. He said that about 50 officers were deployed to the mine site to look after the assets and properties there. "Police will maintain its operation on the site and will arrest those who want to take advantage of the situation," Mr Manelusi said. He appealed to the landowners to respect the law and stop causing problems.

## **Solomons mine lays off hundreds**

Radio New Zealand, 15 August 2014

*Hundreds of workers at the Solomon Islands gold miner, Gold Ridge Mining Limited, have been made redundant.*

The Australian based company says in a statement more than 400 of its 570 strong Solomon Islands workforce have now lost their jobs. The mine has not been operating since the beginning of April when flooding put it out of action. The company has now also removed all its expatriate workers, citing security concerns. It is the second time since the flooding that it has taken such action. In a statement Gold Ridge says there have been a number of recent serious security incidents which have been growing in frequency and severity. It says a strong police presence at the mine site is critical. The company says it is in discussions with the Solomon Islands Government about the future of the mine and says it could sell out of the operation.

## **Prospective Oil Companies Present Plans To Palau Leaders**

### *Exploratory drilling on Velasco Bank proposed*

KOROR, Palau (Island Times, August 15, 2014) – Top executives of two oil companies that plan to conduct exploratory oil drilling in the Palau North bank (Velasco Bank) has conducted presentations on the project to Kayangel officials and members of the Olbiil Era Kelulau (OEK). The presentation for the Kayangel officials and chiefs was conducted at the Palm Bay Restaurant on Wednesday, August 13 and the presentation for delegates was held at the Fuji Restaurant yesterday. A presentation for senators was later held yesterday evening. The Palm Bay presentation was attended by Kayangel Governor Jeffrey Titiml, High Chief Rdechcor Isimang Bandarii, Kayangel Legislature Speaker Elmis Ruluked, and other chiefs and members of the state legislature. Among the delegates and other officials who attended the presentation at Fuji were Gov. Titiml, Senator Hokkons Baules and Delegates Lentcer Basilius, Swenny Ongidobel, Lee Otobed, Frank Kyota, and Sebastian Marino.

The presentations were conducted by Palau Energy (PE) Pte. Ltd Chief Executive Officer Howard James Smith and Palau Pacific Energy (PPE) President Robert "Bob" Jordan. Smith has more than 32 years of diverse, multi-disciplinary experience in the upstream oil and gas industry, including a successful 23 year career in the upstream services sector in Asia-Pacific, Middle East and North America. Established a track record as a key person in the start-up exploration and production business in Indonesia. He has served as CEO, Executive Director and Board Member of Cepu Sakti Pte Energy Ltd. (the mother company of Palau Energy). Smith has also served as Board Member of Norton Rose LLP. In his presentation, Smith first discussed the status of the Palau North Block. According to him, initial exploration Geological and Geophysical (G&G) completed. He pointed out that G&G studies indicate a working petroleum system in the Palau North Block on the Velasco Bank, Kayangel State.

Smith stated the PE believes that there is technical justification to drill before December 31, 2017. He said that based upon their G&G studies, PE has identified the location of a wildcat exploration well and has now started the following technical work: 1) Well Engineering Design and Well Operational Planning; 2) MetOcean Sea State Study; 3) Oil Spill Response Plan- Design, Training and Deployment; 4) Environmental Impact Assessment and Monitoring; 5) Drilling Rig, technical services, Mobilization plan. Smith also discussed about Palau Energy, the lead company that will undertake the project. Palau Energy will have 85 percent stake in the project, while the remaining 15 percent is owned by PPE. The two companies plan to jointly conduct exploratory drilling to determine if there are commercially viable reserves in the area. They plan to spend \$15 million on the project. The following is information on PE that Smith discussed during his presentation:

- Shareholders have combined 100 years experience in the offshore maritime petroleum industry in Asia-Pacific.
- Shareholders manage companies with market capitals US \$300 million.
- Qualified and experienced hydrocarbon explorationists.
- Good track record operating in environmentally sensitive area.

Smith disclosed that Palau Energy has chosen to use one of the most modern, efficient, environmentally-friendly, new build, DP3 dynamic positioned drillship "Norshore Atlantic". He says that the rig is only available in December 2014. Smith said that "Norshore Atlantic" is one of the most advanced drill ship in the world and listed some of its high-tech components and features that make it environmentally-friendly. These environment aspects include:

1. DNV CLEAN DESIGN;
2. 2. No seabed footprint – DP;

3. 3. Engines NOx reduction system built-in;
4. 4. Waste compaction system built-in;
5. 5. Low pollution incinerator built-in;
6. 6. Bilge Water Separator built-in;
7. 7. Hull painted special anti-fouling; 8. Hi tech drilling fluid cleaning systems.

Smith says it is very logical to use such drill ship in Kayangel waters due to the following factors:

1. 1. Small environmental impact (DP);
2. 2. Operating procedures meet international environmental maritime regulations;
3. 3. Safe & efficient drilling.
4. 4. Modern environmental design;
5. 5. Reduced engine emissions;
6. 6. Mobilization – self propelled;
7. 7. Able to continue to operate in rough sea
8. 8; All required Drilling supplies loaded onto vessel in Singapore;
9. 9. Operations can be supported by using local Palau companies / resources.

Smith also discussed the need for Palau authorities to implement the oil regulations and the process how Palau Energy will apply and get approval for a Permit-to-Drill. He also said that Palauan Authorities need to advise PE of its Environmental Standards for offshore Petroleum Drilling. The plan is to drill one test hole in the Velasco Bank to determine if there are commercially viable oil and natural gas reserves in the area. It takes two weeks to drill. The plan to conduct exploratory drilling in Kayangel has widespread support in this island nation. Those who support the plan to look for oil include political leaders, traditional chiefs, ordinary people, businessmen, environmentalists, and many others. President Remengesau, who previously opposed oil drilling, now said that Palau is open to those who want to want to drill or explore for oil as long as the law is followed.

### **Papua New Guinea businesses suffer high costs from crime and violence**

Post-Courier, August 15, 2014

A World Bank Group report released today says that eight in ten businesses in Papua New Guinea suffer substantial losses and security costs as a result of high rates of crime and violence, slowing business expansion and hampering the country's economic development. More than 80 percent of 135 companies surveyed said their business decisions are negatively influenced by the country's law and order situation, with crime significantly increasing the cost of doing business. The expense of avoiding criminal damage limits firms' ability to grow, deters start-ups, and imposes significant long-term social costs on the country. "Crime in Papua New Guinea constrains businesses and threatens to put the brakes on the economy," said Carolyn Blacklock, Resident Representative in Papua New Guinea for IFC, the member of the World Bank Group that focuses on private sector development in emerging markets. "Local firms not only struggle to be competitive as they seek to manage crime, but they also pass on these costs to consumers via higher prices, less choice, and the absence of new products and services. This is bad not just for business, but the economy as a whole."

The World Bank Group report, entitled "The Cost of Crime and Violence to Businesses," draws on a survey and interviews conducted with the local business community, and is the first study in the country to comprehensively assess the impact of crime and violence on local enterprise. The report finds that security in particular represents a significant and growing expense for businesses. 84 percent of the country's firms pay for security hardware, such as installing specialized gates and security alarms, which is 30 percent higher than the average in the East Asia and Pacific region. Hiring private security consumes on average five percent of firms' annual operating costs. Companies are also suffering direct losses averaging K89,000 (\$33,000) per year from stolen property and about

K71,000 (\$26,000) annually to petty theft by employees. 38.5 percent of companies reported closing their businesses early each day to avoid becoming victims of crime, resulting in losses of income estimated at an average of K93,000 (\$34,000) per year.

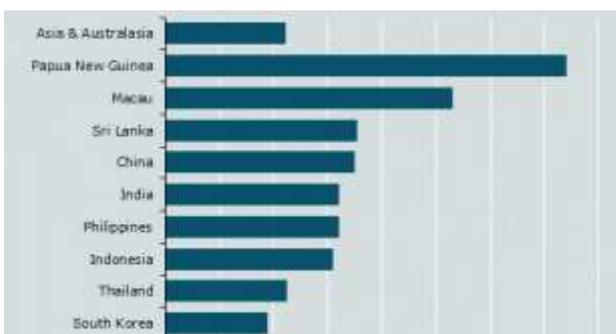
“Everybody in PNG is losing money and time to crime,” said Alys Willman, World Bank Social Development Specialist and co-author of the report. “While the report assesses direct losses from crime and violence, we can never calculate the investment foregone, the expansions to new products and areas that never happened, the number of businesses that never opened their doors, or the jobs that were never created because the costs of security were too high. These costs are all passed on to consumers – and everybody suffers.” Businesses are also worried about broader social costs, the report found. High levels of crime and violence create fear, which constrains the movements of staff and customers and stigmatizes the young, who are often seen to be perpetrators of violence and crime. Domestic violence, in particular, intrudes into the workplace, contributing to absenteeism and affecting morale and productivity of staff.

Official police data, and data from Government-led victimization surveys, suggests that crime has stabilized in the country over the last decade, though there are significant disparities across regions. There is evidence however that violent crime may be increasing as a proportion of overall crime, especially in recognized ‘hotspots’ such as the Western Highlands, Madang, Lae and the National Capital District. In Lae, incidence of violent crime more than doubled in 2010 compared with 2008. The World Bank report is part of its wider Research and Dialogue Series on the socioeconomic costs and drivers of crime and violence in Papua New Guinea. Carried out at the request of the PNG government, the report draws on an extensive review of existing data, a survey of 135 businesses conducted by the PNG Institute of National Affairs, in-depth interviews with business owners, and consultations with businesses and employees carried out from 2012 to 2014.

Key findings: · 67 percent of businesses that took part in the survey said crime was a major constraint on their business, a higher rate than in El Salvador (51 percent), Venezuela (60 percent) and Democratic Republic of Congo (63 percent). · 81 percent of businesses reported that their decisions to further invest in or expand their operations were affected by the country’s poor law and order situation; only 3 percent said that their decisions were not affected at all. · 84 percent of companies said they pay for security in the form of security personnel or hardware. This is significantly higher than the average of 52 percent for the East Asia and Pacific region. · More than two-thirds of businesses use private security services, which costs an average of 5 percent of their annual operating costs. About 30 percent of firms said that hiring private security accounts for at least 10 percent of their annual costs. · Businesses reported losing an average of K89,000 (\$33,000) per year to stolen property and K71,000 (\$26,000) to petty theft by employees. 38.5 percent reported closing early to avoid victimization, which cost an average of K93,000 (\$34,000) per year in lost earnings.

## **PNG economy tipped to be fastest in Asia**

Post-Courier, August 15, 2014



By GORETHY KENNETH

PAPUA New Guinea will be Asia's fastest growing economy in 2015, with a number of others, including Cambodia and Mongolia, growing faster than China. According to the economist intelligence unit (EIU) special reports, Asia's fastest-growing economy in 2015 will be a country that most investors will not have considered closely before. The *Economist* reports that Papua New Guinea tops the regional rankings with a GDP growth rate of 14.8 percent, owing to a huge increase in its energy exports as a giant new ExxonMobil-led liquid natural gas (LNG) project comes on stream. "Our prediction is that Papua New Guinea will be Asia's fastest growing economy with a GDP growth rate of 14.8 percent, owing to a huge increase in its energy exports," the EIU reports.

"It will be closely followed in the double-digit club by Macau, at 10.6 percent, where a series of new casino developments on the Cotai Strip should boost exports of gambling services – provided that a recent drop in earnings, caused by a shift in mainland-Chinese policies affecting the territory's gambling sector, proves to be temporary," the report said. "Asia will once again be the engine of global GDP growth in 2015, but the picture within the region is beginning to show signs of shifting. "In aggregate, we forecast that the region's economy will expand by 4.5 percent, the same pace that we expect to see in 2014. "However, as China's economic growth rate continues to slow, other countries will begin to compete for the title of regional star performer. The last shall be the first, and PNG is coming up."

There are 35 countries that make up the Asian economic region, which PNG is part of, according to the *Economist*, with leading nations Australia and New Zealand also included. Prime Minister Peter O'Neill last night told the *Post-Courier* that it was very pleasing to see investors from Asia and Europe having confidence in PNG and its economy. "It is pleasing to see that investors and leading economic commentators that they have confidence in our country and our economy," the Prime Minister said. "Our country has a very bright future but challenges remain and one of which is political stability that continues to be undermined by a very few self-centred individuals."

### **Ok Tedi mining earmarks K32m for village health services**

The National, 15th of August, 2014

PEOPLE in the North Fly district of Western, will continue to receive health services - thanks to the Ok Tedi Mining Ltd. The company has extended its funding of the North Fly health services development programme with K32 million for another five years to 2018. The health programme was OTML's initiative which began in 2009. During its first five years, it had significantly improved health services and standards in the district. OTML general manager employee and external relations Musje Werror said some of the significant improvements in important health indicators were malaria reduction from 316 in 2009 to 143 in 2013. Measles vaccination coverage increased from 39% in 2009 to 74% last year and supervised births from 65% to 82%, Werror said. "The decision to fund the programme for another five years will further boost the delivery of health services to the rural areas of the district," he said.

### **Landowners welcome Prime Minister's announcement**

Post-Courier, August 15, 2014

By ALFRED KANINIBA

Landowner leaders Sambu Kobi and Henry Kuku Kono have welcomed the Prime Minister Peter O'Neill's announcement that the Government will make outstanding payments to Juha and Hides landowners soon. The Prime Minister made the announcement when making IDG payments to landowners of Hides PDL 1 (K20 million), South Hides PDL (K15 million) and Angore PDL 8

(K12 million). Mr Kobi leader of the Yauwososo clan and Mr Kono chief of the Ulatie clan of the Phembi tribe in the Nomad District of Western Province expressed their gratitude to the Prime Minister for making this long awaited announcement. "August 14, 2014 will mark six years since the UBSA was signed and we have waited patiently to be paid our IDG and BDG grants. And the announcement by Prime Minister O'Neill to pay us does bring us joy and happiness as we have waited patiently and now the time has come," both leaders said in a statement. Mr Kobi and Mr Kono said the signing of the UBSA in Kokopo, East New Britain Province was done on August 14, 2009 between the Government, the developer Exxon Mobile and the affected area landowners.

They said however, that they had not received their BDG and IDG grants which for the past six years had totalled up to K55 million, at K11 million per year. Mr Kobi and Mr Kono said however that in 2012 some people had used a "paper company" and had defrauded the Government of K11 million which was "our money" and therefore we are now left with K55 million. "We condemn this incident and we do not want this to ever happen again. "And we are calling on the National Government and the Minister responsible to make sure that we are given our money according to the UBSA agreement," both leaders said. Both leaders said since independence their area in the remote corner of Western Province has not received much government services and this IDG and BDG payment would go a long way in helping to fund needed services in the area. "We thank Prime Minister O'Neill to honour the governments commitment because we have five well heads in our area," said the landowners.

### *Letter to the editor*

#### **Many suffering from Kutubu oil project**

The National, 15th of August, 2014

THE Kutubu Access Road (KAR) which starts from the Farita road junction to Kaimairi gate at Moro was built for one purpose. And that was to develop the Kutubu oil and gas reserves. The lower Poroma tribe is feeling the effects of the project while being spectators. Despite living within the corridors of the project area, people still struggle to get a portion of the share and feel the pinch of the business spin-off. Pollution in all forms is common in the Poroma area, especially noise and dust pollution. The thick rainforest which used to be major hunting ground has disappeared. The government and Oil Search limited must review their MoU for the resource development, create some bio-conservation areas and provide development projects under the tax credit scheme. Most importantly, they must accommodate Kutubu Access Road students on the Oil Search scholarship programme as we are part of Kutubu. If the pipeline landowners can benefit, why not accord a similar treatment for the KAR landowners? Fidelis James, UPNG

#### **NGO Blames Solomons Government For Gold Ridge Problems**

*FSII: Government 'miserably failed' forcing mine to cease operations*

HONIARA, Solomon Islands (Solomon Star, August 14, 2014) – Forum Solomon Islands International (FSII) says it would have been a different story if Prime Minister Lilo and his government took a professional approach to deal with St. Barbara's forced majeure situation. "The April flash floods which forced St. Barbara to abandon the Gold Ridge mine project created personal interests and conflict of interests amongst some of our leaders," FSII chief executive officer Benjamin Afuga claimed. "It would have been a different situation if PM Lilo and his cabinet took a robust but responsible and professional approach," he said. Mr Afuga said it is sad to have learned that the government "miserably failed" to fulfill its obligations as agreed by the Interim Working Group (IWG).

"The failure by the government has left St. Barbara in an awkward position; therefore it did what they did to reduce unnecessary costs, which seriously affect other stakeholders."

Mr Afuga also said reports from two paramount chiefs and principal landowners from the Gold Ridge mining area, Willie Roni and Sam Tiva, confirmed that there have been some elements of looting and removal of company properties on Tuesday. Chief Roni said they were called by some opportunists are removing properties. His colleague chief Tiva also confirmed their presence at the plant site. "I have witnessed what transpired and it is a regrettable sight to see people trying to get something from the site," chief Tiva said. Both chiefs reminded anyone trying to encroach into the plant site and other camps to keep out. GRML general manager Steam Barrie has said due to a number of factors outside of their control, a return to gold production is not going to be possible for a while. "Much of the site stabilization work has been completed and it is now necessary to reduce the workforce to a level more consistent with the current scale of activities. "Unfortunately this means that a number of employees will be made redundant this week," Mr Barrie said.

Mr Afuga said the situation GRML now faces was caused by the government, adding the situation is having an adverse effect on poor employees who depend on their employment with Gold Ridge Company to meet basic needs for their families. "What some of us experienced, witnessed and have been hearing is the consequence of our leaders' decisions. "If they would have taken a professional and considerate or holistic approach, nothing of this level will happen," he said. Mr Afuga also refuted claims that the government has shown commitment in the Gold Ridge project. "It is hypocritical to read the special secretary to the prime minister saying that the Gold Ridge mine is an important contributor to the economy. "The way things have emerged over the past 4 months does not illustrate anything near what we call commitment," Mr Afuga said. He said the prime minister and his cabinet should take the full blame for failing to set a level playing field or conducive environment to ensure the Gold Ridge mine reopens as soon as possible. He added the government has instead opted to "play games", which unfortunately turned out to be tampering the rate of goods and service deliveries in this country.

### **The newest assault on the worlds oceans, deep seabed mining**

PNG Mine Watch, August 14, 2014

*NGOs from Australia, Canada and India are calling for an international moratorium on deep seabed mining in light of the International Seabed Authority's (ISA) issuing of 7 exploration licences for deep seabed mining in international waters.*

Natalie Lowrey, spokesperson, Deep Sea Mining campaign: "The granting of these licences flies in the face of the precautionary principle. There is insufficient scientific data to understand the impacts of deep sea mining, there are no regulatory frameworks in place to govern mining operations and the capacity to enforce such frameworks does not yet exist. The issuing of exploration licenses must cease until these issues are addressed."

The 7 new exploration licenses have been granted to: UK Seabed Resources, a wholly owned subsidiary of Lockheed Martin the world's biggest defense company; the Government of India; Russian Ministry of Natural Resources; Brazil's Companhia de Pesquisa de Recursos Minerais; Ocean Mineral Singapore; Germany Federal Institute for Geosciences and Natural Resources; and Cook Islands Investment Corporation.[1]

Sreedhar Ramamurthi, Chairperson, mines minerals & PEOPLE, India said: "The issue of deep sea mining is not just for scientists and mining companies, the debate has to be much bigger. Is it morally viable? Is it environmentally sustainable? What is going to happen to the waste? What are the economic, social and cultural impacts on local populations in the areas they want to mine? They are

the same questions whether you are mining in the deep sea or on land.” “Currently the exploitation of resources, including the proposed exploitation of our deep seas, is dominated by politics and economics over environmental and social issues.”

Charles Roche, Executive Director, Mineral Policy Institute in Australia said: “Deep sea mining remains a highly speculative venture, undermined by a lack of understanding about both the questionable need for additional sources of metals and minerals as well as the potential impacts of underwater mining.” “Nation-states who have a strong involvement in the exploration and potential exploitation of our seabeds should also play a strong role in the development of greater marine protection.”

Catherine Coumans, Research coordinator, Mining Watch Canada said: “Organisations are also calling for a move to a circular economy where the emphasis is on resource efficiency, urban mining, long term product lives and strong repair, reuse and recycling policies. “It is imperative that we have an understanding about impacts before exploration or exploitation of deep sea mineral resources is permitted. That is why we are calling for an international moratorium on all deep seabed mining until marine park areas are established to protect deep sea ecosystems and risks are assessed and analysed.”

#### *Notes*

*[1] This brings the total of deep seabed mining exploration licenses granted by the ISA to 17. Twelve of these contracts are for exploration for polymetallic nodules in the Clarion-Clipperton Fracture Zone (Pacific Ocean) and Central Indian Ocean Basin. Three are for exploration for polymetallic sulphides in the South West Indian Ridge, Central Indian Ridge and the Mid-Atlantic Ridge. Two contracts for exploration-rich crusts in the Western Pacific Ocean*

### **PNG Offshore mining policy progressing**

The National, August 14th, 2014

By SHIRLEY MAULUDU

A draft policy for offshore mining is in place which will cater for seabed mining projects, Mining Secretary Shadrach Himata says. He said the draft policy would be brought before parliament for adoption first. “We do have a draft offshore mining policy. We hope to bring this to parliament for adoption by fourth quarter this year. Himata added that the draft policy was not yet a public document. “At this stage it is not a public document yet. “But consultation on this policy started in 2009,” he added. Himata made the statement after questions were raised to the Department of Mining following concerns by landowners of Solwara 1 project impact areas, stating that a sea mining act should have been in place before the government’s issuing of the licence to the developer.

Meanwhile, Mineral Resources Authority managing director Philip Samar said during the time when the mining act was formulated, no one ever thought that a seabed mining project would occur. However, he said the current license issued to Nautilus Minerals for operation of Solwara 1 was catered for in that act. “The definition of “land” for mining purposes under the mining act 1992 includes the offshore area being the seabed underlying the territorial sea and as such mining activities can take place.” Therefore, he said that there was no question about the national government’s issuance of the various mining permits to Nautilus Minerals.

## **Mt Kare gold mine owners warn of illegal reps**

The National, August 14th, 2014

LANDOWNERS at the Mt Kare gold project have warned civil servants and the developers to be wary of paper landowners who are trying to benefit from the project. Mt Kare landowners in Hela, said the gold project had long been influenced and manipulated by paper landowners who were supported by people with money and vested interest. The landowners from Heli, Ekanda and Pajaka, through their leaders and representative said during a gathering in Pajaka, in the Tagali local level government, said there were many paper landowners from Hela and Enga, that government agencies and the developer must be aware of. The leaders from Heli, Ekanda and Pajaka voicing their concern include councillor Ijika Tekei, Pora Malingi, Mark Tyliya, Tokoya Hapokaya, Aliali Andira, Harabe Mangobe and Patrick Pawa.

They asked civil servants and the developer to deal directly with the landowners in the villages. "The developer and the government must come to us in our villages and talk to us on the development of the project," Tekei said. "We, the legitimate landowners of the Mt Kare gold project, are not going around with papers knocking on government departments. "We are in our villages waiting for the developer and the government to develop the project and they must come to us." Tekei, who is the community relations officer for Barrick Gold, said the Mt Kare landowners had been affected by the illegal activities of paper landowners for so long. They want the developer to deal with the real landowners in the village.

## **Mt Kare landowners seek help**

The National, August 14th, 2014

THE Hela provincial government has been urged to pay K200,000 to help landowners of Mt Kare gold mine to form their umbrella association so they can benefit from the proposed mining project. The landowners, representing people from the Hela side, said they had the Mt Kare Resource Owners Association Inc in place and wanted the provincial government to fulfil its commitment. Interim chairman Ken Irabe said the association needed the funds to complete all the requirements to become an umbrella association. Irabe said the association would help the project developer in resolving issues that could hinder the plan.

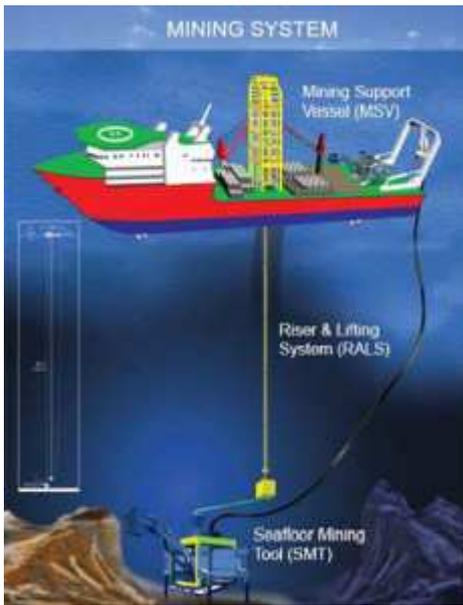
## **Nautilus emergency plan tells only half the story**

PNG Mine Watch, August 13, 2014

*Prospective Experimental seabed mining company Nautilus Minerals is trying to reassure the public about the safety of its proposed operations but is telling only half the story. No hazardous chemicals, no blasting and bio-degradable oils sound great... by why no mention of the 300 tonne remote controlled bulldozers that will be ripping up the seabed in a huge open-cut strip mining operation, creating massive clouds of dust and rock and destroying every living thing in their path? Come on Nautilus tell us the WHOLE story...*

Nautilus Minerals, the developer of the Solwara 1 Project is currently developing a Environment Management Plan and monitoring programmes for the project. According to Nautilus, this is a contingency plan to put to action just in case an unexpected incident occurs during the operation of the project that would require emergency response. However, Nautilus is committed to protecting waters and fish and will not use any hazardous chemicals during operation. Nautilus Country Manager, Mr. Mel Togolo said the operation will not produce tailings or neither waste will there be any blasting causing no concerns for wastes and damages to the environment. "All oils, fluids used in sub-

sea equipment will be Biodegradable, so in the unlikely event there is a spill, the impacts are kept low,” Togolo said.



In addition to this, Nautilus has also already carried out an extensive multi-stakeholder approach in preparing an Environmental Impact Assessment (EIA) and an EIS for Solwara 1 Project and was submitted to the Department of Environment and Conservation back in 2008. The assessment is to minimise environmental impact whilst maintaining overall biodiversity and ecosystem health and function. Meanwhile, things are moving closer to the commencement of operations with Nautilus currently in discussions with a short list of vessel providers to secure a suitable vessel for the sea bed mining project. Togolo said the vessel will be similar to an off shore construction vessel and they intend to secure the arrangements for a vessel by early November following which they will have a clearer understanding of when operations will commence. Currently the Seafloor Production Tools are over 90% complete and the Raiser and Lifting System is over 50% complete.

### **Mt. Kare: Reveal results of ‘land probe’**

The National, August 13th, 2014

By ROBERT TIKI

A WOMEN’S representative and member of the Kewa Terewan clan in the Mt Kare gold project area in Enga has called on the relevant authority to reveal the results of a land investigation study to clear the doubts of landowners. Agnes Tara said the major tribes and clans surrounding the project did not know who owned the portion of the land in the project site. She said Semmic Development Ltd has spent K130,000 to conduct the study but the outcome was not known. Tara raised the concern after a tribe in Hela claimed 60 per cent of ownership of the land. She said the legitimate landownership and percentage owned by each tribe and clan would be fully known by the developer. “Things will come for sure after the developer comes out to declare the legitimacy about landownership. That should be the right time to know which clans and people own the portion of the land,” she said.

Tara said it was premature for the Huli tribe to make unfounded claims. “How can a tribe like Huli claim to own such a portion of the land as the official declaration is not done?” She said the Mt Kare gold project had many landowners and major clans. She added that Semmic Development Ltd, which had completed its work, should come out publicly and declare and identify the real landowners and clans. Tara said the developer had spent a large amount of money but nothing to show for

it. “We haven’t seen good results on the ground as which people own the portion of the land. The real ‘papa graun’ are yet to be identified. This is bothering us,” she said. Tara called on the project developer to immediately declare and identify the landowners because such issues may lead to tribal conflicts and fighting.

### **Kurumbukari landowners to appear in court**

Joy Kisselpar, PNG Loop, Aug 13, 2014



Police in Madang say the four suspects arrested from Kurumbukari will appear before the committal court this week on charges of arson, and damaging private property. Madang Chief Police Inspector Ben Neneo says the four were arrested last week after land owners put fire to machines belonging to the developers of Ramu Nickel mine. “I understand the landowners are frustrated over promises made to them that were not delivered,” he says. Neneo says the situation on ground has quietened but police are keeping an eye on things. Nine excavators, a fuel truck and a lighting vehicle were burned during the attack.

### **Why Bougainville landowners oppose Rio Tinto’s return**

Dr Kristian Lasslett, International State Crime Initiative via PNG Mine Watch, August 13, 2014



Photo: Clive Porabou

Once more Rio Tinto subsidiary Bougainville Copper Limited (BCL) is in the headlines, after the Autonomous Bougainville Government (ABG) passed transitional mining legislation that seemingly continues the momentum towards the re-opening of the Panguna mine.

The legislation has provoked strong condemnation from the landowning communities that will be directly impacted by the mine's prospective reopening. They fear BCL's return is now unstoppable. Their opposition has been given powerful form in the Parakake Resolution, and in the poignant commentaries written by the Nasioi people's own organic intellectuals, such as Chris Baria.

Bougainville's President John Momis has dismissed this opposition on Radio Australia; he claims it is being stirred up by certain backdoor mining interests.

While it is hard to know whether a particular individual has or has not signed a MOU, as Momis claims, the vast majority of people in the mine affected areas have no interest whatsoever in these backdoor players. Their opposition is principled and rooted in a history that is yet to receive the public attention it thoroughly deserves, and which if recognised would provide essential context, missing from current debates.

At the bare minimum this history extends back to BCL's so called 'alleged' involvement in PNGDF military operations that were conducted during 1989-90, after the mine was closed by landowning communities through a campaign of industrial sabotage (although this essential history goes further back still, to the mine's construction and operation, including its seismic impact on land, environment and culture).

This remains an extremely emotive issue on the ground in the mine area, because these military operations were replete with some of the most atrocious war crimes imaginable. Indeed, they were so graphic, and so horrible, it would be insensitive to describe them here – as I have learnt the trauma survivors endure is foreboding and ever-present.

Nevertheless, respected regional commentators have cast doubt over these allegations levelled against BCL. For example the celebrated ANU scholar, Anthony Regan – who was contracted to draft the controversial mining law passed through Bougainville's parliament last week – noted in 2003, 'despite some claims to the contrary, there is as yet no credible evidence that BCL took any direct part in the [military] operations against the BRA [Bougainville Revolutionary Army]'. Regan maintains this position today, stating 'credible evidence is yet to emerge. Perhaps such evidence will emerge one day, but I'm yet to see it'.

Regan is a lucid and perceptive commentator with a strong devotion to the region, so it is difficult to understand how he, and other regional experts, can maintain this position, when so much compelling evidence is now publicly available, and presented in a range of scholarly publications. Nevertheless, given the serious doubt regional experts have cast over these allegations, it is perhaps understandable that the media has failed to give them much credence.

In that light it is worthwhile bearing witness, once more, to the robust empirical evidence charting BCL's past conduct, hyperlinked where possible to the *primary sources* (it should be emphasised here, because there appears to be confusion, this evidence has primarily emerged from independent fieldwork, and is not *in any way* reliant on affidavits produced for a US class action against Rio Tinto).

- On 26 November 1988, the day after landowner leaders initiated a campaign of industrial sabotage, BCL petitioned the government to deploy Mobile Squad units, to deal with these 'acts of terrorism'. This was a high-risk move given the Mobile Squads' human rights records. According to one BCL General Manager interviewed in 2006, they were aware of the risks: 'We knew the riot squads were heavy handed, that was well known in PNG. That's how they worked. If you threw a rock at them you would get ten rocks thrown back. They were very heavy handed in the way they handled disputes in the Highlands ... We knew that the heavy handed thing wouldn't work if they were there [on Bougainville] long term. It was a case, somebody has to come. They were the only ones that could come, and put a lid on this thing before it got out of hand'.
- When Prime Minister Namaliu informed BCL's Chairman, Don Carruthers, that his government wanted to send a peace delegation to Bougainville – as opposed to active

deployment of the Mobile Squads – the Chairman threatened to withdraw Rio Tinto investment from PNG. In a memorandum to company directors dated 6 December 1988, the Chairman states: ‘The PM’s priority was to “appease” the landowners. I expressed the view that CRA [Conzinc Rio Tinto of Australia] would want to review its assessment of PNG as a place to invest. In all, it was an unsatisfactory meeting’. BCL’s Chairman also complains to company directors that the PNG government appears ‘unwilling or unable to assert its authority’ on Bougainville.

- In June 1989, following a Cabinet reshuffle, the PNG government declared a state of emergency, which paved the way for a PNGDF offensive to reopen the mine, and rout the Bougainville Revolutionary Army. BCL was informed by PNG’s Minister for State that the PNGDF was prepared to employ ‘brutal firepower’. The first offensive, operation *Nakmai Maimai*, began on 3 July 1989. According to evidence provided by BCL’s own executives team from this period, extensive logistic assistance was provided to the armed forces.
  - One General Manager from the 1989-90 period observed in an interview conducted during 2006: ‘The reality was, “we [PNGDF/RPNGC] can’t do our thing because we haven’t got vehicles”. So we’d give them vehicles. “Ah we haven’t got radios so we can’t communicate”. So we’d give them two way radios. “Ah we can’t support our men over here, we haven’t got enough provisions”. So we’d put them in the mess, we’d feed them in the mess, we’d provide them with accommodation. We did everything they asked of us to make their life more comfortable, and better able to manage through, with transport, communications, provisions, whatever, fuel. You know we gave them everything, because as far as we saw it we were hoping that they were going to solve the situation, so we could start operating again. So we supported them every way we could’.
  - This testimony is corroborated by a senior official from PNG’s Prime Minister’s Department also interviewed in 2006: ‘We relied heavily on some of the civilian facilities provided by the company. They did everything, I mean we spent lots and lots of money, to provide backup support services for the operation, but the defence force was not properly equipped at all’. A senior PNGDF officer involved in the operation confirms, ‘the support of the mine was so significant, it augmented where the national government was lacking’.
  - The above oral testimony coheres with information included in affidavits provided by the former Commander of the PNGDF, Jerry Singirok, in addition to PNGDF intelligence officer, Yauka Aluambo Liria.
- Over the course of 1989-90, BCL regularly met with PNGDF commanders and PNG government officials to discuss the counterinsurgency operations. During one meeting which took place on 13 July 1989, BCL’s Managing Director told PNG’s Prime Minister, ‘offensive activities OK and should continue’. He also identified targets to be ‘apprehended’, including the prominent Chief, Damien Dameng who BCL’s Managing Director describes as ‘the charismatic cult leader’. An example of the strategic discussions frequently held with the PNGDF command can be viewed here.
- When BCL’s Chairman, Don Carruthers, was informed a military blockade was to be placed around Bougainville, cutting off all goods and services (this included medical aid), he is alleged by Sir Michael Somare to have said ‘[let’s] starve the bastards out’ (current Bougainville President John Momis has also made a similar allegation. A senior BCL manager interviewed in 2006 outlines two central concerns underpinning this alleged support for the blockade, ‘there were two things we were worried about. One was the ability of the militants to get more weapons to increase the level of their militancy. And the second was that there was always these threats that they were going to sell off the mine equipment’.

It is incredible to think in light of this powerful oral testimony and documentary evidence from a range of highly credible sources (i.e. senior BCL managers, PNG government officials, PNGDF officers, BCL internal records), which are detailed in full here, that these accounts have failed to be

included in the most recent public debate (although it is very much part of discussions at the village level). Indeed, certain journalists have implied the allegations against BCL are so tenuous, they have reached a point where they can 'be put to rest'.

Of course at Panguna people need no reminding of BCL's role, they still remember the hum of BCL trucks laden with PNGDF troops, coming down the road to torch their villages.

Yet in a curious twist Bougainville's President has often said it is the communities in the mine-affected region who have specifically petitioned his office to have BCL returned as the mine's preferred operator. The phrase 'better the devil you know' has been put on high rotation; sadly those who should know better often quote this phrase as if it is axiomatic at the village level.

It is not. In fact I have never come across a villager in the mine-affected region who uses this phrase in support of BCL's return, indeed so raw are the scars that even the notional prospect of BCL's return tends to elicit panic and near universal condemnation. Whoever presented this view to the President (we are yet to find out), was not accurately relaying the beliefs widely held within the mine affected communities.

Compounding the confusion, journalists rarely travel to these villages, relying instead on media releases and political statements. When they do, as the intrepid Antony Loewenstein discovered, a very different narrative emerges, one seared by a great yearning for cultural sovereignty and self-determination, underpinned by a painful history of dispossession and marginalisation.

Indeed, these are not a people who suffer from a 'lack of understanding', as certain leaders have claimed (coupled to this, it has also been implied rural communities lack the 'expertise' to determine what is in their own best interests). Villagers in the mine-affected area have a breathtakingly nuanced understanding of their past, and they fully recognise the complexity of the conjuncture they are currently faced with. It must also be said, these people are not dupes being manipulated by foreign activists (which is another condescending allegation circulating in the media); they have witnessed first-hand the destructive consequences of believing grandiose promises delivered by outsiders with ulterior motives, and as a result have an unwavering belief in the strength and vitality of their own wisdom (and quite rightly, too).

So it is time to pause for a moment, and truly listen to the voices of Panguna. It is time to bear witness to their suffering, and to hear their cries for justice. It is time to move beyond the sleek soundbites supplied by governments and miners, and *actually* study the primary evidence and *actually* visit the communities, to allow them to speak for themselves. It is time for BCL and its parent company, Rio Tinto, to acknowledge the past and to atone without strings.

It is time for truth, it is time for justice, and it is time to respect the dignity of the land's custodians; a dignity which so many, have sacrificed so much for.

*Article and footnotes are available here: <http://ramumine.wordpress.com/2014/08/page/9/>*

## **Bougainville Mining Company Seeks Legal Advice On New Law**

*Rio Tinto was stripped of mining license, lease by ABG*

By Radio Australia's Jemima Garrett

MELBOURNE, Australia (Radio Australia, August 12, 2014) – Rio Tinto subsidiary Bougainville Copper Ltd (BCL) is taking legal advice after Papua New Guinea's autonomous region of Bougainville stripped the company of its exploration licences and the lease on its mine. The company's Panguna copper mine used to be one of the biggest in the world but it was closed in 1989 after it became the spark which ignited a civil war. A new Mining Act passed by the Bougainville parliament on Friday devolved power to regulate mining to Bougainville. It also stripped BCL of its seven exploration licences and its special mining lease over the Panguna mine site. "I can't say I am very pleased," said BCL Chairman and Managing Director Peter Taylor, speaking to Radio Australia's Pacific Beat program from Port Moresby. "It is not the way I would have preferred to have progress the possibility of re-opening the mine," he said.

The company is left with just one exploration licence, over the mine site itself. There are other areas like the port and the access road that are not covered by the licence. "What we have been delivered, I am told, is an exploration licence over a part of the former land that we had for mining purposes," Mr Taylor said. "I am not sure that is enough. "Whatever people's view of the project's value is, and it definitely has a pretty high value, this essentially puts an end to that value. "At this stage there is no decision being made to take legal action but the company BCL is obviously taking advice. "I wouldn't dismiss (it) although it is not my preferred way of moving forward, my preferred way of moving forward is to negotiate an outcome," he said.

### **Landowner negotiations**

Bougainville's President, John Momis, said landowners would not let the BCL back to Bougainville without the legislation. The BCL Managing Director says the move pre-empts talks already underway with landowners. "The way we have been proceeding is through negotiations," he said. "We have a body that has been set up and it has met at least ten times to discuss the future of the mine and that was proceeding rather well, I thought." The talks include landowning groups, the PNG government, the Autonomous Government of Bougainville, and BCL. "The progress that we were making at the joint meeting suggested to me that the majority of landowners did want the company back as the operator, that they did want the mine re-opened," Mr Taylor said. Some landowner groups still believe BCL has too much power.

"This mining Bill will likely lay the foundations for another Bougainville crisis," the Panguna Veteran's Association said in a statement shortly before the new Mining Act was passed. "Rio Tinto/BCL owned and controlled our minerals before and it led to the war. Under this Bill, Rio Tinto/BCL owns and will control our minerals. "Why would the result be any different this time?' the statement asked. An Order of Magnitude Study (OMS) completed by BCL in 2012 found the resource at Panguna still contains over five million tonnes of copper and 19 million ounces of gold. The capital cost of getting the mine running was put at \$US5.2 billion.

### **LNG: Landowner gets high court reprieve**

Post-Courier, August 12, 2014

By TODAGIA KELOLA

*A PRINCIPAL customary landowner of the rich Angore oil fields, who was barred by the National Court from going within 200 metres of his own ancestral ground, has successfully obtained leave in the Supreme Court to appeal his predicament.*

Hari John Akipe was taken to court by Esso Highlands Limited, the subsidiary company of Exxon-Mobil and the developer of the PNG LNG gas project in May 2013, on allegations of him and his relatives interfering with Esso's contractual relations with its contractors and employees in the construction of the gas pipeline in PDL 8 area in Angore, Southern Highlands Province. Mr Akipe personally fronted up at the *Post-Courier* office last week to express his joy in obtaining leave to appeal the decision. He said he is relieved now that he can challenge the decision that has made him a "modern day refugee" in his own tribal and ancestral land. "For almost a year and a half, Exxon-Mobil, through its subsidiary Esso Highlands Limited, has restrained me from going to my ancestral land, by taking out a restraining order from the National Court, banning me from going to my land, in doing so I as the principal landowner of the well pad, have missed out on environmental damage and compensation for early works, missed out on spin-offs and risk the potential benefits of the gas proceeds," he said.

Esso Highlands, after filing the writ of summons in May 2013, obtained interim restraining orders against Mr Akipe, stopping him from coming within 200 metres or entering upon land within the Angore project in the Hela Province, approaching vehicles which employees of the plaintiff or the

employees of the plaintiff's contractors are travelling on, intimidating, coercing or making threats by word of mouth, letter, telephone, email or otherwise against the plaintiff, its contractors and their respective employees; or preventing, interfering or attempting to prevent or interfere with the plaintiff, its contractors and their respective employees. The interim order was obtained ex-parte (that is without Mr Akipe's knowledge and presence). A motion was filed by Mr Akipe to set aside the interim restraining order but it was refused by the same Court. By the time Mr Akipe was going back and forth to set aside the interim restraining order, he had gone past the required time for him to file his defence. Mr Akipe then filed an application to file his defence out of time. The same Court that granted the interim restraining orders refused Mr Akipe's application to file his defence out of time prompting him to appeal the matter in the highest court of the land, which gave him the greenlight to take his fight further.

### **Buy out for Frieda to close soon**

The National, August 12th, 2014

PANAUST'S acquisition agreement for Glencore Xstrata's Frieda River copper-gold project is expected to close this month after clearing conditions precedent. The sale was conditional on applicable regulatory approvals, including from China's Ministry of Commerce, for Glencore's merger with Xstrata. Following completion of transaction in two weeks' time, PanAust will have an 80% interest in the project, with Highlands Pacific holding 20%. The PNG government has a right to acquire up to a 30% interest which, if exercised to its full extent, will reduce PanAust's stake to 55%. Under the agreement with Glencore, PanAust will pay an initial consideration of US\$25 million (K61.2 million) on transaction completion and reimburse Glencore for its expenditures on the project since November 2013. A further payment of US\$50 million is scheduled to be paid to Glencore in December 2015. Glencore will receive a 2% net smelter return royalty on PanAust's interest in the project upon successful mining at the site.

The royalty component of the payment scheme will aggregate to US\$50 million. PanAust will be responsible for all costs incurred by the joint venture with Highlands in finalising the definitive feasibility study. It will solely fund costs of maintaining the project and its community relations programmes up to the time of lodgement of mining lease or special mining lease application. Xstrata's feasibility study, delivered two years ago, envisaged throughput of up to 64 million tonnes per annum but PanAust had since confirmed it would pursue a smaller-scale project. Mill feed of 430Mt at 0.54% copper and 0.3 grams per tonne gold was assumed for average annual production of more than 100,000 tonnes of copper and 160,000 ounces of gold in concentrate at cash costs of about US\$1.25 per pound over an 18-year mine life. Required development capital has been estimated in the range of US\$1.5-1.8 billion. PanAust is aiming to complete the feasibility study in mid-late 2015. – PNG Industry News

### **Solomons Gold Mine To Remained Closed, May Be Sold**

*Gold Ridge has been out of commission since flooding four months ago*

WELLINGTON, New Zealand (Radio New Zealand International, August 11, 2014) – Solomon Islands troubled Gold Ridge gold mine is to stay closed at least until next year, and could be sold. The mine has been shut for more than four months after it was flooded during the storms in early April and the owner, Australian company, St Barbara, flew all its expatriate staff out of the country. Those workers were excluded by Solomons' authorities from returning until about two months ago. The company has now laid off all operational staff and indicated other workers could also go. The special secretary to the Prime Minister, Dr Phillip Tagini, says work to stabilise the mine's tailings' dam will take at least until the end of the year. "I think we still think that Gold Ridge Mine is an

important contributor to the economy. Everybody all the stakeholders the government the land owners, Gold Ridge mine are fully aware of the need to have an understanding about the future of the mine, to have proposal on accepted agreement which serves the best interest of all the stakeholders," says Dr Tagini. St Barbara says it is considering its options and it could sell the mine.

## Welcome to the PNG Mining Cadastre Portal

PNG Mine Watch, 11 August 2014



The Mineral Resources Authority of Papua New Guinea and Spatial Dimension have developed a Mining Cadastre Portal to improve transparency and promote investment in the Papua New Guinea mining sector. Click on a tenement in the map to view detailed information or use the search functionality to search by tenement code or company name. (See: <http://portal.mra.gov.pg/Map/>)

## Bougainville Mining Law Cancels Rio Tinto's Licenses

*Panguna miner stripped of exploration rights, mining licenses, lease*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, August 11, 2014) – Rio Tinto subsidiary Bougainville Copper has been stripped of all its exploration and mining licences by the Bougainville Government. The company's Panguna mine was once one of the biggest in the world but it was also the spark that lit a decade-long civil war in the 1990s in which 20,000 people died. Bougainville's parliament initiated the move when it passed a new Mining Act on Friday. The legislation devolves power to regulate mining from the Papua New Guinea government to Bougainville's Autonomous Government but at the same time it strips Bougainville Copper Ltd (BCL) of its seven exploration licences and its special mining lease over Panguna. Although the company retains first right of refusal on negotiations to operate the mine, the legislation will put the Bougainville Government in a stronger negotiating position.

"We have invited them to come and negotiate with us and if they don't meet our mutually acceptable terms then they are welcome to go," Bougainville President John Momis told Radio Australia's

Pacific Beat. "That is the only thing they have; first right of refusal." President Momis says the decision to cancel the licences came after wide-ranging consultations with the community on Bougainville. "If we didn't [cancel the licences], the landowners and the ex-combatants wouldn't have allowed BCL to come back," President Momis said. Some ex-combatants and grassroots groups are worried by the legislation. "This mining Bill will likely lay the foundations for another Bougainville crisis," the Panguna Veteran's Association said in a statement shortly before the Act was passed. "Rio Tinto/BCL owned and controlled our minerals before and it led to the war. "Under this Bill, Rio Tinto/BCL owns and will control our minerals - why would the result be any different this time?" The chairman of the Me'ekamui Government of Unity, one of the groups descended from those started by civil war leader Francis Ona, is also concerned. "This is a dangerous and destabilizing move and is not acceptable to the Me'ekamui," Philip Miriori said.

President Momis says the critics who believe the new legislation leaves too much power in the hands of Rio Tinto and Bougainville Copper have been given the inaccurate information. "The critics are totally wrong - we have stripped Bougainville Copper of all powers," he said. "I think [the critics] are being misled deliberately by outsiders who have a vested interest." Some landowners groups have signed agreements with small unregulated mining companies. Bougainville is due to hold a referendum on independence between 2015 and 2020. Landowners and other groups that support mining see it as one means to obtain the economic self-reliance needed to have a real choice in the referendum. Earlier this year, Mr Momis told the Australia Papua New Guinea Business Forum, he was not assuming that the Rio Tinto-owned copper mine on Bougainville would re-open or that Rio Tinto or Bougainville copper would be the operator. However, now Mr Momis says extensive consultations have shown that landowners prefer to deal with BCL rather than a new potential operator. "They talk of preferring the devil they know and not a new devil," he said.

### **Bougainville President hails mining law**

Dateline Pacific, Monday 11 August 2014; Transcript

*Bougainville passes a transition mining law, which the ABG says ensure the landowners own their resources.*

*The Bougainville Government says a new mining law in the autonomous Papua New Guinea province will ensure landowners own the resources on their land. The Bougainville Transitional Mining bill became law on Friday and formalises the province's control of its own resources as laid out in the Bougainville Peace Agreement. It means that national PNG mining law no longer applies, eliminating the Bougainville Copper Agreement under which Bougainville Copper Ltd (BCL) ran the Panguna mine for 20 years up to the civil war. President John Momis told Don Wiseman it is an historic development.*

JOHN MOMIS: It means that henceforth, we will have a good mining law that will protect the interests of the landowners and of course which of the developer that reaches an agreement will the landowners and the ABG [Autonomous Bougainville Government], who develop the resources. And the major thing is that we have now legally given the landowners the right of ownership. And I think this is the first time anywhere in the world where any government legally gives a right of ownership to the landowners.

DON WISEMAN: What is it that landowners own under this law?

JM: The landowners own all the resources in Bougainville. And any developer that wishes to develop the resources must have the consensus of the landowners otherwise it won't happen. Not even the government of Bougainville owns resources. It's the landowners.

DW: So the landowners will sit down in any negotiations with the likes of say a BCL before anything is agreed?

JM: That's right, yes. We have a negotiation programme comprising of many, many, many people that represent different factions, including the ABG, land-owners, women, churches and others.

And it is this negotiation forum that gives clear directives to negotiate on our behalf, to negotiate with a developer.

DW: It's called transitional, so what does that mean?

JM: Well we are still working on environmental, the provision for environmental standards, safety standards, and hopefully by the end of the year, or January next year we will have the complete mining law passed.

DW: I know we've had a lot of discussions on this, and there has been a lot of consultation across Bougainville, but I also know that there remains some disquiet with some. Are you concerned about that?

JM: No, not really. We have an obligation as a government to lead what we have done in our consultation and we will explain. We will take measures now to embark on a massive awareness programme. None of these, we've had to have this transitional law, is to prevent foreigners who come here and go straight to the landowners and sign all kinds of MOUs and MOAs and create high expectations without any real commitment. And also they don't come through the front door. From now on, any dealing with the people must come through the ABG. Anything else will be prohibited.

DW: You must feel pretty pleased to have reached this stage?

JM: I am very pleased. And I think once you explain things to the landowners, they will be very happy. They have been misled by some of these people who come through the back door, who have the support of some of our locals who are not really genuine. It is for personal economic interest that they are courting them.

## **Bougainville House passes historic mining bill**

PACNEWS, August 11, 2014

The passing of the Bougainville Mining (Transitional Arrangements) Bill 2014 by Bougainville Parliament on Friday was an historic occasion for the Autonomous Region. The bill's passing completes the drawdown of mining powers from the national Government. The symbolic and practical significance of this event is clear – the 10-year Bougainville Conflict was sparked by the giant Panguna Copper Mine which was closed down by dispossessed landowners. As such, mining is an emotive issue for Bougainvilleans with up to 20,000 having died as a result of the Conflict. The bill, in its fourth draft when passed, is the result of comprehensive community consultation, including wide-ranging forums and workshops. It has been a long battle for Bougainville President John Momis who, with his team, has developed and pushed forward the bill over the past two years, changing it and tailoring it to fit the needs and expectations of the greatest possible amount of Bougainvilleans.

Despite this, not all are satisfied, with an angry protest being held outside Parliament last Tuesday when the bill was originally supposed to have been put before the House. But the president strenuously defended it, saying "I firmly believe that what we have done has been practicable". He explained it is a "transitional law" and that the long-term law is still being developed. Momis said he expects the final bill to be ready by early next year after further community consultation. In a stirring speech to Parliament on Friday, the president said "as we all know, Bougainville has bitter experience with previous mining laws that were applicable to Bougainville". After outlining the ills caused by of past mining laws imposed upon Bougainville, he went on to say "mining can occur only if it is done in ways that respect our people's rights, brings as many benefits as possible and does the least amount of damage to our land, environment and culture". The bill is considered a world-first in the unprecedented rights it gives to landowners. "We are especially proud that the bill is completely unique in the world in the focus it gives to protecting the interests of the people of Bougainville," Momis said. "Customary owners will have many rights."

FINAL DRAFT COPY ABG Transitional Mining Bill 20 May 14:

<https://ramumine.files.wordpress.com/2014/08/20140804-final-draft-copy-abg-transitional-mining-bill-20-may-14.pdf>

### **Ramu Nickel: Forecast not affected**

The National, August 11th, 2014

Ramu NiCo's annual forecast production for this year will not be affected following attack on it's employees by locals recently. The Chinese owned nickel mine in Madang, which was shut for a few days following an attack by armed villagers, should still be able to meet its target of 22,000 tonnes of nickel this year. Highlands Pacific Ltd said that the operator has advised Highlands that it does not anticipate the incident will have any material impact on its production. Highlands said that the US\$2.1 billion (K5.14b) Kurumbukari mine was attacked by villagers last Monday, who caused AU\$ 4 million (K9m) in damage to mining and office equipment. The company said that the mine, operated by Ramu NiCo, which is majority owned and run by Metallurgical Corporation of China Ltd would be shut for four to five days, while the Basamuk process plant would continue to run.

### *Excursus II*

#### **Tailings Ponds are the Biggest Environmental Disaster You've Never Heard Of**

By Peter Moskowitz, VICE, August 8, 2014

The scale is hard to imagine: gray sludge, several feet deep, gushing with the force of a fire hose through streams and forest—coating everything in its path with ashy gunk. What happened on Monday might have been one of North America's worst environmental disasters in decades, yet the news barely made it past the Canadian border. Last Monday, a dam holding waste from the Mount Polley gold and copper mine in the remote Cariboo region of British Columbia broke, spilling 2.6 billion gallons of potentially toxic liquid and 1.3 billion gallons of *definitely* toxic sludge out into pristine lakes and streams. That's about 6,000 Olympic-sized swimming pools of water and waste containing things like arsenic, mercury, and sulphur. Those substances are now mixed into the water that 300 people rely on for tap, hundreds from First Nations tribes rely on for hunting and fishing, and many others rely on for the tourism business. "It's an environmental disaster. It's huge," said Chief Ann Louie of the Williams Lake Indian Band, whose members live in the Cariboo region and use the land for hunting and fishing. "The spill has gone down Hazeltine Creek, which was 1.5 meters wide and is 150 meters wide... The damage done to that area, it'll never come back. This will affect our First Nations for years and years."

The waste came from a "tailings pond," an open-air pit that mines use to store the leftovers of mining things like gold, copper, and, perhaps most notably in Canada, the tar sands—the oil-laden bitumen composites that have made the Keystone XL Pipeline so controversial. The term "pond" can be a little misleading, as the structures can grow to the size of Central Park. As Canada's industry-friendly government has sold off hundreds of square miles of forest for mining over the past few years, toxic tailings ponds have become a regular feature of once-pristine Northern Canadian landscapes. Environmentalists say they're disasters in the making, and they say the Mount Polley spill is proof. While this week's incident was notable for its size, Canadian environmentalists and indigenous activists say it may be a sign of things to come for the country, and perhaps the rest of the world as well, as mining for everything from rare earth metals to coal increases globally. "Any time you rely on a dyke to contain something, whether it's water or tailings, it's going to fail some day, sooner or later," said Henry Vaux, a resource economist at the University of California Riverside. "To think they're bullet-proof is to fool yourself."

It's too early to tell just how extensive the damage from the Mount Polley mine is, but environmentalists like Mining Watch Canada's Ramsey Hart are calling it an "environmental catastrophe," bigger than the country has seen in years. The tailings pond contained up to 85,000 pounds of lead, 152 tons of copper, and about 1,000 pounds of mercury, among many other heavy metals and potentially toxic substances, according to a government report. Now, many of those metals may be sitting in lakes and rivers, including one that's home to one of the biggest salmon populations in the world. Brian Kynoch, the president of Imperial Metals, which owns the mine, tried to calm an angry crowd at a meeting near the disaster area on Tuesday by saying the water was likely safe. "I'd drink the water," he said.

But those who live in the sparsely populated area near the mine aren't taking his word for it. They say the area is now completely ruined for drinking water, hunting, and fishing. "Our economy swims in the river and walks by the ground," said Chief Bev Sellars of the Soda Creek First Nations Tribe. "There's not any amount of money in the world that's going to fix what's happened." First Nations communities near the Polley mine say they're devastated by the loss of the habitat, but some say they saw it coming. A 2011 report commissioned by two First Nations tribes and funded by Imperial Metals found that the tailings pond was structurally deficient to hold as much waste and water as it did. In 2012, the British Columbia Ministry of the Environment found the Mount Polley mine had failed to report that the pond was holding more water than it was legally allowed to.



Photo by Dru Oja Jay, Dominion, via Flickr

"We had concerns specifically about the tailings ponds for years," said Sellars. "I hate to say it, but it wasn't a total surprise to us." The size of the Mount Polley mine breach may be unprecedented, but whether it's gold and copper mining in British Columbia or tar-sands mining in Alberta, the environmental impact of the process has become a near-constant controversy in Canada under Prime Minister Stephen Harper's Conservative Party government. In 2006, his first year in office, Harper declared his intention to make the country an "energy superpower," and he's done just that: Canada is now the fifth-largest oil producer in the world, thanks mostly to tar-sands mining in Alberta.

More than 1,000 square miles of land, including rare boreal forest, have been turned over to energy companies to mine for tar sands (which are not actually made of tar but bitumen). The viscous, oil-rich sands are processed using a variety of toxic chemicals and the leftovers are put in tailings ponds, which currently take up about 70 square miles in Alberta.

The tar sands could grow to 50 times their current size if Harper's government gets its way. If they did, the development would rival the state of Florida in size. "Massive areas have essentially been transformed into an industrial sacrifice zone," said Ramsey Hart. While it's relatively rare for a tailings pond to fully collapse like the Mount Polley one did, researchers say that tailings ponds near the tar sands also have the potential for environmental disaster—just a slower, less visually compelling one. Research from Canada's environmental agency has shown that tailings ponds in the tar sands region have leached potentially deadly toxins into land and groundwater, and First Nations tribes and environmentalists have blamed those leaching chemicals from the tar sands on rare cancer clusters. The issue extends far beyond Canada. There are an estimated 3,500 tailings ponds worldwide.

And thanks to lax government regulation in the US, an estimated 39 percent of tailings-pond dam failures happen in the states — a rate higher than anywhere in the world. Just six months ago, a pipe at a coal slurry pond in North Carolina opened, leaching 1.1 billion gallons of sludge into a river. The problem in Canada, the US, and elsewhere is that no one knows exactly what to do with these ponds. Much of the sludge they contain is too toxic to remediate and let back into the environment. As of now, the plan is to just let them sit there and hope they don't fail. Many of the ponds will likely exist long after their corresponding mines close, and therefore long after the people who were financially responsible for them are nowhere to be found. "There's really no long-term plan for these tailings ponds, and that's where the risk comes in," said Hart. "These places might be there forever."

### **Production At Ramu Nickel Mine Restarts After Attack**

*Locals upset over hiring of Chinese workers for mine*

WELLINGTON, New Zealand (Radio New Zealand International, August 8, 2014) – The Chinese-owned Ramu nickel mine in Papua New Guinea has resumed production three days after an attack by armed villagers forced work to a halt. The Reuters news agency reports a Chinese embassy official in PNG confirming the resumption following an attack in which equipment including nine excavators, a fuel truck and a lighting vehicle were burned and five Chinese workers injured. The two billion US dollar mine is operated by Ramu NiCo, which is majority owned and run by Metallurgical Corporation of China Ltd. The Chinese embassy in PNG says police assisted in restoring calm following the attack. The embassy has made an urgent request to the PNG government to take immediate measures to prevent the violence from recurring and ensure the safety of Ramu NiCo personnel and properties. Local media reports indicate that the attack may have been sparked by local concerns about the company's hiring policies for mine workers, many of whom are Chinese.

### **New Caledonia Southern President Cancels Nickel Deal**

*Michel says export agreement with Vale, Eramet is illegal*

WELLINGTON, New Zealand (Radio New Zealand International, August 8, 2014) – The new president of New Caledonia's southern province has cancelled a deal with two major nickel companies to explore a huge ore deposit. Philippe Michel says last April's memorandum of understanding with Eramet of France and Vale of Brazil is illegal on five counts, breaching processes and conventions.

Mr Michel also says it involved a secret deal between the two companies and his predecessor, Cynthia Ligeard, who this year has become the president of the territorial government. The agreement being stopped was for a four-year study of the Prony and Pernod nickel ore deposits in the south of the main island which were estimated to contain three million tonnes of nickel to be mined over 50 years. It proposed that a joint venture company be formed, in which the provincial government would be the biggest shareholder.

### **Seabed miners sign with East New Britain government**

Freddy Mou, PNG Loop, Aug 8, 2014



Nautilus Minerals Ltd has signed an agreement with the East New Britain Provincial Government to strengthen the partnership between the two parties. Nautilus Minerals country manager Mel Togolo in a statement said the memorandum of understanding (MOU) signified the commitment to and the continuation of a positive working relationship between the ENB Provincial Government and Nautilus Minerals. “The MOU provides a framework for on-going cooperation between the ENB and Nautilus Minerals to achieve mutually beneficial outputs. “It is an understanding to strengthen dialogue between the two parties through the establishment of the East New Britain-Nautilus Minerals Working Group,” he said.

Mr Togolo said the group would act as the main point of contact between the provincial government and Nautilus Minerals in arranging meetings, sharing information and consulting with communities. Meanwhile, Nautilus Minerals’ president and CEO Mike Johnston said: “It was satisfying to firm up the relationship with ENB through the MOU and we look forward to working together.” The signing was witnessed by the East New Britain Provincial Government and administration staff and officers from Nautilus Minerals. Nautilus also maintain their working relations with the National Fisheries Authority on helping people understand that the project will not impact tuna stocks.

### **Bougainville mining bill irks former fighters**

Radio New Zealand, 8 August 2014

*A group of ex-combatants from North Bougainville in Papua New Guinea have expressed anger at what they claim is misinformation being spread about the Bougainville Mining Bill.*

The Post Courier reports that there was a protest against the bill held outside the Bougainville Parliament on Wednesday, which disturbed the sitting of the Bougainville Executive Council. The protesting ex-combatants said they were not happy with the bill's second draft, although it was the fourth draft that was under discussion. The current draft has been the subject of mining forums over

the past weeks but has not yet been made public. The ex-combatants have suggested that not enough awareness is being conducted about the draft process.



An aerial view of Arawa, Bougainville Photo: RNZI

### **Australia: Mining sector pumps in billions**

The National, August 7th, 2014

NEW estimates by Deloitte Access Economics show the mining sector's contribution from company tax and royalties in the two years to June 30 2014 will be A\$40.3 billion (K94,76b). This is A\$18.3 billion (K43,03b) in 2012-13 and A\$21.9 billion (K51,50b) in 2013-14. These figures exclude the minerals resource rent tax and the carbon tax. While the carbon tax has gone, the MRRT remains due to Senate intransigence. Deloitte confirms a record tax and royalty payment of almost A\$24.5 billion (K57,60b) by miners in 2011-12. Despite commodity prices falling by as much as 50% since 2011, the large contribution to federal and state coffers puts to bed claims the mining industry is not paying its "fair share". Minerals Council of Australia chief executive Brendan Pearson said the figures showed the MRRT, which started on July 1, 2012, was not needed for all Australians to share in the mining boom. Mining, which directly accounts for about 10% of GDP, pays almost 25% of company tax in Australia, compared to 8% a decade ago.

The combination of Australia's relatively high company tax rate plus royalties makes the country a relatively high minerals tax minerals province even without the MRRT. "Notwithstanding weaker commodity prices and squeezed margins over the past three years, miners continue to deliver an extraordinary dividend to Australian governments," Pearson said. "The ramping up of production and export volumes, the product of record new investment in the industry in recent years, is helping to underpin mining's tax contribution. "This is in addition to the wider economic return from higher incomes, massive investment and stronger communities that mining has delivered. "These numbers comprehensively puncture the wall of sound from the Greens and some commentators determined to talk down mining's contribution to Australian living standards. "The mining industry tax contribution sits beside the more than A\$30 billion (K70b) the industry spends annually on community projects and local businesses." – PNG News Industry

## **Western Province landowners call for backing**

Post-Courier, August 07, 2014

BY ROSALYN ALBANIEL

LANDOWNERS from Western Province are intent on participating in the construction phase of the proposed Stanley Gas Condensate project. As such they have called on the national Government and the developers to recognise the preparatory work that has been done to date, and urged both parties give them the necessary support. This was made known during the signing of the joint venture agreement with their two new partners – Pacific Air Limited, a nationally owned helicopter company, and Carmichael Builders, an Australian-based entity. Through this JV agreement, they have made known in no uncertain terms they intend on participating in level two and three deals, including aviation and building and construction.

Speaking in Port Moresby last week, the landowners' team leader Iman Papa had urged the developers to conduct a pre-qualification assessment on the joint venture partners, especially their capability to participate in the project. To the state team, particularly the Department of Petroleum and Energy, Mr Papa had requested they move swiftly in completing the vetting exercise on the ground of the landowners and the respective organisations they have established. He said government assistance to date has been very disappointing and the 60 days they had to assist the landowners in getting their umbrella company has lapsed last Wednesday.

## **Middle Fly MP delivers new ship**

Post-Courier, August 07, 2014

*Middle Fly MP Roy Biyama has heard the cry of his people by delivering a new ship to help with their transportation problems.*

Most people of Western Province whose villages line the banks of the many long and fast flowing rivers depend entirely on sea transport. A few have passed away trying to bring their garden produce to sell at the nearby markets. However most of this will now be a thing of the past when local MP Roy Biyama bought the districts first ship early this year. The vessel, *MV Iyapa*, was officially launched and welcomed at Kewa village in Balimo, coinciding with the world-famous Canoe and Kundu Festival last Saturday. Mr Biyama, speaking to his people at Kewa village, said he was heartbroken when some of the lives of his people were lost at sea while trying to transport traditional items to the recently completed 5th Melanesian Arts the Festival in Port Moresby. "You all now can be happy to move your things to the outside market as well as for us to travel out to big cities like Port Moresby, Lae and other provinces. This is your asset and please look after it well," Mr Biyama said. Balimo town Mayor Kawe Biyama said it is a dream come true for his people. "This was one of my vision and dream for my people here and I thank you our MP for his tireless effort and support," the mayor said. "I once again thank our MP Roy Biyama for the new asset that will now make lives easier for us and our people in Middle Fly district."

## **Ramu Mine forced to cut costs**

Post-Courier, August 07, 2014

*THE attack on the multi-million kina Ramu nickel project has placed the company under immense financial pressure and the developer has been forced to cut costs.*

In a statement yesterday, Ramu NiCo (MCC) Limited said production at the Kurubukari mine site has been adversely affected. This is after its equipment, worth millions of kina, was set on fire and destroyed by a large angry mob numbering more than 200. These included nine excavators, one fuel truck and a lighting vehicle which were lit and burnt, while substantial damage was caused to its

mining and maintenance equipment, instrumentation plant, laboratory and several offices. Some of the staff were also injured during Monday's attack. The company said given this situation, it is forced to carry out a redundancy exercise on both its Chinese and national staff, while recovery efforts are made and with just the necessary manpower. The company said it was supposed to carry out the redundancy exercise last year when the world prices for nickel had dropped, but that it had been reluctant and despite the financial constraints, had kept its staff.

"The decision to make employees redundant is inevitable given that the critical equipment used in the nickel/cobalt slurry production have now been destroyed and will take time to replace," it said. "The attack on the equipment has also impacted the project's aim to achieve 70 percent nameplate production this year and 100 percent in 2015. It also now delays benefits to the landowners in terms of employment, business opportunities and infrastructure development." The company condemned the attack, adding that it was from a minority group. However, it said continued efforts would be made to establish a good relationship with the local communities for the long term prosperity of the project. Madang's acting provincial police commander Chief Inspector Benae Neneo had confirmed the incident, saying the situation on the ground was still tense. Chief Insp Neneo said 17 police officers from Ramu and Madang have been deployed already while an additional three officers from the Criminal Investigations Division (CID) joined them yesterday.

### **Solwara: Locals call for independent study**

The National, August 7th, 2014

A LOCAL from New Ireland has called for an independent environmental study to be conducted in the proposed areas of the Solwara 1 project impact areas. Technical advisor representing the landowners William Bartley said Nautilus had been carrying out consultations, awareness and other environmental studies within the project impact areas. He said there has to be an independent study carried out by a separate group or individual. "Nautilus has been going alone and it's not fair to us. "When you (Nautilus) are visiting the areas, bring along staff from the provincial and local level government offices, to go together so locals will see and believe that the developer is serious when are there with the state team. "It's (Nautilus) been telling us about the good things. "Nautilus has not told me if there was going to be an environmental effect that was going to happen there and how the people were going to deal with that. However, Nautilus Minerals country manager Mel Togolo said government representatives had always gone along with the company during its visits and to carry out studies. "An extensive multi-stakeholder approach has been used in preparing the Environmental Impact Assessment (EIA) and the Environmental Impact Study (EIS) for the Solwara 1 Project. "The EIS was reviewed by DEC (Department of Environment and Conservation) and an independent international consulting group engaged by the DEC over a six month period. "The EIS was then reviewed by the Environment Council, a group of leading PNG scientists who recommended to the Environment Minister to issue an Approval-in-Principle of the EIS in August 2009.

### **Nautilus Minerals wants more operations**

The National, August 7th, 2014

Nautilus Minerals holds many tenement applications in Papua New Guinea and intends to have operations in the country so long as there are minerals to produce, country manager Mel Togolo said. He said the Canadian company would keep operating depending on the level of minerals. "We intend to have operations in the county for as long we have minerals to produce and for as long as PNG wants and allow us to operate in their waters." When asked if the Solwara 1 project will start operations anytime soon, Togolo said: "The vessel remains on the critical path for the company.

“We intend to secure the arrangements for a vessel by early November following which we will have a clearer understanding of when operations will commence,” he said.

### **Solwara: ‘Come up with sea mining act’**

The National, August 7th, 2014

Local representatives from New Ireland have called on the National Government to come up with a Sea Mining Act. On Tuesday, Mathew Nelson questioned why a deep sea mining project like Solwara 1 had been granted licence to proceed, based on a land mining act. “How can you use a land mine act to approve a mining lease to mine in the sea? “Where is the logic behind this, national government? You must have the Seabed Mining Act, so that companies can do any explorations in the sea according to the seabed mining Act – there is no logic at all,” he said.

Another local William Bartley questioned how sections under the land mining act would apply to seabed mining projects. “When they approved Solwara 1 project, there was no seabed mining act in place. So how can they apply a land mine act to underwater mine and say we (landowners) do not own whatever’s under the sea.” Meanwhile, Nautilus Minerals country manager Mel Togolo said during FM 100’s Talkback Show recently that the project was legal. Togolo said “Our government has a very strong legislation, and if it was not legal, we would not have been allowed to mine. “Under our law, you have to apply for exploration licence.”

### **Nautilus deals with two governments**

The National, August 7th, 2014

By SHIRLEY MAULUDU

NAUTILUS Minerals country manager Mel Togolo says the seabed miner only has understandings with the East New Britain and the New Ireland provincial governments. He said the Canadian seabed miner signed a memorandum of understanding (MOU) with each of these provinces. He was responding to remarks made by locals from New Ireland stating they wanted to be a party in the memorandum of agreement (MOA). Togolo said there was never a MOA signed between Nautilus and any other parties. “Nautilus does not have an MOA with any of the governments. A MOA is a requirement of the legislation governing mining in PNG and establishes the framework for the project from an economic, social, employment and commercial standpoint.

He said an MOA was an agreement between the national and relevant provincial government(s) and it defined how benefits from the project, including royalties received by state, would be distributed. “The purpose of the MOU in New Ireland and East New Britain is to provide a framework for on-going cooperation between the East New Britain and New Ireland provincial governments and Nautilus Minerals to achieve mutually beneficial outputs. “It is an understanding to strengthen dialogue between the two parties through establishment of East New Britain-Nautilus Minerals working group and New Ireland-Nautilus Minerals working group. “The groups will act as the main point of contact between the East New Britain and the New Ireland provincial government and Nautilus Minerals in facilitating meetings, sharing information and consulting with communities. He said the MOU’s do not usurp the spirit and intention of MOA between the national government and the New Ireland and East New Britain provincial governments.

## *Excursus I*

### **Canada: Mount Polley Tailings Pond Breach**

Matt Wright, Andrew Weaver MLA, August 6, 2014



Looking at the **pictures** in the news this week of the environmental disaster that took place in central BC takes your breath away. I felt it was important to write a detailed review of what we know now and what questions need to be asked going forward. I will provide as much information I can as things develop. In the early morning of Monday, August 4<sup>th</sup> 2014, a 4km long tailings pond located at the Mount Polley gold and copper mine (located in central British Columbia) breached its earthen dam, and left a 45-metre wide track of muck running into the nearby lake near Likely, BC. The mine and tailings pond is owned and operated by **Imperial Metals Corporation**. In a **press release** on August 5<sup>th</sup> 2014, the company said the cause of the breach is unknown at this time, and the structure (which was independently built) was operated within the parameters given to the company, as regulated by the Ministry of Energy and Mines.

A **state of emergency** was declared for the Cariboo region in the morning of August 6<sup>th</sup>. The breach released ~10 billion litres of water and 4.5 million cubic metres of silt into Polley Lake prompting drinking water warnings for Quesnel Lake, Polley Lake, Hazeltine Creek, Cariboo Creek and the Quesnel River up to its intersection with the Fraser River. In an FAQ on tailings pond, **CBC says** that: “The substances found in tailings ponds depend on the type of mining operation. Last year, Imperial Metals Corp. reported that tailings from its Mount Polley copper-gold mine contained thousands of tonnes of copper, zinc, phosphorus and manganese along with: 138 tonnes of cobalt, 71 tonnes of nickel, 3.6 tonnes of antimony, 84,831 kilograms of arsenic, 38,218 kilograms of lead, 8,695 kilograms of selenium, 562 kilograms of mercury, 995 kilograms of cadmium.”

A science and policy advisor for the David Suzuki Foundation **says** that the most hazardous heavy metals to human and environmental health are arsenic, cadmium, copper, lead and mercury. The breach appeared to catch the president of Imperial Metals by surprise, as he denied any indication that the dam would burst. In a town hall, Brian Kynoch **said** “if you asked me two weeks ago if it

could happen, I would have said it couldn't." However, this dam has been the subject of at least one review commissioned by the Williams Lake First Nation and Imperial Metals in 2009 and **published in 2011**. In the report, Brian Olding, operator of Brian Olding and Associates Ltd. (the environmental consultant that was retained for the report), said the tailings pond was accumulating water so quickly that it would have needed to discharge about 1.4 million cubic metres of water a year to keep its levels stable. This would require the dam to find a sustainable means of discharging water to prevent excessive build up. Olding's assessment found the pond levels were already getting too high five years ago.

In 2012, the government **granted the permit amendment** that Imperial Mines had requested, allowing it to discharge 1.4 million cubic meters of wastewater per year into Hazeltine Creek. The second permit amendment, submitted this summer, was under consideration by the ministry at the time of the tailings pond breach. The report was also critical of the company for not having a contingency plan in case of a tailings pond failure. I do not know whether such a plan was developed in the period between the report being submitted to the company and government, and the accident on Monday. It is also worth noting that Olding **says** no analysis of the dam's structural integrity was conducted, despite his request that a structural engineering company be retained.

An initial CBC investigation into the accident also provided a detailed review of the BC Government's interactions with the Mount Polley Mine. **In the article**, the BC Ministry of Environment claims that they warned Imperial Metals about the Mount Polley mine tailings pond levels repeatedly before the breach. In an email to CBC News, a Ministry of Environment spokesperson said it gave the firm its latest of five warnings in May, this time for exceeding the permitted height of wastewater within the tailings pond. However these warnings may have been given over the course of many years, referring to different incidences and violations. The first of these, in 2009, prompted the independent report referred to above.

The **CBC article** went on to report that the B.C. Ministry of Environment reported conducting 14 inspections of the Mount Polley mine since the permit amendment was granted. On one of these inspections, that took place in August 2012, the ministry found the mine failed to report the excessive height of wastewater for the perimeter pond. The pond subsequently overflowed, releasing ~150 cubic meters of wastewater over 13 hours. **In April of this year**, the ministry found the mine experienced high flows due to spring runoff, which blocked the pump system, resulting in an overflow, for which an advisory was issued. In this case the water did not reach the creek.

Finally, **three months ago** the ministry warned Imperial Metals yet again, after the height of wastewater in the tailings pond exceeded authorized levels. According to the ministry, the wastewater level eventually returned to normal one month later. In summer 2014, the firm applied to amend its permit again, this time to allow a discharge of 3 million cubic metres of treated wastewater or ditch water into Polley Lake, which overflows into Hazeltine Creek. **At least one journalist** is pointing out that although the initial reaction is to blame the company, "the buck really stops with the province", which is responsible for the regulatory culture in the province.

Stephen Hume notes that accidents like this (although not to this scale) have been happening repeatedly. In his article he cites a warning given in 2012 by The University of Victoria's Environmental Law Centre, which noted that environmental assessment certificates for mines issued by government are often "vague and unenforceable." Furthermore, it said that by 2008 the number of mine inspections had fallen to half what they were in 2001 and Ministry of Environment staff shrank by 25 per cent. This is an accident that should not have happened. The warning signs were there, and yet no action took place. How many warnings must the government issue to a company before more significant action is taken? We need to ensure that the government has the necessary regulatory teeth and resources to act to prevent disasters such as the one that occurred at Mount Polley. Going

forward, we need to ensure that our first priority is that the health and well being of those affected is being looked after. This needs to include ensuring that the short term financial needs of local communities including First Nations are met, as many people find themselves without an income, and with new costs.

From the government's side, we are still waiting for their report on the water quality in the area. In the **government's press release**, the Ministry of Environment said it was on-site conducting water tests to determine the full extent of potential environmental impacts. Water sampling took place the evening of August 4<sup>th</sup> with samples having been sent for analysis, and results expected later this week. I have called on the Minister of Environment to consider independent testing to reassure local residents and those potentially affected downstream that the information is complete and impartial. Following this, we need to start addressing how clean up of this disaster will occur, including short and long term mitigation of impacts on humans and the environment. I will be working hard on this issue in the weeks and months that follow. At the moment I have a number of questions that I will be seeking answers to, including:

- 1) What support is government offering to local communities including local First Nations to help fund this period of transition?
- 2) Will there be any impacts on the Fraser River salmon run?
- 3) What is the best practice in cleaning up a tailings pond spill, especially given the limited number of incidences in BC that this has happened (at this time Minister Bennett is saying this has never happened before in the province)?
- 4) What contingency plans exist in government to help support its efforts financially to address this disaster, including if Imperial Metals declares we're unable to pay for the cleanup?
- 5) What role has the government's cuts to enforcement and their approach to enforcement played in causing this accident?
- 6) Are there other tailings ponds that should be red flagged?

(See video: <http://www.cbc.ca/news/canada/british-columbia/mount-polley-mine-tailings-pond-breach-helicopter-flyover-1.2727531>)

## Call for mine waste law reform in PNG

Radio Australia, 6 August 2014

Papua New Guinea's Constitutional and Law Reform Commission has called for an end to the dumping of mine waste in the country's rivers. Many of PNG's biggest mines dump their tailings in nearby river systems, sometimes with devastating environmental consequences, like the widespread contamination of the Fly River by the Ok Tedi mine in Western Province. The Commission visited five mines and spoke to local communities and mining industry representatives as part of a review of laws covering mine waste disposal. The Commission's secretary Dr Eric Kwa says it's time riverine tailings disposal was brought to an end.

Interviewer: Liam Fox

**Speaker:** Dr Eric Kwa, Constitutional & Law Reform Commission, PNG

KWA: We are asking for a total ban on this method of disposing of waste, so we're suggesting that the Mining Act be amended to prohibit the disposal of mine tailings into the river system.

FOX: And why did you come to that conclusion, why did the Commission come to that conclusion?

KWA: We came to the conclusion basically on three main fronts. The first one is a lot of the people in Papua New Guinea in the rural areas and particularly next to the mining sites, they live and depend on the river system, and so the rivers are very critical to their livelihood. The second thing is that we looked at the practice around the world, we realise that only Indonesia and Papua New Guinea allow for river iron tailings. The rest of the world has already abandoned this practice and so we needed to keep in line with the international best practice. The third part of it is that communities

basically say that they don't want anymore river iron tailings, so basically the communities themselves, the people themselves have said enough is enough. We have seen the degradation of the river in Fly River, we've seen it in Porgera River, and we do not want to see anymore of this happening in PNG.

And so based on those three main reasons we agreed that we should ban river iron tailings.

FOX: That's riverine and deep sea disposal?

KWA: Ah no, deep sea we did not propose the banning of it, basically because from the current technical advice that we have been given, deep sea tailings is moderately acceptable and given the current geographical and geological situation in Papua New Guinea, that particular option would be more acceptable. And in fact, one of the large mining companies suggested to us that we should ban river iron tailings, but deep sea we could approach it more cautiously and that's the Rio Tinto. They came up with some very interesting suggestions on handling this particular issue. When we talked to the Chamber, they said we could look at it, we should allow that option to be available, because many parts of the country where mines are being located, the geography and the geological conditions are quite shakier. It is not feasible to do a storage facility in those sites and so maybe the mining, dumping it at sea would be the next best option.

FOX: And so your recommendation wouldn't affect mines that are currently underway or disposal that's currently underway, but in future?

KWA: Yes, we are suggesting that this before all future mines. We couldn't pass the current mining, because of the fact that they already exist under current legal regimes and they all see contracts in place and a lot of money has been spent on developing this method of disposal and so if we take a knife and cut across the whole mining network, then it's going to really affect the operations of these mining companies and also the economy of the country.

FOX: When you were looking at other systems, other ways of disposing mining waste. What were the other methods that were used beside Riverine disposal and deep sea disposal?

KWA: Well, we were looking at a mine tailings dam, we had the first time now, that's at the Morobe mine in Morobe Province. They actually built a dam, and they've actually they're still storing the mine waste in the dam, according to our discussions with the mining sector, they said it seems to be stable and they are able to contain the waste.

We've also looked at other mine tailings, where you can also with the current technology, you could actually do some cement pastings, like you put in some of chemicals so they would become firm, so you don't have liquid waste and then there are also other practices where you could actually try and use other chemicals to neutralise the toxicity of the waste that's coming up from the mining projects.

FOX: And what do you think the reception will be to this recommendation from both the government and the mining industry?

KWA: Ah well, for riverine tailings, we've already given the mining industry the opportunity to comment on the report. They are basically in support, maybe subtly, but they have been on our working committee and they fully supported our work and we gave these draft recommendations to them to comment on for two months, so they did look at our recommendations, and they've come back supporting our recommendation on this particular aspects of mine tailings. And I can tell you that Liam, over the last couple days, we've been getting a lot of commentaries on the Facebook, on email, out in the public. People are very supportive of our recommendations. We are still waiting to, not waiting, but we're giving the public at least a month and then we will send the report to government, that's when the government will make response to us.

## **Landowners threaten close mine**

Post-Courier, August 06, 2014, Story courtesy of Papua New Guinea Facts

Landowners of the world's first sea bed mining project in the New Ireland Province have threatened to take Canadian developer, Nautilus Minerals Limited, and the National Government to court if they fail to adhere to their demands. The landowners, led by retired PNG Defence Force Major, Ma-

thew Nelson, are currently in Port Moresby to present a petition to the National Government containing eight recommendations. The recommendations call for the delay of the project to allow for amendments to the Mining Act to maximize benefits to the landowners, and also introduce a Seabed Mining Act, as well as for landowners to be included in all discussions and consultations.

Mathew Nelson said they have also requested that the National Government engage an Independent group to do an Environmental Study apart from the developers commissioned report to get a second opinion, recognize them as Landowners and not merely Sea Users as is currently the case. Mr. Nelson said they have also requested that they become signatories in all MOA's and the consultative team, allow the New Ireland Province (NIP) to be given the remaining 15 percent equity, ownership to all tenement and patent right, and approve their proposed NIP Seabed Mining Structure. He said they are taking this stance as a stepping stone in getting back their birthright, and setting this as a benchmark for future sea bed mines in the country and the rest of the world as well.

### **Marengo positive on prospect**

The National, August 6th, 2014

EXPLORER Marengo Mining remains positive about the mineral potential at the Yandera copper project in Madang despite questions over the economic viability of the development. Chief executive officer Pieter Britz said global resource markets, the falling copper price, a decrease in exploration and development and escalating capital and operating costs had brought into question the economic viability of the development of Yandera's 2012 resource. "During this quarter, the new management team completed a comprehensive review of all aspects of the feasibility work, and concluded that although progress had been made, and further optimisation of the resource and development options had been considered, the project would not currently yield the economics desired and therefore the feasibility work would not be completed at this time," Britz said in the company's June quarterly. "However, during inspection of the 2012 resource, and further drilling, mapping and survey programmes completed since, management remains positive about the mineral potential at Yandera," he added. "As part of the comprehensive review of the known resource, it is emerging that a new structural model that controls mineralisation is becoming evident. This new understanding is being used to predict where new discoveries and an increase of grade are likely to occur. "This new model has been used to great effect recently."

### **PNG's Ramu Nickel Mine Closed After Attack**

*5 employees injured, millions of dollars of equipment damaged*

PORT MORESBY, Papua New Guinea (The National, August 6, 2014) – Ramu NiCo's Kurumbukari mine in Madang has been forced to close after a group of villagers damaged properties worth millions of kina on Monday. Five Chinese employees were injured after the armed villagers stormed into the office area of the KBK mining site of Ramu NiCo, damaging equipment and facilities, according to a company source. Acting provincial police commander Senior Inspector Ben Neneo has sent a police team, including officers from the Criminal Investigation Unit, to Ramu to investigate. The incident happened around 8.30am. "Five Chinese employees got injured with one receiving 14 stitches," the source said.

Nine excavators, one fuel truck and a lighting vehicle were burnt. Also damaged were mining equipment, fixed maintenance equipment, instrumentation plant, laboratory, offices for community affairs and mine site and the mobile maintenance workshop. Equipment damaged included computers, printing machines, office furniture, windows and doors, radios and telephones. The source said the company management immediately launched an emergency plan to ensure the safety of its staff

and properties. It called for police reinforcement from Madang. "While ensuring personnel and property safety, we informed the Madang provincial government, police and the Chinese Embassy in PNG, Mineral Resources Authority and Joint Venture Partners for support and assistance," the source said. Ramu NiCo president Wang Jicheng visited the KBK mine on Monday to assess the damage.

He instructed the company management team to ensure that normalcy to the mine site was restored. The company wants to find out what provoked the attack but preliminary investigations reveal that illegal migrants to the mining area were unhappy with the company's recruitment policy. The company in the past few weeks has been pushing for pre-vocational training for the landowners. It was trying to secure skilled and competent workers from outside "to occupy the increasing skills gap requirement so the project production is increased". "We will continue to establish a mutual understanding and relationship with the project landowners for their long-term benefit and that of the project shareholders," the company source said.

### **Commission to DEC: Assign officers at mine sites**

The National, August 5th, 2014

By SHIRLEY MAULUDU

THE Department of Environment and Conservation should assign officers to be stationed at every mining town, if not provinces, an official says. Constitutional and Law Reform Commission (CLRC) secretary Dr Eric Kwa said it was noted during consultations carried out with mining companies that officers from DEC were not present at the concerned towns to carry out necessary inspections relating to the operations of mines. Kwa said the visit by the CLRC to certain mining areas was purposely to gather information so as to carry out reviews into environmental and mining laws relating to the management and disposals of tailings. The recommendation (4.a) was that, "an amendment is made to section 29 of the Environment Act 2000, to enable the Department of Environment and Conservation to set-up provincial offices with specialised persons".

Kwa said: "With the visits, we have found that we could not locate DEC officer in Pogera, Madang, and in Morobe. We are suggesting that if they can't put them in all the mine sites, let them be in the provinces so that the provincial government will be able to work with that environment officer – dealing with the inspections of the mines. "This is a very important department and they need to have a specialist at these mining sites. "It has been a practice where an arrangement was made between the mining company and DEC to bring these officers on board. However, Kwa said: "We are now suggesting that we make it legal so that it is a mandatory requirement of DEC to position certain officers on the ground." The proposals were made as part of 19 recommendations made by CLRC for review of environmental and mining laws relating to management and disposal of tailings.

### **Togolo: Solwara is legal**

The National, August 5th, 2014

THE operations of seabed miner Nautilus Minerals is legal, country manager Mel Togolo said. Togolo maintained that the company would continue with its seabed mining operations. He made the remarks yesterday following comments by the public who raised concerns if Nautilus Minerals' operations in New Ireland and East New Britain waters - for Solwara 1 project - were legal. "Our government has a very strong legislation, and if it was not legal, we would not have been allowed to mine. "But if you look at the Mining Act, section 5 or section 6, it allows for that and that was why we were granted the first marine license. "Under our law, you have to apply for the exploration li-

cense. The government looks at it and does its own due process and if it fits within our legislation, they (government) then give you an exploration license ... and that's what the state did (to Nautilus Minerals for the Solwara 1 project). For us it is incorrect to say it's illegal.

"The Mining Act today allows for exploration in the deep ocean," Togolo said. Meanwhile, Togolo denied claims that the project will have effects on the marine life. "We have a delivery system which will ensure that there is no impact on the environment. We will not be blasting like what happens on land based mines. "We will be using cutting machines, which is different from blasting. We will not be using any toxic chemicals, and that's the commitment we made to the community. "Instead, we will be using biodegradable fluids. We won't be having any tailings," he said. Togolo said the project is about 30 kilometres from the nearest point from West Coast of Namatanai and between 50 and 60 kilometres out of the port of Rabaul.

### **'We can learn from mistakes'**

The National, August 5th, 2014

THE nation can possibly manage huge revenues transparently by 'learning from its past mistakes', Department of Treasury acting secretary Dairi Vele said. He was responding to a question on how and if Papua New Guinea can manage its revenue from projects. Speaking at a recent dialogue in Port Moresby, Vele said receipts from the PNG LNG project and other resource projects can together overheat the economy. The Internal Revenue Commission confirmed that revenue from the industry constitutes between 70%-80% of the government's revenue. Vele said: "We need to be able to learn from past lessons of other countries and that of PNG." He said the extractive industries transparency initiative (EITI), which PNG is a candidate nation, was one way towards achieving transparency when dealing with resource receipts. "EITI allow us to track good policies, and to see how much money is pumped into districts," he said.

### ***Pressemitteilung***

#### **Weg frei für die weitere Erkundung von Rohstoffen in der Tiefsee**

Bundesministerium für Wirtschaft und Energie, 4.8.2014

Der Rat der Internationalen Meeresbodenbehörde hat auf seiner diesjährigen Jahrestagung in Kingston, Jamaika, den Antrag Deutschlands auf eine Lizenz zur Exploration polymetallischer Sulfide am Meeresboden des Indischen Ozeans gebilligt. Die Entscheidung der Internationalen Meeresbehörde vom 21. Juli 2014 ist ein wichtiger Meilenstein für die weitere Erkundung von marinen mineralischen Rohstoffen in der Tiefsee. Damit ist der Grundstein gelegt, dass die Bundesanstalt für Geowissenschaften und Rohstoffe (BGR), die im Auftrag des Bundesministeriums für Wirtschaft und Energie die Explorationslizenz beantragt hat, in einem Gebiet südöstlich von Madagaskar gezielt Lagerstätten polymetallischer Sulfide am Tiefseeboden erkunden kann.

Der Koordinator der Bundesregierung für die maritime Wirtschaft und Parlamentarische Staatssekretär beim Bundesminister für Wirtschaft und Energie, Uwe Beckmeyer: "Für Deutschland ist der internationale Tiefseebergbau unter wirtschaftlichen Aspekten doppelt interessant: Erstens kann er zur Versorgungssicherheit Deutschlands mit Hochtechnologierohstoffen langfristig beitragen. Zweitens eröffnet er interessante Marktchancen für deutsche Hersteller von innovativer, umweltverträglicher Meerestechnologie. Vor allem deutsche Mittelständler haben hier umfangreiches Know-how und nehmen technologisch einen Spitzenplatz ein. Neben den wirtschaftlichen Möglichkeiten spielt allerdings auch der Schutz der Umwelt eine entscheidende Rolle. Es ist deshalb besonders wichtig, dass bei der Erkundung des Meeresbodens nicht nur das wirtschaftliche Potenzial abgeschätzt wird,

sondern auch umfangreiche Untersuchungen und Schutzmaßnahmen zum Erhalt der marinen Umwelt erfolgen, damit das Ökosystem der Meere als gemeinsames Erbe der Menschheit bewahrt wird."

Die Lizenz dient der Erkundung polymetallischer Sulfide am Meeresboden (in Wassertiefen von 2500 bis 4000 Meter). Polymetallische Sulfide enthalten neben hohen Buntmetallgehalten (Kupfer, Blei, Zink) auch Edel- und Spurenmetalle, darunter auch sogenannte Hochtechnologiemetalle. Die Lizenz hat eine Laufzeit von 15 Jahren und kann anschließend in eine Abbaulizenz münden. Sie tritt neben eine bestehende Lizenz zur Erkundung von polymetallischen Knollen im Pazifik.

### **Ban on mine waste stirs debate**

Noel Pascoe, PNG Loop, Aug 4, 2014



Debate is erupting over plans by a constitutional body to push to a ban on deep sea and river tailings in resource projects in Papua New Guinea. The ban idea came from the Constitutional and Law Reform Commission amid a report of 19 recommendations that have been drafted. They will be presented to the Minister for Justice and Attorney General, Ano Pala, to be examined and presented to the National Executive Council for approval. This follows a public seminar at the Hideaway Hotel in Port Moresby to make final recommendations for the Minister. There are a total of eight mines in PNG. three of these are purely gold mines, three gold and silver mines, one copper and gold and one nickel and copper. These facts make our country one of the world's resource rich nations, and pumps about three quarters of revenue into the country's economy.

However, the issue on management of mine tailings disposal is said to have been overlooked over the years by government, developers and stakeholders, causing a national threat on the health of future generations, particularly on populations in the special mining lease areas. Today's seminar discussed the Constitutional Law and Reform Commission's 19 recommendations to review the Environment and Mining laws relating to management and disposal of mine tailings. Amongst solutions was the ban of deep sea and river mine waste disposals by mines in PNG. These recommendations have been drafted by the working committee made up of members from the Mineral Resource Authority, Departments of Mineral Policy and Geohazards management, environment and conservation, health, mines and petroleum, environment, research and development and the University of Papua New Guinea. They strongly recommended that the national government seriously look at the health and social impacts of mine waste disposal, rather than concentrating more on revenue generation.

However, other experts present at the seminar this morning said otherwise. The working committee found many flaws in the environment and mining laws relating to mine waste disposal. One of them was the absence of a health impact assessment. Similar to the environment impact assessment, the committee suggested that an independent body be established to oversee health and social impact assessments in all mine sites. On Facebook, prominent lawyer Tiffany Nonggor-Twivey said: “There are many things alive below 150m. even tuna goes down to 400m! They found live things such as shrimp at the 7000 metre mark at the bottom of the Marianas Trench. “The complaint about off shore mining is that at 1000 metres there are many living things that will be destroyed. It is the biggest con of all time that MCC got out to the community that nothing lives below 150m.

“The National Court rejected that evidence and accepted that there is prolific life deep in the sea and below 150m. The National Court also found it would be an environmental catastrophe – we actually won the case in nuisance at the National Court – but the judge said he could not give the relief we sought – an injunction – as the govt had given MCC a permit to dump with no damage – so until the actual damage was done, we couldn’t stop the dumping. “We appealed this and Judge Davani agreed that we had proved nuisance and found that a permanent injunction on dumping should be given. Her decision was amazing – and if you are interested in environmental protection for PNG – you should read it – makes me cry every time I do – She was in the minority however – as the other two supreme court judges Hartshorn and Sawong JJ said a case in nuisance couldn’t be brought until there HAD been damage. so said as no damage yet, no case – and there was a permit to dump with no damage – so MCC could dump – but if damage was done in the future – the landowners could come back and sue in nuisance. Sigh – but with what funding ??? Litigation costs money.”

## **Plenty of mistakes in Nautilus Environmental Impact Assessment**

PNG Mine Watch, August 4, 2014

Esteemed Oceanographer Dr John Luick has critiqued the physical oceanographic elements of the Environmental Impact Statement (EIS) for the proposed Nautilus experimental deep sea mining. He has published his findings as part of an article titled ‘**Physical Oceanographic Studies in Support of Environmental Impact Assessments for Proposed Mining: Part 4**’

(<http://austides.com/physical-oceanographic-studies-in-support-of-environmental-impact-assessments-for-proposed-mining-part-4/>)

Here is a summary of what he has to say:

What struck me on reading the Nautilus EIS was how many of the mistakes I had found in the Ramu Nickel EIS, were repeated. Nothing had been learned. Oceanographic field data is difficult and expensive to obtain. Careful planning is needed to ensure that key questions are addressed in the most efficient way possible. There is no one recipe to follow, and a properly trained, experienced oceanographer is needed to oversee the process. The Ramu Nickel field data and modelling had suffered as a result of following a more “cookbook” type approach. In my view the Nautilus EIS also made those mistakes. Some data was collected, some standard plots were drawn, and some modelling was done, but there was no sign of expert guidance. The analysis that was attempted, got it wrong as often as not — for example, plots which were said to show downwelling, actually showed upwelling.

The inadequate analysis was compounded by at least one mystery: a graphic in the EIS showed upper layer currents being measured. Yet no surface current data was presented. When I asked about it, Nautilus’ response was puzzling — the surface data was not presented because the barge transfer was so well-engineered that there was zero risk of spillage. The primary risk to the local people is from shoreward transport by the surface waters. At typical ocean speeds, the surface currents, if

they were shoreward, would carry contaminants to the coast in day or two. The EIS contained no information, either from data or from global models, to enable anyone to assess the risk to reassure the local people. There was, in fact, one indication in the EIS of surface currents — a single large-scale map which implied currents would carry contaminants to the open Pacific. However published research for the area shows surface currents in the opposite direction for much of the year. So instead of presenting their data, they chose to present a false map.

The risk of contamination becoming a threat is not non-zero. The two main factors for the Nautilus operation are probably surface currents and waves. Neither are addressed in the EIS. It would have been a simple matter to calculate and present a surface wave climatology for the local area, and to discuss associated risks for the barge transfer, but this was neglected. While the Solomon Sea is known to be calm relative to many other seas, no part of the ocean is always flat calm. With the Nautilus EIS modeling, here again, there were sad echoes of the Ramu Nickel fiasco, but in this case the problem was not so much with model resolution as lack of presentation of calibration and sensitivity studies. Without these, the quality of the modelling (which may have been quite good) cannot be judged.

I was told that the modelling had been assessed by a third party, i.e., that an independent consultant had been engaged by the PNG government for that purpose, and that their report had verified the original modelling. On my behalf, a local PNG citizen requested a copy of the report. He was told he could not have it, because it was a confidential government document. This seemed strange, since PNG taxpayers should have the right to see important supporting documents, so I inquired myself. I was told that an assessment may have been done, but that no written report had been produced — however, the modelling had been given an informal nod by the independent consultant. In other words, I was given the run around.

In conclusion, it would appear that the PNG government granted a 20-year operating permit to Nautilus on the basis of an EIS which provided:

- no presentation of currents in the upper 250 metres despite a major surface operation involving transfer of material from the processing ship to barges;
- no presentation of the surface wave climate;
- very inadequate analysis of the oceanographic data, including serious misinterpretations;
- model results unsupported by accompanying validation or sensitivity studies;
- no firm basis for assessing the risk of massive pollution of the local benthic environment or the risk to islanders on nearby New Ireland.

Part of the purpose of an EIA is to reassure the local people that the approvals process is open and based on the best available science. My conclusion is that this was not the case for the portion of the EIS I reviewed. Nautilus responded to this by saying that they had employed world-class scientists for the EIA. World class biologists, yes (see Footnote) — but as far as I know, not a single professional oceanographer. If Nautilus was willing to obtain the services of professional marine biologists, why did they not employ professional oceanographers to plan and manage the oceanographic fieldwork, do the analysis and modelling, and contribute their results to the risk analysis? CSIRO certainly has the resources to provide the sort of oceanographic expertise required. A recent case in New Zealand, involving CSIRO's sister organisation NIWA (National Institute for Water and Atmospheric Research) illustrates the point. This was the proposed Taranaki Sands offshore mining.

At one stage I was approached by a group for comment on the oceanography EIS. When told that the analysis and modelling had been done by NIWA scientists, including some names I know and respect, I knew without reading it that there was no need for my comments. A comparison between the NIWA EIS and the Nautilus EIS would doubtless provide a good illustration of my criticisms of the latter document. My hunch is that, a properly conducted oceanographic EIS might demonstrate

that the proposed Nautilus experimental seabed mining would not pose a great and imminent threat to either the surrounding benthic community or the local islanders. But that is just a hunch. It would have been far better if a properly conducted oceanographic EIS, with an associated risk analysis, had been done in the first place. Instead, there is a long shadow over the EIA.

Footnote: I have spoken to a couple of the biologists Nautilus hired. It was a privilege and a pleasure, and I have the utmost respect for their integrity, but they were clearly unwilling to speak louder than a furtive whisper on behalf of the rare and unique ecosystems they had studied. Need they really have been so concerned? Perhaps the company needs them at least as much as they need the company. And each biologist's silence leaves the benthic community with one less credible advocate.

*\* Dr John L Luick has over twenty years experience in projects related to ocean monitoring, tidal analysis, and hydrodynamic modelling. He has numerous publications and technical reports as well as wide experience in teaching, consulting, and shipboard observations.*

### **Mining starts soon on Woodlark**

Freddy Mou, PNG Loop via PNG Mine Watch, 2 August 2014



Kula Gold, a gold development company with an advanced stage project on Woodlark Island, Milne Bay Province, is moving towards the production stage. The mining lease was signed by Mining Minister Byron Chan on July 4. That was followed by registration of the mining lease with the Mineral Resources Authority and payment of security bond and annual rental fees. It has now achieved all of the regulatory approvals necessary to begin the development phase of the Woodlark Island gold project. An environmental impact statement and other community aspects have also been reviewed by the Department of Environment and Conservation with an environment permit granted in February. Kula CEO Stuart Pether said: "Receipt of the mining lease secures the company's title over the Woodlark Island gold project for 20 years with the ability to extend for a further 10 years. "This is a significant achievement and milestone for Kula, and confirms the PNG government is committed and supportive of a 1.8mtpa gold processing plant on Woodlark," he added. "I look forward to providing further updates on this exciting development as the company transitions towards production."

### **Commission welcomes submissions on its review of mine tailings management and disposal in PNG** PNG Mine Watch, August 2, 2014

The Constitutional and Law Reform Commission has made a series of recommendations for changes to the law as it affects the management and disposal of mine tailings. The recommendations are

contained in a Draft Report on which the Commission welcomes submissions. The Commission says submissions are welcome from a broad cross-section of the community, as well as those with a special interest in the inquiry. The Commission says submissions are usually written, but there is no set format and they need not be formal documents. Where possible, submissions in electronic format are preferred. "It would be helpful for the Commission if comments address specific proposals or numbered paragraphs in the Draft Report".

Draft Report: <https://ramumine.files.wordpress.com/2014/08/clrc-draft-report-1.pdf>

## **Constitutional Commission calls for ban on river and marine waste dumping**

EMTV, 31 July 2014

The Constitutional and Law Reform Commission is pushing for a ban on deep sea and river tailings placement in Papua New Guinea. These two proposals were amongst the 19 recommendations that have been drafted and will be presented to the Minister for Justice and Attorney General, for perusal and cabinet approval. Professionals from various government departments and the private sector attended a public seminar at the Hideaway Hotel in Port Moresby, to make final commendations before presenting it to the minister. There are a total of eight mines in PNG. three of these are purely gold mines, three gold and silver mines, one copper and gold and one nickel and copper. These facts make our country one of the world's resource rich nations, and pumps about three quarters of revenue into the country's economy.

However, the issue on management of mine tailings disposal is said to have been overlooked over the years by government, developers and stakeholders, causing a national threat on the health of future generations, particularly on populations in the special mining lease areas. Today's seminar discussed the Constitutional Law and Reform Commission's 19 recommendations to review the Environment and Mining laws relating to management and disposal of mine tailings. Amongst solutions was the ban of deep sea and river mine waste disposals by mines in PNG. These recommendations have been drafted by the working committee made up of members from the Mineral Resource Authority, Departments of Mineral Policy and Geohazards management, environment and conservation, health, mines and petroleum, environment, research and development and the University of Papua New Guinea.

They strongly recommended that the national government seriously look at the health and social impacts of mine waste disposal, rather than concentrating more on revenue generation. However, other experts present at the seminar this morning said otherwise. The working committee found many flaws in the environment and mining laws relating to mine waste disposal. One of them was the absence of a health impact assessment. Similar to the environment impact assessment, the committee suggested that an independent body be established to oversee health and social impact assessments in all mine sites. The recommendations are more administrative, and concentrated more on the environment, health and social impacts. The Reform Commission said it may be too late to apply these recommendations on existing mines, but it is important that they be considered for future prospects.

### **Kwa: Ban disposal method**

Post-Courier, July 31, 2014

BY ROSALYN ALBANIEL

ONE of 19 recommendations that will be put to the government in a report by the Constitutional Law Reform Commission (CLRC) is the total banning of riverine tailings disposal. This was revealed by the secretary of the commission Eric Kwa (pictured) during a public seminar held in Port

Moresby yesterday. The purpose of the seminar, which was attended by a wide range of stakeholders, was to allow the commission to present its findings and recommendations of the draft report it conducted on the terms of reference 6 (TOR) issued by the national Government in 2007 following the Angabanga experiences. Mr Kwa said based on the wide consultation that it had held on its “Review of the environmental and mining laws relating to management and disposal of tailings”, it would be recommending that amendments be made to the Mining Act of 1992 for a total ban of the riverine tailings disposal method. This will not affect existing mines but those that will come on line in the future. Mr Kwa said this recommendation was being made for a number of reasons, including that rivers are something many depend on for their livelihood. According to the report just concluded by the commission, PNG currently employs three tailings methods, riverine tailings disposal (RTD); deep sea tailings disposal (DSTP) and tailings storage facility (TSF).

Its states that the riverine system is highly criticised internationally and nationally and that the Mineral Resources Authority (MRA) has acknowledged that it is a method that is not encouraged for future mines in PNG. Bougainville Copper Limited had, in its submission to the commission, stated “Rio Tinto avoids implementing RTD in new operations and projects and recommends that all tailing management options should be available for consideration and assessment for new projects. However, riverine and shallow marine tailings disposals are unlikely to be acceptable for new projects”. The report states that Ok Tedi Mining Limited (OTML) has also informed the commission that under the Ok Tedi Mine legislation, it submits an environmental report to MRA on September 30 of every year and this report is forwarded to the Department of Environment and Conservation. Mr Kwa said many of the recommendations were “administrative”. He said the report is now out and the commission is giving all stakeholders a month for their final input before the final report is compiled and given to the Government.

## **Gulf Governor’s misappropriation case concludes**

Post-Courier, July 31, 2014

*AN alleged misappropriation case against Gulf Governor Havila Kavvo in the National Court has reached a conclusion yesterday with the decision on plea to be handed down on August 18.*

According to evidence presented before Deputy Chief Justice Sir Gibbs Salika, the Gulf Governor was charged with one count of misappropriation. Prosecutions claimed the accused, being the chairman of the Gulf provincial executive council, had through the PEC decision, included his outstanding allowances totalling K131,338 from the K10 million petroleum outstanding MoA funds. The prosecution claimed the funds are for projects and that a portion of it should not be used as allowances for personal use. The complaint was laid by Kikori MP Mark Maipakai. The money was paid to Mr Kavvo by the Gulf Provincial Government in 2010. Mr Kavvo’s lawyer Abraham Kumbari said there was no criminality in the K131,338 paid to Mr Kavvo as the monies were his outstanding allowances dating back from 2007 to 2009. He said Mr Kavvo was wrongly applied with charges he is facing.

Mr Kumbari told the court to acquit his client of the charge of misappropriation for lack of evidence. The defence lawyer claimed the prosecution did not prove that Mr Kavvo had committed the offence he was charged with. But the prosecution through lawyer Camilus Sambua, maintained that the K131,338 paid by the Gulf Provincial Government to Mr Kavvo came from the project funds. The prosecution had during trial earlier this year called seven witnesses, and one witness was from Bank South Pacific fraud investigation section, Robert Russel Peni. Mr Peni told the court that the K10 million cheque was drawn and paid by the State as petroleum outstanding MoA commitments to Kikori LNG pipeline landowners but it was then transferred and deposited into the Gulf provincial government’s operating account. Justice Salika said he will deliver his ruling on plea on August 18.

### **Small scale mining workshop for Bougainvilleans**

Jennifer Nkui, New Dawn via PNG Mine Watch, July 31, 2014

Small scale mining for gold has become a big industry in Bougainville and is a source of income for thousands of people. People are mining and washing gold in parts of Torokina in South west Bougainville, Tinputz in North Bougainville, Eivo in East coast Bougainville, Panguna, the Kawerong and Jaba rivers in Central Bougainville, Konnou in South Bougainville and other areas. Small scale mining for gold is a new industry that only began in the late 1990's. A two day workshop on small scale mining for Bougainvilleans will be held in Buka starting tomorrow, Thursday July 31 to Friday, August 01 to look at Bougainville's experiences and compare it with international developments.

The workshop will be attended by more than thirty people involved in small scale mining in different parts of Bougainville and it will be opened by ABG president chief Dr. John Momis together with the ABG minister for Natural resources Michael Oni. The workshop is part of a research project funded by the Australian government and is organized by Ciaran O'Faircheallaigh from Griffith University and Anthony Regan from the Australian National University and is in partnership with the ABG and the University centre at Kubu. The main aim of the workshop is to get a better understanding of this important new industry in Bougainville to help the ABG get a better understanding of both the good things and problems of small scale mining. The organizers want to know how ABG, the miners and other Bougainvilleans can together make the industry work best for Bougainville. They said the discussion at the workshop will help set the direction for the work of the whole research project.

### **World Renowned scientists urges Pacific Leaders to be cautious with oceans exploration**

Makereta Komai, PACNEWS via PNG Mine Watch July 29, 2014



World renowned marine scientist, Dr Sylvia Earle has urged Forum Island Countries not to drop the ball on the sustainable management and protection of oceans and marine resources. She is delighted with the initiative of the Palaun Government to make 'Oceans' the theme of the 45th Pacific Islands Forum Leaders meeting in Koror, Palau this week. Dr Earle, who is the founder of Deep Ocean Exploration and Research and honored by Time magazine as the first Hero of the Planet was the keynote speaker at the Panel of Experts Monday convened by the Government of Palau to deliberate on the theme, "The Ocean: Life & Future." She urged Pacific Leaders to 'protect the oceans as if their lives depended on it.' "Only five percent of the oceans have been explored and the rest remains unknown. This therefore requires us to consider a cautionary approach if we are to explore what is in our oceans, said Dr Earle. Armed with knowledge and 'the use of latest technology, Dr Earle ur-

ged Pacific decision makers to ‘explore with care’ opportunities available in their exclusive economic zones before committing to exploration work

She qualified her cautionary approach saying ‘if there is no ocean, there is no life.’ Livelihoods of peoples in the Pacific rely heavily on the oceans and its resources. Addressing Pacific journalists here in Koror Saturday, Pacific Islands Forum Secretariat’s director strategic planning & co-ordination, Alex Knox assured that Forum Leaders will make Oceans one of their priorities with an expected Declaration at the end of the weeklong Summit in Koror this week. “What we are trying to do at the regional level is put in place some coherence and build a single policy around Oceans so that we see Oceans not from a fisheries, conservation or deep sea mining lenses but as a single policy. To build coherence at the regional level, a broad coalition of all stakeholders involved in the work of oceans called the Pacific Oceans Alliance has been created to bring all the parties together to focus on oceans as a single sector, said Knox.

The Pacific Oceans Alliance to be launched at the 3rd United Nations Global Conference for Small Island Developing States in Samoa in early September is open to governments, civil societies, CROP agencies and development partners. “It was created to provide more coherence framework on how countries engaged around oceans. It looked at the institutions and policies around oceans. The Pacific Oceans Alliance came out of the Pacific Oceanscape regional policy pushed by Kiribati in 2010. One of the initiatives under the Pacific Oceanscape framework was the appointment of Tuiloma Neroni Slade as the first ever Oceans commissioner for the region. “The office of the Oceans Commissioner places strong political engagement within and outside the region on oceans issues.” “An Oceans Leaders Declaration will be issued at the end of the Summit.

It is a broad statement on Oceans where Leaders show their commitment to taking leadership on Oceans issues like they did in Majuro when Leaders made a declaration on climate change, said Knox. One of the challenges for Oceans is that there are many difference interests in Oceans both at the national and regional level. “Trying to bring some interests together will be quite challenging – that is why the Leaders Declaration is critical because it can start to drive a vision and change around the regional policy. “We can build resources and institutions around the regional framework. Unless there is money and people that can push it, it won’t happen. This Declaration will have the Pacific Oceans Alliance, the Oceans Commissioner and resources to support it. “We expect to have some form of annual report – like the annual State of the Oceans report to come out of this that will provide the basis for long term monitoring framework, said Knox.

### **Why Bel Kol with BCL is not well received by local people of Bougainville**

ACT NOW! July 29, 2014



The Panguna Landowners Association executives and stakeholders have been blowing the Bel Kol with Bougainville Copper Limited (BCL) trumpet over the past weeks creating awareness’s in and around Central Bougainville. However, this initiative is not well received by the local people, whom most implied that the initiative does not make sense at all. In interviews carried out at different locations in the Central and South of the region, many expressed confusion with the ongoing

talks of bel kol with BCL on the grounds that ‘BCL is a company’, and that ‘BCL is governed by laws that do not reconcile with the customary laws of the people’. What most people voiced out is that ‘how can the people reconcile with a company? The Bel kol ritual has and is always between groups of people governed by a common understanding, under the same customary laws. “What custom does BCL have with the people of Bougainville?” was a question posed by one respondent.

Another went on to question why have the bel kol now when the ten billion kina compensation claim put forward by the then PLA executives under Francis Ona and Perpetua Serero, for environmental damages is still outstanding. Hence, respondent summed up by questioning ‘what does the Bel Kol qualify for?’ Many also have expressed great disappointment in the Panguna Landowners Association (PLA) representatives, whom are seen as BCL agents lying to the people in the effort to reopen the mine. ‘Mipla ol manmeri lo ples nogat bilip moa long displa landowners association (We the people in the ground do not have any more trust in this landowner association)’. Some have said to allow BCL to make the Bel Kol payment, but never allow the reopening. ‘Larim ol mekim payment, tasol mine bai no inap open (Let them (BCL) make the payment, but the mine will not open)’.

And when the respondents were asked if they were in support of the mine reopening, almost all said ‘no’. Only a few implied that the ‘reopening can happen after independence on the terms and conditions of the people of Bougainville’. Though, on media and public awareness the Bel Kol initiative is seemed to be making progress, the general sentiment of the people on the ground implies something contrary. There is nothing to show for in terms of BCL’s presence on the ground except the occasional appearance by PLA whenever need be for awareness on the mining issue. Women especially have expressed disgust over why the PLA ‘men’ have completely ignored the wishes of the people on the ground. Generally, there is distrust and apprehension by the people towards those who represent them, and they should be because of the way in which the issue of mining is handled by the leaders is outside of the peoples’ interest.

### **LNG production at full capacity**

The National, July 29th, 2014

EXXONMOBIL PNG Ltd says its US\$19 billion (K45.3 billion) PNG LNG project is producing at full capacity after starting ahead of schedule earlier this year. In an email yesterday, the company’s spokeswoman said production was happening according to design and followed a safe ramp up process over the last few months. The project was expected to produce more than nine trillion cubic feet of gas over its estimated 30 years of operations. It began its first LNG shipment in May to Japan. The development has long-term contracts with Tokyo Electric Power Co., CPC Corp. of Taiwan, Osaka Gas Co. and China Petroleum & Chemical Corp. ExxonMobil said it has used six ships to transport 12 LNG cargoes to customers which were sold on the spot market to customers in Asia. Its partners, including Oil Search Ltd and Santos Ltd, are targeting an increase in Asian demand for natural gas. The companies are considering an expansion of the development.

### **LNG: Single shipment costs about K60m**

The National, July 29th, 2014

THE value for each LNG shipment from the country’s PNG LNG Project costs US\$50 million (K119.1 million) to US\$60 (K143.9 million), National Petroleum Company PNG managing director Wapu Sonk said. So far, ExxonMobil PNG Ltd had shipped 12 LNG cargoes to sell on the spot market to customers in Asia. Sonk said “the shipments of the cargoes were destined for different destinations including Taiwan, China and Japan.” “By end of this year, we should have about sixty cargoes, roughly,” he said. In the past two months, traders said the PNG LNG project was expected

to export around 20 cargoes during the project's start-up phase lasting until September. Sonk said revenue derived from the first shipments was kept in a trapped account until an audit on the project's construction phase was completed. The account was initially set up by the project partners.

“The revenue is now kept in that account ... a thorough audit will be carried out on the project itself – looking at the environment, the social conditions, audit the joint venture partners, technical conditions.” Meanwhile, the rapid export rate from the new plant, which was completed slightly ahead of schedule, has helped push global LNG prices lower as major Japanese buyers retreat from spot markets. Previously it was said that ExxonMobil would sell the bulk of its output to buyers with which it had long-term supply deals, such as Japan's Tokyo Electric. Some traders advised against over-optimistic assessments of output given that start-up cargoes are always subject to delays as engineers fine-tune the liquefaction process.

## **12 PNG Women Groups Impacted By Mining To Receive Grants**

*National Gov and World Bank Funds for a range small enterprises*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 29, 2014) – Twelve women associations and groups in mine impacted communities in the country have been selected to receive government grants worth over K1m [US\$400,000]. The associations are from Ramu Nickel Mining project area, Porgera, Hidden Valley, Simberi, Sinivit and Lihir. The 12 are part of a total of 33 associations and groups that applied for the grants. The unsuccessful applicants will be assisted and their applications re-assessed with the view to enable them to access the grants. The grants come under the National Government's assistance scheme called Small Grants Project (SGP) for women impacted by mining operations, funded through the World Bank Mining Sector Institutional Strengthening Technical Assistance Project 2.

The SGP is being managed by the Mineral Resources Authority (MRA) with support from relevant government agencies which are departments are National Planning & Monitoring, Department of Agriculture & Livestock, Community Development, Commerce & Industry, Education, Works, Justice & Attorney General and Environment & Conservation. The SGP is aimed at assisting associations start up small enterprises or further develop existing ones with the ultimate aim of enabling the women sustain their livelihoods beyond life of mines operating in their areas. The successful applicants were selected based on set criteria including the capacity to sustain their projects in the long-term. All applicants were taken through the criteria in two workshops held earlier this year.

Representatives of successful associations are in Lae this week to undergo training on project management so that they can be able to properly manage the grants when they receive them. The next stage of the SGP would be the disbursements of the grants by the MRA, implementation of the projects by the associations followed by monitoring and evaluation by the MRA. The MRA's Manager for Sustainability & Planning Branch Stella Brere encouraged the women to be committed to the SGP process and ensure that their enterprises are managed well once they receive the grants. She said this project was important to the women's livelihoods and if they managed their projects well, they could attract further assistance in the future.

A happy Ampawi Maxwell of Nauti Women's Group of Hidden Valley Project in Bulolo District said her group plans to purchase a vehicle and operate a transport service between Lae and Nauti in Bulolo District. Her group is one of the 12 successful applicants. The MRA's Managing Director Philip Samar said the SGP concept was consistent with the Authority's mission and vision which is to effectively and sustainably manage the mining sector so as to benefit all stakeholders. He said the MRA was committed to assisting the women's groups by facilitating the SGP.

## **‘New Gold Rush’ For Riches Takes Aim At Deep Ocean**

Intergovernmental body gives OK to seven new exploratory permits to hunt for deep sea minerals.  
Andrea Germanos, MintPress News via PNG Mine Watch, July 26, 2014



(Photo/jayhem via Wikimedia Commons)

A new gold rush for mineral riches lurking in the deep sea continues, as a United Nations organization has given the green light to seven new applications for exploratory seabed mining work permits. The International Seabed Authority, a Kingston, Jamaica-based body established under the UN Convention on the Law of the Sea and which controls activities relating to the seabed’s mineral resources, made the announcement of the new permits Monday. Firms from the UK, the Cook Islands and Singapore will be exploring for manganese, the government of India and a state German institute have applied to explore for polymetallic sulphides, while Brazilian and Russian entities are on the hunt for cobalt.

*BBC News* reports:

*This means that the total area of seabed now licensed in this new gold rush has reached an immense 1.2 million square kilometers under 26 different permits for minerals prospecting.*

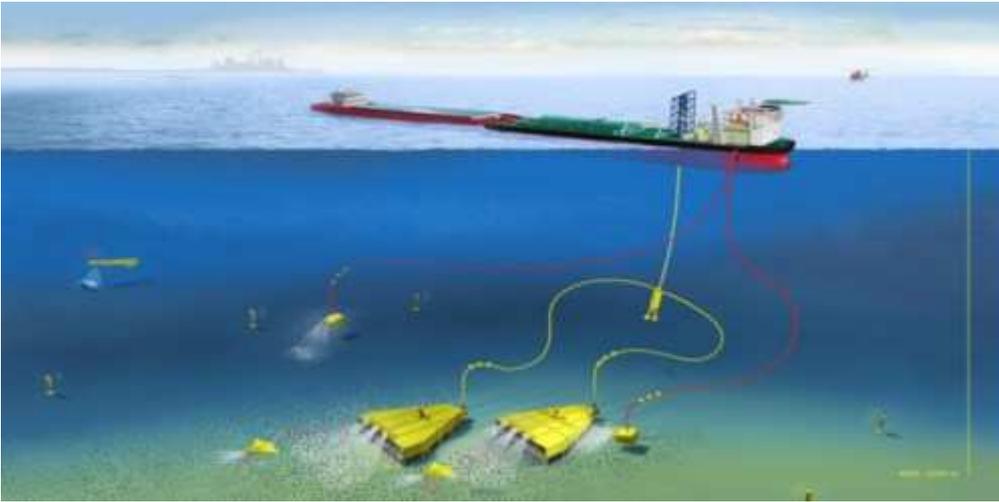
Operations for the mining are set to begin by 2016, but the prospect of the resource grab in the little-explored deep sea has sparked ecological warnings. A report issued last year from environmental campaigning group Greenpeace International found that the prospective “large-scale industrial exploitation,” deep sea mining, “could have serious impacts on the ocean environment and the future livelihoods and well-being of coastal communities.” Ocean conservation organization Oceana also warned that it would “leave a permanent footprint on the marine environment.” A panel of scientists also sounded alarm earlier this year, stating that without “deep-ocean stewardship,” seabed mining could post serious environmental threats, and that many questions still remain about the exploitation. Yet the answer to one key question may be clear. “Will deep-sea mining ensure a healthy and productive marine environment in the long term? The undeniable answer is no,” Xavier Pastor, executive director of Oceana in Europe, stated last month.

## **Seven new exploration licences for deep sea mining**

International Mining via PNG Mine Watch, July 26, 2014

The International Seabed Authority (ISA) has recently issued seven more exploration licences to state-owned and private companies for mineral prospecting on the seafloor. Licences have be-

en approved for the exploration of polymetallic nodules for UK Seabed Resources, Ocean Mineral Singapore, and the Cook Islands Investment Corporation as well as the Government of India, the Germany Federal Institute for Geosciences and Natural Resources, the Russian Ministry of Natural Resources and Brazil's Companhia de Pesquisa de Recursos Minerias. Since 2001 ISA has issued 30 exploration permits for the Pacific, Mid-Atlantic and Indian Oceans. But the body stated that there has been increased interest of late with numerous private firms applying not only for mineral, but also for oil and gas extraction permits. The new licences take the total area of licensed seabed to 1.2 million km<sup>2</sup> under 26 different permits for minerals prospecting.



The attraction of deep sea mining is the high grade deposits which can be up to seven times the grades typically mined on the surface. Canada's Nautilus Minerals is currently the most advanced in deep sea mining with seafloor production tools, and it finally has an agreement in place with the PNG government to move forward with its Solwara 1 gold, copper and silver underwater project, located in the Bismarck Sea. Michael Lodge, ISA's Legal Counsel stated that "we are at the threshold of a new era of deep seabed mining". However many environmental groups are passionate about preventing any development in seabed mining; with Greenpeace stating that seabed mining "poses a major threat to our oceans." Whilst it appears that deep sea mining is on the horizon, how far away commercial extraction is remains a mystery, with the conditions and rules for actual mining still to be negotiated with the ISA.

### **New Caledonian Nickel Mining Company Under Fire At Film Premiere**

*'Cap Bocage: When A Mountain Fell Into The Sea' debuts in Auckland*

By Anna Majavu

AUCKLAND, New Zealand (Pacific Scoop, July 25, 2014) – Indigenous Kanak people in the Cap Bocage area of New Caledonia have "lived in mud and shit for 30 years" as a result of the actions of the Ballande family mining group, a new environmental documentary film reveals. Cap Bocage: When A Mountain Fell Into The Sea held its world premiere in Auckland at the New Zealand International Film Festival this week. Directed by AUT television and screen production lecturer and filmmaker Jim Marbrook, the documentary features Kanak environmental activist Florent Eurisouké as he campaigns in an attempt to hold Ballande accountable over a devastating mudslide which polluted a pristine coral reef.

According to an independent inquiry, the company failed to maintain its mine properly, leading to a pond of toxic minerals, including manganese, nickel and cobalt, bursting and then causing a mudslide for almost 20 km down the mountain and into the Kanak fishing grounds. A list of different species was found to have died, making fishing almost impossible. Shot in New Caledonia over

seven years, the film zeroes in on the nickel mining industry on the country's main island, Grande Terre, which is home to about one quarter of the world's nickel reserves. With one open cast mine per kilometre for 11 km, the miners are referred to in the film as "land rapers", and their mines as "holes of death" with catastrophes situated below.

### **Repairing damage**

After the mudslide of 2008, Eurisouké was elected by his community to lobby to get Ballande to repair the damage it had caused. Independent French scientists speaking to Marbrook in the documentary say that the toxic mud should have been cleaned up right away. According to Eurisouké, the company first agreed to work with the community but then dragged its heels, forcing the community to blockade the mine until it cleaned up the reef. The film shows independent marine ecology and mining experts being initially thwarted by Ballande, which was allegedly reluctant to spend much money on the clean-up operation, instead proposing to dig away the toxic mud with their own machinery and building a coastline road. Ballande also offered the community \$1.9 million to "forget about the mudslide", which the community rejected.

Eventually, Ballande approached the courts to stop the community from blockading the mine. But the courts instead appointed an expert to investigate the mudslide and upheld the validity of Ballande's original agreement with the community to clean up the toxic mess. Today, the reef has been cleaned up and there are new mining laws but as Eurisouké points out, there are still no guarantees that further mining disasters will be cleaned up immediately. Eurisouké told the audience after the screening that Ballande had used many "dirty tricks" against the community. With most of the community being employed by the mine, Ballande officials tried their best to divide people and pit them against each other, Eurisouké said. "This is much worse than a confrontation with a gun because it [causes problems that] last for generations," he said.

### **Refining problem**

Another problem is that ore is now being refined in New Caledonia by a Brazilian company instead of being sent overseas for processing, meaning that a massive new acid processing plant now poses additional environmental risks. However, Eurisouké has successfully sued this company for 40 million Pacific Francs (just under NZ\$1 million), and this money will be used for environmental projects. In 2008, UNESCO recognised the territory's coral reefs as a World Heritage site. Eurisouké said the Kanak people would never give up their struggle against polluting multinationals, and called for solidarity from people in the rest of the world. The film shone a light on the ongoing struggle of the indigenous Kanak people against their French colonisers.

"The problem with the French is that they always want to be first. Everywhere they have been, they have had a great impact on indigenous people," said Eurisouké. "We are not here to decorate roundabouts or show people Kanaky sculptures," Eurisouké says. He is still fighting to close the mine completely, even though it has now expanded. His community's defiant struggle was welcomed by a Māori speaker at the screening, who said that she too would have no choice but to defend her ancestral mountain if it was destroyed in the same way as the land on New Caledonia. The documentary was made with the support of Creative New Zealand, NZ Film Commission and AUT's Pacific Media Centre.

### **Hela government helps Mt Kare landowners**

By MEROLYN TEN, Post-Courier, July 25, 2014

The Hela provincial administration is making preparations to form a legal landowner association for Mt Kare's principal landowners after the completion of a land identification report. Coordinator of mining development for Hela provincial administration Eddie Yuwi said the Hela provincial admi-

nistration would shortly lay out a plan to form the only legitimate landowner claims after the conclusion of the land identification report (LIR). "This would be positive and legal voice for all customary landowners recognised by the land identification report," Mr Yuwi said. He said each clan identified under LIR would form its own entity to be conventional to the Umbrella association according to its constitution. "Therefore, any landowner association or entity being formed now may not be legitimate under the planned structure," he said.

"All have to wait for the LIR to be completed and a way forward to be finalized for structuring the Umbrella association to suit the legal requirement implied." He said the Hela provincial administration would work in collaboration with the Mineral Resources Authority (MRA), Summit Development Limited (SDL) and other stakeholders to defend the project and identified principle landowners from outside interference. "The Hela provincial mining development coordination is very conscious and focused not to spill milk again and also would advise those who are not mandated to all identified clans of Mt Kare project site under LIR list to justify their existence to refrain," Mr Yuwi said. "Therefore, as soon as the Land Identification Report being approved and registered by the National Government, stakeholders will reveal the next stages of development."

### **Oil Search confident of LNG expansion**

Post-Courier, July 25, 2014

*Story courtesy of Radio New Zealand*

The head of PNG-based oil and gas company Oil Search said it is confident that enough new gas will be discovered to allow an expansion of the LNG Project. The US\$19 billion project began exporting natural gas in May and is expected to underpin sustained growth for PNG's developing economy. The Wall Street Journal reports that as a partner in the Exxon Mobil-led project, Oil Search said sufficient gas probably exists in the country's highlands to warrant expanding processing facilities. Oil Search chief executive Peter Botten said he thinks that by the end of the year, they will have a good idea as to the size and shape of the gas field in Hides in the Highlands province of Hela. Mr Botten said he is optimistic rewards from the project would be distributed equitably among PNG's people. He said the government has made the right moves in setting up sovereign-wealth funds and various mechanisms for benefits distribution.

### **Gulf Governor Blames Development Projects For PNG Floods**

*Logging, mining, petroleum projects disrupting river systems: Kavo*

PORT MORESBY, Papua New Guinea (The National, July 25, 2014) – Gulf Governor Havilo Kavo says the flooding of rivers in the province is partly due to debris from several development projects occurring there. "This disaster is caused because many of the tributaries that run into the main river are trapped by logs and ground movement created by the development activities," he said yesterday. He said the project activities carried out by the mining, petroleum and logging companies had impacted on the environment with flooding being one of the effects. "The trees cut down and left out in the forest covered the creeks and rivers in the forest. The earth movements and sediment created by developers filled the river floors, causing the water level to rise," Kavo said. He said those factors disrupted the smooth flow of the water in the 14 river systems of the province and that had resulted in the disaster. "Therefore, I call on the developers in the province like Inter Oil, ExxonMobil and others to come good and assist the people affected by the floods," Kavo said. "The developers should assist the provincial government to help rehabilitate the areas and help the people affected by the flood." He said it was the first time for the province to experience massive flooding that had affected about 50,000 people, which was about half of the province's population.

## Taking a deeper look at seabed mining

Australian National University via PNG Mine Watch, July 24, 2014



International law expert, Prof. Don Anton, pictured at the ISA's 20th Session.

An expert on the law of the sea from the ANU College of Law is continuing to explore the issues and impacts of underwater mining on a global scale during the 20th Session of the International Seabed Authority. Professor Don Anton, who is one of the leading international lawyers at the ANU College of Law, is part of an Australian delegation attending the International Seabed Authority's 20th Session in Kingston, Jamaica. The Authority, which brings together representatives from 160 member nations, was established under Part XI of the United Nations Convention on the Sea, and seeks to organise and control activities outside the jurisdictions of individual countries. This year's Session will discuss legal and technical reports on new applications for seabed exploration, and consider how to regulate the quickly approaching moment when states start mining the deep seabed that is the common heritage of humankind.

During his time at the ISA's 20th Session, Professor Anton will attend Council and Assembly meetings as a member of the Australian delegation, and will develop insights to support his research into the economic, social and environmental considerations deep seabed mining presented to developing countries in the South Pacific. "The issues being raised and explored at this year's Session hold considerable relevance for emerging economies in the South Pacific. "This includes not only understanding the revenue opportunities that deep seabed mining offers developing countries, but gaining clarity on how the environmental risks of such activities can be minimised and managed." Alongside providing examples of the approaches being taken by other member nations, Professor Anton said the ISA's 20th Session would help promote the interests of developing states seeking to engage in seabed mining, and identify other considerations of doing so, including the strategic alliances, public-private partnerships and cooperative arrangements that may be required. The 20th Session of the International Seabed Authority concludes on Friday.

## Law firm files against miner

The National, July 24th, 2014

LAW firm Slater & Gordon has lodged court documents, starting a class action against Newcrest Mining for alleged misleading and deceptive conduct and breach of continuous disclosure obligations. Last year, Slater & Gordon indicated it would be starting a claim against Newcrest on behalf of

shareholders. Proceedings were issued in the Victorian District Registry of the Federal Court of Australia yesterday. The claim relates to Newcrest's guidance downgrade and asset write-downs announced to the market on June 7 last year. Newcrest recently settled a case with the Australian Securities and Investments Commission, paying a A\$1.2 million (K2.76 million) fine for contravention of its continuous disclosure obligations between May 28 and June 7, 2013.

But Slater & Gordon's case takes it further, alleging that Newcrest engaged in misleading and deceptive conduct and breached its continuous disclosure obligations between Aug 13, 2012 and June 6, 2013. "Our clients allege Newcrest had no reasonable grounds for the gold production guidance it released on Aug 13, 2012," Slater & Gordon senior class action lawyer Ben Phi said. "While our clients welcome Newcrest's admissions, we allege that these contraventions form part of a wider course of misconduct. "We have been retained by a significant number of retail and institutional shareholders and the losses claimed are substantial. "The claim has been brought on behalf of all persons who acquired Newcrest shares between Aug 13, 2012 and the close of trade on June 6, 2013." Newcrest said it would vigorously defend the proceedings. The claim is funded by Comprehensive Legal Funding. – PNG Industry News

### **Bougainville factions make peace**

The National, July 24th, 2014

Mekamui members in North and Central Bougainville came together last weekend to reconcile after nearly 10 years of friction between them. The friction between the two factions stemmed from an incident in which Northern leader Willie Haga was barred from attending the funeral of secessionist leader, the late Francis Ona at the infamous Morgan Junction in 2005. The Central Bougainville faction was represented by Mekamui tribal government President Philip Miriori along with his delegation and several family members of the late Ona. The Northern faction was represented by Haga and several other Northern Mekamui leaders and witnessed by many others. A representative of the Mekamui tribal government and the people of Panguna, Philip Takaung, formally apologised to Haga for the incident that saw him missing the funeral of his mentor, the late Ona. Takaung asked for Haga's forgiveness and to see past any misunderstanding between them so that they may work together for further peace and reconciliation throughout Bougainville. Takaung extended an invitation to Haga to pay his respects at the grave of Ona at the latter's Guava village, Panguna. Haga said that this reconciliation signified the Mekamui's intention to foster peace within Bougainville. Haga and Takaung agreed that the Mekamui was ready to work with the Autonomous Bougainville Government to bring peace to Bougainville. In attendance at the ceremony was ABG President Chief Dr John Momis.

### **Ramu nickel mine limps towards full production**

Ian Hetri, PNG Loop, July 24, 2014

*The Chinese owned Ramu nickel mine continues to limp slowly towards full production two years after it opened. The latest figures released by junior partner Highlands Pacific reveal production has still only reached 68% of capacity – despite the Chinese bringing in a completely new top management team last year to sort out the under-performing mine...*

Highlands Pacific carves a slice of Ramu Nickel wealth

The Highlands Pacific (HP) company has an 8.56% interest in the Ramu Nickel project in Madang. In a statement released to the market today, HP advised that the Kurumbukari mine, the Basamuk treatment plant and the 135km slurry pipeline to the treatment plant continued to ramp up to full production. This means HP is poised to benefit from the full production of Ramu Nickel's major

projects, namely the Kurumbukari mine and the Basamuk treatment plant. It was reported that the plant had achieved an average of 68% of “nameplate” capacity for the June quarter against a planned rate of 70% and a substantial improvement on the 52% achieved during the March quarter. Nameplate capacity refers to the intended technical full-load sustained output of a facility such as a power plant, a chemical plant, fuel plant, metal refinery, mine, and many others.



“The rate achieved in the last 6 weeks of the June quarter averaged 74% while the rate achieved for the cumulative 6 months to June 2014 is 60%” the statement states. The operator continues to forecast 22,000 tonnes of nickel (70% of name plate capacity) for the 2014 year before reaching full production of 31,150 tonnes of nickel in 2015. Sales contracts are in place for the full 2014 forecast production with Chinese and international buyers. The LME Nickel price is up 35% on last year and has been holding firm over the last three months at just under US\$9/lb or US\$20,000/t. Highlands Pacific’s share of product based on its 8.56% share is 2,666 tpa of nickel and 282 tpa of cobalt, according to the statement. The company’s share is said to rise to 3,520 tpa of nickel and 373 tpa of cobalt when equity increases to 11.30%.

### **Governor: K259m for Western stalled**

The National, July 24th, 2014

By MALUM NALU

WESTERN Governor Ati Wobiro says K259 million in the Ok Tedi Mine trust fund as benefits for his people is not being used because of other selfish people wanting to put their hands on the money. The funds, which belong to non-Community Mine Continuation Agreement (CMCA) villagers, are being caught in a tug-of-war and are now being kept in a National Court trust account. “One of the things I quickly tried to understand when I came into office was how funds from mining were used, particularly in non-CMCA regions,” Wobiro said yesterday. “To my horror, I know out that in the last five to 15 years, close of half a billion kina was taken out of funds, supposedly for projects, but as I looked through the list, there were no projects. “What happened to the money? “I don’t know. “My own conclusion is that it must have gone to some people’s pockets. “I took out a newspaper advertisement, putting everybody on notice, that no one will be allowed to touch this money without my approval or the approval of the provincial executive council because too much of our money has gone down the drain.”

Wobiro said in January a group called Ok Tedi Mine Impacted Area Association (OTMIAA), through lawyer Samson Jubi, obtained an ex parte order to stop Ok Tedi dumping tailings into the Fly River and that K45 million from the non-CMCA account be transferred to the National Court trust account. He said OTMIAA then got another ex parte order to transfer K214 million from the same account to another trust account in the National Court. “By doing that, they totally wiped out

the account,” Wobiro said. “Currently, there’s zero balance. “For over one-and-a-half years now, we haven’t really been doing anything because there’s been fight after fight over this money. “I’m hoping that this matter will be sorted out soon and the funds will be released back so the provincial government so we can start using it for development

### **Ok Tedi: Payment for villagers**

The National, July 24th, 2014

THE memorandum of agreement review on the royalty split by OkTedi mine is for landowner villagers of the mine, an official says. Ok Tedi Mine Impacted Area Association (OTMIAA) president Nick Bunn said that to clarify frustrations from locals in Western. Bunn said the MoA is different from the community mine continuation agreement (CMCA) communities. “It (MoA) is for the royalty payment allowed by law which they must get it as their benefit and they must review and negotiate with other parties at the expiration of the review agreement.” “For the CMCA region, our 2006/2007 review agreement was to be reviewed in 2011 but this did not happen so OTMIAA advocated against it.”

### **Ok Tedi parties reach royalty compromise**

Post-Courier, July 24, 2014

THE Ok Tedi memorandum of agreement (MoA) review has been concluded following a compromise reached by parties on the long standing issue of the transfer of 10 per cent royalties. The compromise was reached by the Fly River Provincial Government (FRPG) and Mount Fubilan Resource Owners Association (MRFA), who have been at logger heads over the transfer of these funds. The two parties have been negotiating this transfer but to no avail until last week’s review of the Ok Tedi mining project agreement in Kokopo. The agreement provides for the provincial government and the association to receive 50 per cent each in royalties from the Ok Tedi Mine. However, the association had earlier proposed that the provincial government offload 10 per cent of its 50 per cent to them through the Star Mountains Local Level Government (SMLLG). The two parties have resolved that the distribution of royalties will remain at 50 per cent each.

However, the provincial government through the SMLLG will give K2m from its annual general budget to the association each year to sustain its operation. It was also agreed that of the K2m, 10 per cent would go to the SMLLG while 90 per cent would go to the association. The association’s executive officer Toby Yakumani said the landowners are happy with the resolution. Acting Western provincial administrator Manise Ronald Dmonai said his administration would ensure that the K2m would be catered for in the province’s 2015 budgetary allocation. Among other resolutions passed included the establishment of the Star Mountains special purpose authority (SPA). Mineral Resources Authority’s managing director Philip Samar said the conclusion of the Ok Tedi MoA review process brings to four the number of mining project MoAs that have been completed and ready for sign-off by the parties this year.

### **Deep sea mining licences issued**

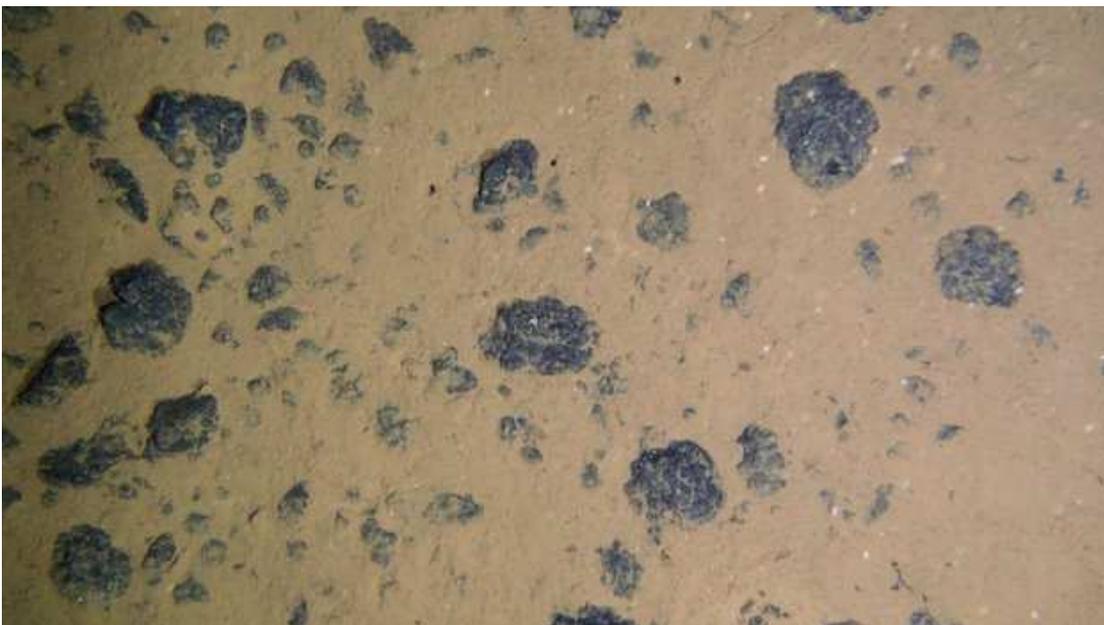
David Shukman, BBC News, 23 July 2014

For decades, the idea of mining these deposits was dismissed as unfeasible. Vast new areas of the ocean floor have been opened up in an accelerating search for valuable minerals including manganese, copper and gold. In a move that brings closer a new era of deep sea mining, the UN's International Seabed Authority (ISA) has issued seven new exploration licences. State-owned and private

companies from India, Brazil, Singapore and Russia are among those to land permission for minerals prospecting. One British firm, UK Seabed Resources, a subsidiary of the US defence giant Lockheed Martin, has secured exploration rights to an area larger than the entire UK.

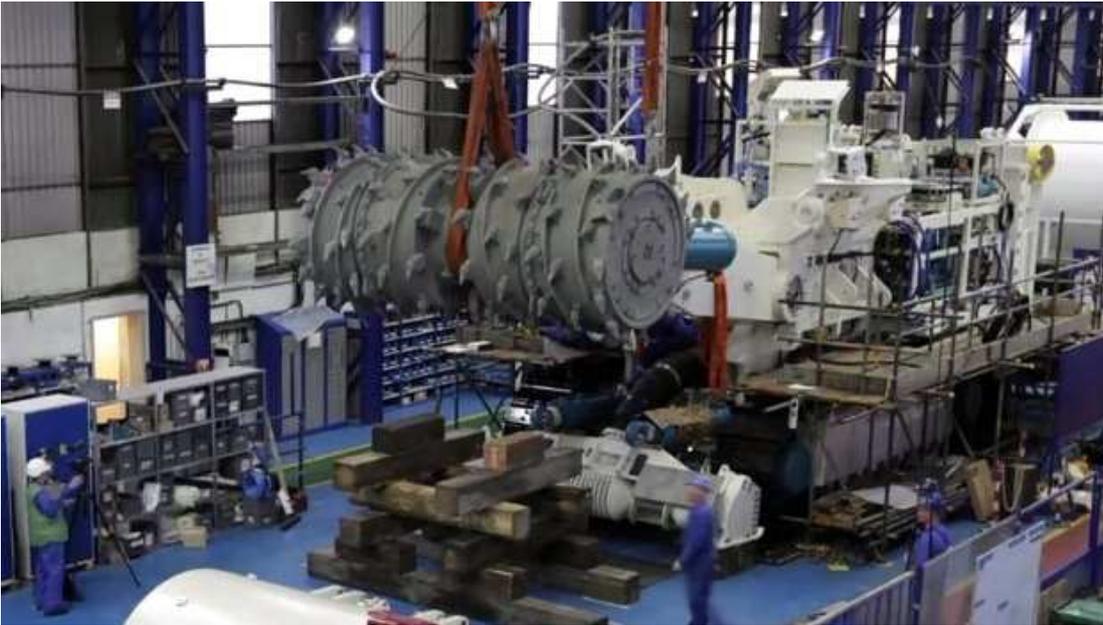


This means that the total area of seabed now licensed in this new gold rush has reached an immense 1.2 million square kilometres under 26 different permits for minerals prospecting. Deep sea mining is a new frontier in the quest for the precious raw materials needed for modern economies but environmental groups have long warned of the potential damage to marine ecosystems. Mining the ocean floor was first investigated in the 1960s but only recently have technological advances - spurred by the oil and gas industry - and high prices for resources combined to make operations feasible. The ISA was set up to manage the exploitation of the ocean floor beyond territorial limits to prevent a free-for-all and has so far only issued licences for exploration. The first permits for exploitation could come in the next few years.



Nodules are a target for extraction - these small lumps of rock contain high proportions of metals

Michael Lodge of the ISA told the BBC: "There's definitely growing interest. Most of the latest group are commercial companies so they're looking forward to exploitation in a reasonably short time - this move brings that closer." Still to be negotiated are the conditions and rules for actual mining. A protocol to minimise the environmental impact is still being drawn up. And arrangements for royalties to be paid to developing and landlocked countries have yet to be settled - a basic principle of the ISA is that seabed riches should be shared globally. Two of the new licences - for German and Indian organisations - cover deep ocean ridges where hydrothermal vents have created potentially rich deposits. Dr Jon Copley of the University of Southampton, a marine biologist, has monitored the development of deep sea mining amid concerns about its possible effects on the natural world.



Construction of a seafloor mining machine was completed in the UK

"In total, about 6,000 km of mid-ocean ridge in international waters are now being explored for potential seafloor mining. In total, around 7.5% of the global mid-ocean ridge - the geological backbone of our planet - is now being explored for its mineral wealth. "Ridges are one of the three deep-sea environments where there are mineral deposits attracting interest, in this case for the metal ores that form at deep-sea vents along the ridges. "But those vents are also home to colonies of some species that aren't found in other deep ocean environments, which may make them susceptible to environmental impacts from mining." UK Seabed Resources (UKSRL) conducted a baseline environmental survey of its licence area in the Pacific last October.

It is hoping to extract so-called nodules from the ocean floor - small lumps of rock which contain far higher proportions of metals than ores found on land. Duncan Cunningham of UKSRL said the company remained "committed to environmentally responsible, transparent and commercially sound development of the area". He added: "We were extremely pleased to have had the opportunity to present details of our first environmental baseline cruise to the ISA and other stakeholders." The first seabed mine is likely to be in the waters off Papua New Guinea. In a deal arranged outside the ISA system, a Canadian company, Nautilus Minerals, plans to extract metals from a field of hydrothermal vents. The project was delayed for years by a dispute with the PNG government but terms have now been finalised and huge robotic mining machines are being constructed. 'Into the Abyss - Deep sea mining' will be broadcast on BBC Radio 4 on Wednesday 23rd July at 2100 BST and repeated on Tuesday 29th July at 1530 BST.

## **New Ireland communities reject Elders endorsement of Nautilus**

PNG Mine Watch, 23 July 2014

Communities across New Ireland have responded with shock and anger to the announcement a group of elders from the island have endorsed the experimental seabed mining plans of Nautilus Minerals. The communities say the so called 'Council of Elders' is a political group formed by the Governor, Julius Chan, some years ago for political gain and to keep himself in power as he does not have the respect if the communities. Although the group uses the name 'council' it has no representative or democratic foundation and has no connection to New Ireland culture or customs. As such the group does not represent the views of the people of New Ireland. The existence of the council has been causing tensions among the villages of New Ireland ever since its inception. Local communities say the council does not represent the people and nor do they have any real idea of the proposed experimental seabed mining. "The reality is the group only do what governor tells them and are simply a group of puppets".

## **Ok Tedi: WP landowners and govt reach agreement over royalty fees**

Post-Courier, July 22, 2014

The Western Provincial Government (WPG) and the Mount Fubilan Resource Owners Association (MFROA) reached a compromise on the issue of the transfer of 10% royalty from the WPG to MFROA. The Mineral Resource Authority confirmed this in a press statement. The two groups who are parties to the Ok Tedi Mining Project Memorandum Of Agreement (MoA), resolved last week in Kokopo during the review of the MoA, that the proposed transfer of the 10% royalty from WPG to MFROA would not be implemented. Instead the WPG through the Star Mountains Local Level Government (SMLLG), would give K2m from its annual budget to MFROA every year, to sustain the operations of the MFROA. It was further resolved that of the K2m, 10% would go to the SMLLG while 90% would go to the MFROA. The transfer of the 10% royalty has been a contentious issue on the OK Tedi Mine MoA review for sometime hence the resolution last week.

Executive Officer of the MFROA Toby Yakumani said although there were minor hiccups with regards to the 10% equity, his group was happy with the resolution on this issue. Western Provincial Administrator Manise Ronald Dmonai said his administration would ensure that the K2m would be catered for in the provinces 2015 budgetary allocation. In addition, the parties to the MoA which are the State, WPG, MFROA and SMLLG also resolved to establish the Star Mountains Special Purpose Authority (SPA). It was resolved that the SMLLG in consultation with MFROA and the WPG and the Department of Provincial & Local Level Government would facilitate the establishment of the authority. In concluding the review, all parties signed a draft MoA demonstrating that they have agreed to all clauses in the revised MoA.

The draft will be given to the Office of the State Solicitor for legal clearance before it is passed onto the National Executive Council (NEC) for final approval for implementation. According to the Managing Director of the MRA, Philip Samar, the conclusion of the Ok Tedi MoA review process brings to four (4) the number of mining project MoAs that have been completed and ready for sign-off by the parties this year. The other three (3) are Simberi, Sinivit and Tolukuma. "This is indeed a milestone achievement by the MRA where never before has the government been able to achieve such an outcome with the Ramu MoA signed off last year and with another four MoAs to be signed off before the end of this year. We set a target of executing 3 MoAs this year but it looks we will be exceeding that". Meanwhile, the outstanding MoAs to be completed are Porgera and Hidden Valley which are 90 percent completed and Lihir which has been stalled due to the IBP discussions by Lihirian parties.

## **Daru hospital urgently needs fulltime doctors**

Post-Courier, July 21, 2014

By NELLIE SETEPANO

DARU hospital in Western Province is facing a crisis and urgently needs full time medical doctors. The hospital cannot function without a minimum of four specialists in the areas of internal medicine, surgery, paediatrics and obstetrics and gynaecology. Currently the hospital has no paediatrician and surgeon. There are five health extension officers or HEOs. The HEOs refuse to see patients because there are no risk allowances such as TB risk allowances. The caretaker CEO, Dr Naomi Kori Pomat, is the only paediatrician at the hospital and cannot attend to CEO duties outside Daru. She has desperately raised concerns to the Western Provincial Government to address staffing issues stating the provincial government pay attention to improving incentives to medical workers contracts. "The town itself does not attract professional people to live here unless they are offered an extremely attractive package," Dr Pomat said. She said despite the province's mining history, government services for the provincial town have been substandard and are deteriorating.

In a copy of the situation report sent to Post-Courier, Dr Pomat pressed the need to have a fully functionally hospital to address multi-drug resistant or MDR-tuberculosis. She highlighted that Daru and South Fly District has the highest MDR-TB thus rapidly spreading throughout Daru Island and the South Fly mainland. The hospital boss said the hospital management cannot advertise current positions as the grades are lower and unattractive compared to other hospitals. On July 8, senior staff of the hospital put together staffing concerns for the provincial government. They stated that they cannot perform duties well and their efforts to complete patient care cannot be achieved and can result in the population at danger of brewing deadly TB in that part of the province. The staffs have called on the governor of the province, the health department and the health minister to intervene to address the problem. The *Post-Courier* understands that under a new health structure, it is the prerogative for the hospital administration and the provincial government to produce an attractive employment packages for hospital staffs.

## **Solomon Islands workforce slashed at Gold Ridge**

21 July, 2014, Ben Hagemann, Mining Australia

Hard times continue for Gold Ridge Mining Limited (GRML), which will reduce its workforce to cut costs at their non-operational mine in the Solomon Islands. GRML has continued to pay the workforce since the mine was closed due to flash flooding in April, but the company will cut staff that are not required during operational closure. GRML owner St Barbara has said that a return to full scale production will not be possible for "quite some time". GRML is currently awaiting government approval for dewatering the tailings storage facility and maintaining the processing plant and infrastructure. Once approval is received, GRML will commence dewatering in order to resume gold processing. The timeframe for repairs to the Tinahulu Bridge, which provided heavy machinery access into the mine, is unknown and depends on the company's dealings with the Solomon Islands Department of Infrastructure. St Barbara said that the Gold Ridge has been beset by hundreds of illegal miners who set up camps in the open pits, and that no mining will be possible "until this issue is addressed". GRML is still under force majeure.

## **Bougainville: Local alluvial miner calls on ABG to buy gold from them**

Post-Courier, July 20, 2014, By ROMULUS MASIU

LOCAL alluvial gold miners of Bougainville have called on the Autonomous Bougainville Government to look for money and buy gold from them, smelt into gold bars and put in reserve.

Thomas Pabakumi made the call on behalf of the many alluvial gold miners in Panguna and all over the island region. "ABG should look for money, buy gold off alluvial gold miners in Panguna and right across the island, smelt them and make gold bars and put as reserve as wealth for the government and people of Bougainville," Mr Pabakumi said. Pabakumi is also an alluvial gold miner himself. Since the giant BCL Panguna Copper mine ceased operations and after the crisis, locals have taken up alluvial mining in the tailings and surrounding of the mine. The number of alluvial miners have rapidly increased also with Bougainvilleans taking up alluvial mining right across the island - from North, Central and South.

Mr Pabakumi said there is already a gold smelter based in Arawa, Thomas Kenteve, who is an expert in the field but is not being utilized by the government to make gold bars to put in reserve bank. "Why don't we use locals on the ground, we can put gold bars in reserves and hold till after referendum – a wealth for the future of Bougainville and its generation." Mr Pabakumi said God has given us gold right on our land – the gold grew as grass – why are we selling out of the region to PNG and to other countries to make other countries rich – this is our wealth and we must protect and keep our God given wealth. "We are the rightful owners of minerals on our land such as gold and we must benefit out of our God given wealth," Mr Pabakumi. He said the Momis-Nisira (ABG) must now look for money to hold back gold in the region.

### **Landowners urge outsiders refrain from Mt Kare issue**

Post-Courier, July 21, 2014

HETAPULA Umbrella Association, claiming 80 per cent of the land that hosts Mt Kare exploration licence says it is the only legitimate representative body that can speak on Mt Kare issues. "For record purposes, HETAPULA comprises the Heli, Tawini and Pujaro of Huli, Hela province - 80 per cent land ownership while the Landopa tribe of Enga holds the balance owing to a common border, Mr Pape clarified. "Hetapula is quite concerned with the many loose landowner groups that are popping up with self interests other than for indigenous landowners, its spokesperson Andy Pape cautioned from Port Moresby yesterday. He was referring to a statement from two Hela MPs and the acting Provincial Administrator who've thrown support behind a new landowning group from Huli. "May I caution our national leaders and educated elites against 'divide and rule' in this early stage of negotiations on the proposed project. "We have seen and experienced enough from the PNG LNG, oil, mining and other resource development projects over these years, thus we want to improve on that.

"The more the unscrupulous representation, the more the confusion thus delay in moving the project forward, Mr Pape further cautioned. Mr Pape pointed out that the Mineral Resources Authority and Summit Development, Mt Kare's developer, in collaboration with genuine landowners have completed landowners identification studies with results expected in couple of weeks time, and until then, fly-by-night and wannabe landowners should restrain themselves. "We've remained willing since 1987, to speak on issues regarding the development of Mt Kare, but on a win win position. Genuine stakeholders will be consulted thoroughly, but not those with vested interest. "On the same token, I appeal to the media to be careful with dissemination of information, especially on sensitive issues surrounding Mt Kare since last week's media reports has steered up animosity among landowners. "This media statement is recentful since it can hamper the good work begun by Summit Development and MRA on the Mt Kare issue," Mr Pape said

## **Bai: Grow agriculture**

Post-Courier, July 18, 2014

BY ROSALYN ALBANIEL

THE government has been challenged to capitalise on the gains of the US\$19billion PNG LNG Project to develop the agriculture industry. The challenge was issued by the Rural Industries Council chairman Brown Bai during the Consultative Implementation and Monitoring Council forum, which ended in Port Moresby yesterday. Mr Bai said with forecasts that the country's gross domestic product (GDP) is set to grow by about 21 per cent from the massive revenue inflows that will be reaped from this project, concrete steps should be taken to grow this vital but now ailing sector. He said if the government is serious in developing this sector, which would remain after the extractive industry fades away, it should consider locking up at least five per cent of the annual GDP. "We are experiencing big growth of revenue inflow from LNG. When that passes away you will go back to where you came from and what will happen?"

Agriculture has fallen, unemployment is going up and nutrition is going the other way. We have a problem and for me it is very hurtful that we are rich yet poor," he said. Mr Bai stressed that failure to act would only result in the dreaded "Dutch Disease". He said while agriculture is a key player in the country's GDP, there had been too much talk fests with little being actually done. It is high time the government starts putting money where its mouth is. Mr Bai said being a key player in the GDP, the agriculture sector's performance or non-performance has a significant bearing on its (GDP) growth as well as the livelihood of the people, 80 per cent of whom live in rural areas and depend on this sector. He said there were warning signs sounded by many, including the Bank of PNG, that there was a huge problem, but nobody was paying attention.

## **Mining: Department raises concern over funds**

Post-Courier, July 18, 2014

The National Planning & Monitoring Department (DNPM) has raised concerns over misapplication of Special Support Grants (SSG) by provincial governments and districts that are host of mining projects. Special Support Grants are funds provided to provinces that are hosts to mining projects as incentives. These grants come out of the national government's annual budget and are kept with the DNPM. Programme Planner - Mining - for the DNPM, Mark Goiye in his presentation to the parties to the OK Tedi Memorandum Of Agreement (MoA) in Kokopo this week, said the department had come to realise that provincial and district government officials responsible for the disbursement of these funds are not familiar with the set guidelines based on which the funds must be disbursed. He attributed this situation to the fact that when new officials take up positions responsible, for instance provincial administrators and the district managers, the predecessors do not educate the successors on the guidelines.

Mr Goiye said one of the provisions in the guideline states that SSG funds must be spent on projects exclusively in districts that host mining projects and impacted areas and not in other districts. The DNPM is aware that this has not been the case in many instances. He said the end result of misapplication of funds is that host districts miss out on development and infrastructure benefits because the funds they are meant to receive are spent elsewhere. Mr Goiye said between K50-60m had been allocated for SSG for the mining provinces this year. The Department is now visiting provincial and district offices in the mining provinces to carry out awareness programmes to educate relevant officers on the guidelines. It (DNPM) has also begun conducting these educational awareness campaigns during MoA reviews which is a good opportunity for the department to educate parties on the requirements and guidelines. MoA meetings are viewed as good opportunities for awareness

sessions essentially because these meetings bring all relevant stakeholders including provincial, district administrators and LLG managers together.

### **Move to block OTML deal**

The National, 18th of July, 2014

By MALUM NALU

WARNER Shand Lawyers says the Ok Tedi Mining Ltd (OTML) memorandum of agreement review taking place in Kokopo is in defiance of a court order in a pending court case. Parties in the MoA meeting in Kokopo include the State, Western provincial government, Star Mountains local level government and Mt Fubilan Resources Association which claims to represent six concerned mine villages. Warner Shand lawyer, Roddy Koaru, said in a letter yesterday to parties involved in the Kokopo meeting that they could be held in contempt of court. Last September, OTML was ordered by the Kiunga provincial land court to pay mine pit royalties backdated to July 2004 to the Kimka-Sepiyen sub-tribe of the Star Mountains of Western. This was after a court battle that had been going on since 2006. After the ruling, however, another person, Biul Kirokim, sought leave for a judicial review in Feb this year which was granted by Justice Les Gavara-Nanu. Warner Shand's argument is that while the stay order is still in place, the OTMP MoA review has taken place, which can be seen to be in defiance of the court order. "Judge Gavara-Nanu has placed a stay order," Koaru said. "The effect of the stay order is that the parties, their servants, agents, government entities like Mineral Resources Authority, Mineral Resources Development Company, and Ok Tedi Landowners' Association are restrained from reviewing the agreement which Biul Kirokim signed in 1991. "We will seek orders for incarceration if Kirokim signs the MOA." and persons who aid or abet him to sign the MOA."

### **Group in legal battle over Ok Tedi mine**

The National, 18th of July, 2014

A GROUP from the Star Mountains of Western province, which has been recognised as legitimate landowners of the mine pit area of the giant Ok Tedi mine, is fighting a legal battle to have majority land ownership of the mine pit. The Kimka Sepiyen sub-tribe of the Star Mountains was awarded 95% benefits in 2004, but since then, has been involved in a legal battle with Biul Kirokim of the Wopkaimin tribe. Warner Shand Lawyers, which is representing the Kimka Sepiyans, yesterday vowed to fight in court for their client. Lawyer Roddy Koaru said the case started in Tabubil in 2004 and the court awarded 95% to the Kimka Sepiyen and 5% to Kirokim. "The first appellant (Kirokim), aggrieved by that decision, filed an appeal at the provincial land court in Port Moresby in 2007, which upheld the appeal. "The respondent was not satisfied with the decision and further appealed to the National Court, and there, Ok Tedi Mine got interested in the proceedings as a second appellant. "The National Court quashed the decision on jurisdictional grounds and referred the matter back to Kiunga provincial land court. "The Kiunga provincial land court threw out the appeal on the basis that the appellants never filed a proper appeal as per Land Settlement Dispute Act 1975."

### **Parties to review Ok Tedi mining agreement**

Post-Courier, July 18, 2014

PARTIES to the Ok Tedi Mining project memorandum of agreement (MoA) are meeting in Kokopo this week to review the project's MoA. The parties are the Independent State of Papua New Guinea, Western Provincial Government (WPG), Star Mountains Local Level Government (SMLLG) and

the Mount Fubilan Resources Association (MFRA), which represents the six mine villages concerned. High on the agenda will be the implementation of the transfer of 10 per cent royalty from the WPG to the six mine villages, which was agreed on by all parties in 2012 when the MoA was last reviewed. At present, royalty break up is such that the provincial government and the six mine villages get 50 per cent each of the total amount based on Ok Tedi Mining Limited's monthly sales of product. If the transfer of 10 per cent from the WPG to the villages is effected, the villages will get 60 per cent while its portion will be reduced to 40 per cent. The transfer of the 10 per cent royalty portion was proposed by the mining villages during the 2012 review because they saw that the production levels of the Ok Tedi Mine under the Mine Life Extension (MLE) would be reduced by one third from the current production levels and would therefore affect royalty levels. Other benefits that will be discussed include the transfer of 20 per cent of the total special support grant from the WPG to the SMLLG and the finalisation of the provisions of the MoA.

### **Mt Kare: Hela government urges Huli landowners to be united**

Post-Courier, July 17, 2014

*By ANDREW ALPHONSE in TARI*

THE Hela provincial government has urged Huli landowners of the Mt Kare gold project to be united and work under one umbrella association in order for the project to reach fruition. The call was made jointly by Hela MPs Phillip Undialu (Koroba Lake Kopiago) and Francis Potape (Komo Margarima) last Thursday in Tari during a short meeting with the members of the Tagali Mt Kare Peoples' Association (TMKPA), the umbrella landowner mouthpiece group from the Huli side of the Mt Kare project. The meeting was witnessed by Hela Deputy Governor and Komo LLG president Thomas Potape and acting provincial administrator William Bando. The meeting evolved from an earlier consultation workshop between developer Summit Development-IndoChina Mining Ltd, Mineral Resources Authority (MRA) and government representatives from both Hela and Enga provinces staged from the 7-8 July 2014 at the Highlander Hotel in Mt Hagen. Mr Undialu and Potape who attended the consultation workshop were impressed with the progress undertaken by the developer and MRA on the Mt Kare project including the completion of the land investigation study (LIS) and land investigation report (LIR) which would soon be made public.

Mr Undialu and Potape said the LIS and LIR team discovered from their findings that more than 60% of the Mt Kare land is owned Huli landowners in Hela province while about 40% belonged to the Paiela people in neighboring Enga province. Mr Undialu and Potape told the people that as such, the onus was now on the Huli landowners to work cooperatively under one association to help the State and developer to deliver the project. Mr Undialu announced a K200 000 commitment from the Hela provincial government in the 2015 budget to the TMKPA to assist them in establishing their association while the Hela provincial government also committed another K100 000 for the same to the Paiela landowners in the Enga province. Mr Undialu said under Hela Governor Anderson Agiru's leadership, the Hela provincial government was also committed to provide funding in opening up the Tari to Mt Kare road project next year. Currently, Mt Kare is only accessible by helicopter from Tari or either by trekking on foot for a day including spending a night in the thick bushes.

Mr Undialu said the Hela provincial government would make it its business to 'punch the road through thick jungles and across rivers' to open up accessibility to Mt Kare and Tagali LLG people in Tari Pori district. Mr Potape said for nearly 27 years, Mt Kare project has never been developed and one of the reasons is due to indifference and disunity amongst landowners. Mr Potape said what is needed one is for all landowners to be united, put their differences aside and work cooperatively with the developer and the State to deliver the project. Mr Potape commended TMKPA for taking the initiative to mobilize and getting the ground work done for landowners in the Huli side of

the project. TMKPA public affairs officer Mr Michael Parali thanked the Hela provincial government for its support to the association and the project. Mr Parali from the Apai clan also commended developer Summit Development Ltd and MRA for its professionalism in the completion of the LIS and LIR reports in the Mt Kare EL1093 project, adding that all traditional and customary land identification process have being accurately and transparently conducted and completed. Mr Parali said his group was willing to work with the developer and the State to deliver this much delayed project for everyone's benefit.

### **ADB: Mine revenues volatile**

The National, July 16th, 2014

By GYNNIE KERO

MINING revenues for a small country like Papua New Guinea tends to be volatile, Asian Development Bank economist Aaron Batten said. He said the crafting of a sovereign wealth fund (SWF) policy was ideal as it would mitigate foreign revenue inflow from the country's mining and petroleum assets. Batten said another aspect of the SWF was that it could prevent unnecessary appreciation of kina, which tends to disadvantage people in rural areas, cash crop exporters. Data obtained by ADB showed that the mining sector created 5% of the 150,000 formal jobs created in the last decade, from 2002-2013. National Research Institute director Dr Thomas Webster said the SWF needed to be crafted in a way to benefit the mass Papua New Guineans, thus improving the socio economy. In relation to receipts from LNG sales, Bank of Papua New Guinea senior officer Dr Gae Kauzi stressed that the country needed efficient and effective budget management so that most Papua New Guineans could benefit from the PNG LNG project. He said the: "answer lies in effective and efficient budget management and that's where SWF will try to address instead of all funds being pumped into the budget for spending, let it be managed through SWF so that and its spent wisely on projects".

### **Journal: LNG operators in PNG have advantage**

The National, July 16th, 2014

OPERATORS of liquefied natural gas in Papua New Guinea will have an advantage over LNG developers in places such as Australia, where labor is more expensive. The Wall Street Journal reported that buyers were eager to diversify their supply sources to protect against the possible disruptions. Supplies in Asia were expected to rise substantially in the coming years as a result of the US shale-gas boom. Analyst John Hirjee at Deutsche Bank estimated that Exxon's plant in the country would generate a return on investment of 19% over its life, potentially making the project one of the most lucrative in the Asian-Pacific region. For Oil Search, which recently began exploring for oil in Iraqi Kurdistan, adding a third processing unit could be a quick way to increase earnings as investors question how it will maintain sharp gains in its stock price.

The company's shares have almost doubled in price in the five years since construction on the LNG project began. For the government, a decision to invest in new processing facilities would inject much-needed cash into the economy. Spending on the foundation stage of the project is already set to more than double the country's gross domestic product, according to some estimates. Large investments in the country have led to quarreling between tribal landowners and lawmakers over how the proceeds should be divided. Chief executive officer Peter Botten Botten, a longtime resident of the country, said he was optimistic that rewards from the project would be distributed equitably. "The government has made the right moves in terms of setting up sovereign-wealth funds and various mechanisms for benefits distribution, but it's early days," he said. "Part of the solution is that the private sector works with government to help deliver services like health."

## **LNG: Hela locals concerned over basic services**

The National, July 16th, 2014

WHILE many benefited from the PNG LNG project in terms of infrastructure development, resource owners are still lacking basic service delivery, landowners say. Oil and gas landowners in Hela expressed concern about not getting basic infrastructure while PNG was benefiting from the LNG gas, they told a media conference in Port Moresby last week. General secretary of Hides PDL 7 Paul Peter Mulapi said it was unfair for certain politicians to stop the good work of the prime minister who was delivering benefits throughout the country, unlike past governments. "It was Hela and Southern Highlands' turn to get major infrastructure developments when O'Neill and the Cabinet met in Hela over the past weeks if it was not for this Paraka saga," Mulapi said.

The call was made in front of ILG chairmen of the project areas in Hela and Southern Highlands. Chairman Chris Payape said ministers were talking about a lot of money being spent in Hela but nothing tangible had been done there as people of Hela were still living without electricity and lacking basic infrastructure development. "We appeal to the politicians to put people first and not their power play. We will never give away our resources," Payape said. Resource owners said they were waiting for Prime Minister Peter O'Neill to go to Hela and announce the provision of services as agreed prior to the delivery of the gas and the opening of the Komo International Airport.

## **LNG: Landowner group still awaiting land rentals**

Post-Courier, July 16, 2014

By JEFFREY ELAPA

A landowner group has called on the developer of the multimillion kina PNG LNG project, ExxonMobil, to settle all outstanding compensation and land rentals overdue for the past eight years. Moses Peno, the chairman of the Tuguba Walo Limited, an umbrella landowner group that owns the Hides 4 condensation plant of the PNG LNG project, said they have not received any compensation payment for the environmental destruction and for land rentals for the past eight years. He said other landowners in the Hides gas fields and other important infrastructure sites like the Komo Airport landowners have been paid but the landowners of the important infrastructure, the 60.62 hectares condensation plant, have waited for eight years since 2007. He said their demand of K12 million has not been paid while the landowners have also not benefited from any other spin-off benefits from the project. Mr Peno said his group was a genuine landowner group that was incorporated in 2010 and the land on which the condensation plant sits is registered under the Special Agriculture and Business Lease by Tuguba Walo land group incorporated. He said his landowner group was also gazetted as beneficiary of the PNG LNG project but did not take part in the umbrella benefit sharing agreement in Kokopo because he wanted a separate agreement for the condensation plant.

## **Fly government backs people**

The National, July 15th, 2014

By GYNNIE KERO

THE North Fly provincial government is firm on its decision to support locals in business activities after allocating K1 million towards an umbrella company, an official says. Provincial administration official Ronald Manasseh Domnai said K1 million seed capital had been allocated to an umbrella company for the Stanley Gas Condensate project. He said the money would be used to register companies, insurance, office stationery and equipment, including start up seed capital – in order to benefit from spin off activities. He sternly told executives of the Stanley Resources Holdings Ltd to

provide acquittals according to their expenditures. “The K1 million seed capital to umbrella company (Stanley Resources Holdings Ltd) is for registration of licensed businesses and companies. “We want acquittals attached with suppliers’ receipts,” he said.

Cabinet had approved the K829 million development of the Stanley gas-condensate field in Western. The provincial government is anticipating that the Stanley Gas Condensate Project would bring socio and economic developments to Kiunga and the province. “The project will benefit the people through equities and royalties, next project is the Elevala/Ketu we are going to push through,” he said. A Stanley project partner, Carmichael Builders said it was committed to working with the umbrella company on a 50-50 joint venture. Director Tony Carmichael said the company had plenty of ideas to initiate but had to win its project first. “We are not about projects from overseas. Our plan is to build the product in the area, so that it up skills people here. “We want to use locals here, what products you have available and can offer,” he said. Carmichael Builders had established a hard earn reputation.

### **OK Tedi mine resumes operations**

Post-Courier, July 14, 2014

Ok Tedi Copper and Gold mine is back into business. OK Tedi mine through a press release announced that they have resumed operations after a major landslide cut off road access to the mine and mill last Thursday. The cause of the landslide was due to the continuous rainfall in the area. The company said the remedial works on the road affected by the landslide have been hampered by the continuous rainfall but they expect the full restoration of the road to be completed soon. “Part of the copper concentrate pipeline that was dislodged will be replaced before concentrate can be pumped to the river port of Kiunga for shipment,” the mine stated in the press release. “Water supply and other essential services to the township of Tabubil have also been restored however the Company is still maintaining a number of measures to reduce pressure on the operation until the Company returns to full production.”



Managing Director and CEO, Nigel Parker, through an internal message, commended the OTML workforce, contractor partners and business houses for well-co-ordinated support in dealing with the numerous issues presented during this period. “Unfortunately, natural events such as these are beyond our control but I personally would like to commend the efforts of OTML personnel, our

contractor business partners and the communities for their individual and combined contributions in restoring essential services to Tabubil and the mine associated infrastructure,” he said. “For those personnel who were unfortunately isolated at the Mine and Mill until evacuations could be safely coordinated, I also thank you for your patience and understanding during the event. We still have some work to do to restore normalcy throughout the business but I am confident, as we have proven many times before, that we will overcome the remaining issues within the next couple of weeks.”

## **Complaints over Kutubu Landowner funds**

Post-Courier, July 11, 2014

A prominent landowner from the oil rich area in Kutubu, Southern Highlands Province, is facing investigation over claims of misappropriation of project funds. The funds, believed to be from the Kutubu PDL 2 IDG trust account and project funds, were paid by Kutubu Special Purpose Authority and totalled more than K3.6 million. A landowner leader from Kutubu PDL 2 oil and LNG project area, Alex Narobe, has laid a formal complaint with the police fraud squad to investigate how millions of kina have been spent by another landowner who owns a company that has allegedly received millions of kina from the project funds and the national and provincial governments to implement projects in the area. "Since the payment of these monies, there is no real project on the land to show these funds were actually used for the intended purpose that company received monies from the government agencies who deal with IDG and project funds," Mr Narobe said.

"These are project funds funded by public money and people who have applied for those funds should use the money to develop projects that will improve the lives of my people. "But these leaders should not divert these monies to their personal accounts or relatives' accounts as they simply squander those monies in lavish things in the city and overseas and my people are still suffering. "I want to put an end to this in my license area and whoever received IDG money and used it up must be made accountable. "My complaint now is I want people to be accountable to the people they represent and lead in the project area and they should also be accountable to the Government who is using public funds to fund those projects."

The oil processing plants and camps are located in the heart of the thick jungles and villages are scattered in the jungle and accessible by unsealed roads, Mr Narobe said. The people still lack basic infrastructure and services, health care and for so long, they have been neglected. "I am tired of seeing no changes in my area and when I learnt that a sum of K2 million was paid by Southern Highlands Provincial Government out of the funds budgeted for Kutubu PDL 2 infrastructure development grants to this company," he said. "I am not happy because that company is not an authorized PDL 2 Kutubu project area company to receive this IDG money."

## **Indonesia, Freeport Sign Agreement Allowing Copper Exports To Resume**

*Grasberg operator to divest 30%, pay royalties, build smelter*

WELLINGTON, New Zealand (Radio New Zealand International, July 10, 2014) – The mining company Freeport, which owns the massive Grasberg mine in West Papua, says it has agreed on a draft memorandum with the Indonesia government to resume copper exports. Government officials say Freeport has agreed to divest 30 percent of its Indonesia unit, pay a 4 percent royalty for copper sales and 3.75 percent for copper, as well as building a smelter in Indonesia. However, Freeport says it has yet to sign the agreement and there is still no timeframe for when exports will resume. Legal experts have also warned that such agreements are not legally binding and the agreement could still fail when a new government takes office in October, after yesterday's election. Freeport

has been in talks with Jakarta to resolve a six-month dispute over strict new export rules that has halted copper concentrate exports.

## **PNG, All Oil And Gas Prospecting Licenses Under Review**

*Attempt to rid system of foreign companies abusing process*

PORT MORESBY, Papua New Guinea (The National, July 9, 2014) – All prospecting licences for oil and gas in the country are undergoing review, Petroleum and Energy Minister Nixon Duban said yesterday. Duban said he was taking this critical first step to get rid of unlisted foreign companies that were abusing the country's licensing regime by "wholesaling" licenses to the highest bidders. He said some of these licences were used by spectators to raise money for themselves at the disadvantage of Papua New Guinea and its people. "I have directed the Department of Petroleum and Energy to review all currently held prospecting licences in the sector with the firm view to ascertain their status and to verify the ability and seriousness of the license holders over their prospective permit area. "I will soon take possession of this review report and seek cabinet direction on what to do with those permit holders who do not demonstrate capacity and seriousness in developing their permit areas. "This review is necessary for the government to establish who, among the license holders, is a serious player and who is not. "This is so that this nation and its people and government are not kept guessing on who should really be the company or player that we should pay attention and offer concessions to as these demonstrate interest in harvesting our natural treasures."

## **Report: Ramu Mine tailings safe**

The National, July 9th, 2014

A report by an independent consultant has indicated that the deep sea tailing placement used at Ramu NiCo's Basamuk refinery in Madang is safe and tailings disposed have no significant impact on marine and people's lives. The investigation was conducted last month by Ian Hargreaves and Associate Scientists Pty Ltd from Australia, who was engaged by the Ramu NiCo Management following instructions from the Department of Environment and Conservation. The company reported its findings to the National Government, the Mineral Resources Authority including the Madang provincial government. DSTP had been a subject of court actions between the landowners and Ramu NiCo. The findings were from a marine survey conducted in four different phases. The mine's management assured landowners that the company will continue to monitor DSTP operations to ensure no impact was caused to marine lives.

## **Nautilus Minerals Cleared To Begin Seabed Mining In PNG**

*Company completes dispute resolution with New Ireland*

WELLINGTON, New Zealand (Radio New Zealand International, July 9, 2014) – Papua New Guinea's mining minister, Byron Chan, says an experimental seabed mining project could pump 300 million kina, or 124 million US dollars, into the country's economy. The Canadian mining company, Nautilus Minerals, is set to begin mining the seabed off New Ireland in Papua New Guinea for metals, following a dispute resolution with the government there. It will be the first time metals, such as copper, will be mined from the seabed anywhere in the world. Papua New Guinea's mining minister, Byron Chan, says the government has negotiated a 15 percent stake in the project. "That's why I'm just managing this project, and guiding it along, and hope that my people, my district, my province also benefit from this project." Byron Chan says although seabed mining for metals is untested he believes the environmental impact will be minimal.

*[PIR editor's note: RNZI also reported that 'Chan, says he's confident his constituents have been adequately consulted as a planned seabed mining project overcomes another hurdle.']*

### **Ok Tedi: Road to mine accessible**

Post-Courier, July 08, 2014

THE road link between Tabubil Town and the Ok Tedi Mine was re-established after excavation work over the weekend cleared soil that was washed onto the road from last week's land slip at the Yuk Creek. Until the road is fully restored, access is only allowed for OTML vehicles and authorised personnel under controlled conditions. Buses transporting dayshift personnel departed the main camp in Tabubil yesterday morning at 8.30am for the mine and mill. The road will be closed to all traffic between 9am and 4pm, and 7.30pm and 5.30am to allow for remedial works to continue. The copper concentrate pipeline remains dislodged from its footings but is still intact. Company engineers are working to bring the pipeline back to its place and may take up to two weeks before production is returned to normal. The OTML community relations department has advised settlers in the vicinity of the Yuk Creek to evacuate the area for their own safety, as the soil structure at the top of the creek remains unstable and is still moving with the continued high rainfall.

Geotechnical assessments are continuing at the site of the land slip and earth movement at the site is closely being monitored. The Yuk Creek Settlement at the foot of the Yuk Creek has an estimated population of 440. Estimated total population of residents living in and around the site of the landslip, including Finalbin, Bultem and Kawentikim villages, other North Fly villages and other settlers around the Yuk Creek, is 4210. Helicopters are still being used to airlift supplies to the mine and mine villages affected by the slip. OTML will also be installing a generator set at Bultem Village today, until power supply to the village is fully restored. Water supply into Tabubil Town has been partially restored with the connection of a temporary water line. A second water line is being installed and is expected to be opened soon. In the meantime, residents have been advised to restrict water usage. Tabubil Hospital is back in full operation after water was restored yesterday.

### **Landslip halts Ok Tedi mine**

Post-Courier, July 07, 2014



A MAJOR landslip has stopped operations at the Ok Tedi Mine in Western Province. Ok Tedi Mining Limited said a landslip occurred at the Yuk Creek area in the Star Mountains, cutting off access between the mining township of Tabubil and the Ok Tedi mine site. OTML in a statement last Friday said mine operations have been stopped and 462 workers from the mine and mill were airlifted from the mine site to Tabubil by helicopter on Thursday. A small crew will be stationed at the mine and the processing plant and arrangements have been made to rotate the crew every 24 hours. As a result of that, the mine is losing a substantial revenue of US\$3.3 million (K7.8million) per day with the shutdown.

The company said the landslide was triggered by a long period of above average rainfall in the area. For the month of June, Tabubil received 1156 mm of rain – much higher than the average monthly rainfall of 700mm. Also, in the three days prior to the landslide, 364 mm of rain was recorded including 223mm in a single day. Landslips are a common occurrence in the area due to the high rainfall and the unstable environment. OTML said no injuries or missing persons have been reported, however, people living in settlements in the vicinity of the slip zone have been advised to vacate their homes for their own safety. A number of mine villages have also been affected as they have no access into Tabubil to buy food and arrangements will be made to airlift food supplies to these villages if the road access is not restored within the next few days. “Works to restore the road access have yet to commence due to further slips occurring over the last 24 hours as a result of continuous rainfall.” The slip has caused the copper concentrate pipeline to be dislodged from the footings although it still remains intact.

### **Woodlark gold mine to start soon**

Post-Courier, July 07, 2014

CONSTRUCTION work will soon begin on the development of Woodlark Island gold mine project in Milne Bay Province. This follows the signing of the mining lease by Mines Minister Byron Chan at Alotau International Hotel on Friday, a month after the Mining Council approved the lease for Papua New Guinea’s latest small-scale gold mine project. Minister Chan; Governor Titus Philemon; CEO of Woodlark Mine Limited and managing director of Sydney-based parent company Kula Gold, Stuart Pether; Mineral Resources Authority managing director, Philip Samar; and landowner association chairman Davidson Aisi all hailed the signing as a very special and historic occasion for all the stakeholders. “Today is a very special day for the people of Woodlark, Milne Bay and Papua New Guinea. With the signing of the mining lease, the company can start work on developing the mine,” Minister Chan said.

Referring to the current political crisis, he said: “The government is united and fully intact. Today’s signing is an indication that the government is fully committed to facilitating further major investments for the country.” “This is definitely a historic day,” MRA boss Mr Samar said. “The Woodlark mining lease is the first the Minister has executed since the Solwara lease in 2007. The mining sector is not rosy (at present) but we’ve proven today that it is business as usual and we can expect to deliver one or two more mines in the near future.” Woodlark Mine CEO Mr Pether said: “Our discussions have been very successful and I want to thank the governor and everyone involved. It’s a special day for everyone and the end of a very long journey for all the stakeholders because we are all walking on this journey together.”

“I know my people are happy,” landowner chairman Mr Aisi said. “They have been in the dark for a long time and now they’re going to see the light. The mine is going to help everyone – the people of Woodlark, Milne Bay and Papua New Guinea.” The signing of the mining lease took place despite the fact that the land ownership issue has yet to be resolved. The Woodlark gold mine project is a unique case for PNG because most of the land on the island is owned by the State. Governor Phile-

mon fully supports the people and has made it his 2012 election platform to help revert ownership of Woodlark land back to the people. The National Government has noted the people's concern and Minister Chan reiterated the O'Neill-Dion's commitment and assurance that the land will be given to the people before the MOA for the Woodlark mine project is signed.

The MOA will define the benefit-sharing arrangements for mining equity, royalties, training and employment, business opportunities and other benefit streams as well as respective responsibilities for the National and Provincial Governments, the developer, landowners and other stakeholders. Speaking for his people and provincial government, Governor Philemon said they would not support the signing of the MOA until the land issue was resolved. "This is our stand... We are not talking only about the land on the mining lease but the entire land of Woodlark island," he said. Minister Chan said: I acknowledge the letter from the governor requesting that the land issue be resolved before the MOA is signed. The Prime Minister has already directed the Minister for Lands to act on the land titles. "Portions of the land will be reserved for public purposes but other portions are are being dealt with. The secretary for Lands is dealing with the matter as we speak," he said.

### **Government grants license to Woodlark Mining**

Post-Courier, July 07, 2014

The National Government last Friday granted a Mining License- ML 508 - to Woodlark Mining (PNG) Limited (WML), operator of the Woodlark Gold Project and subsidiary of Kula Gold Limited which is an Australian company. The ML was granted by the Mining Minister Hon Byron Chan and witnessed by the governor of Milnebay Province Hon Titus Philemon, Managing Director of the Mineral Resources Authority (MRA) Philip Samar, DAL Wanuwun (woodlark landowners association) and Milnebay provincial administration officials. The grant of the ML means that the company will begin work on mining the 2.1 million ounces of gold that has attracted PGK 600m worth of capital investment expenditure. The grant comes after 8 years of work by the company starting from exploration through to identifying the amount of resources, completing a bankable feasibility study and satisfying the government's approval processes.

Minister Chan said during the occasion in Alotau, that the granting of the ML demonstrated investor confidence in PNG's mining industry. He said the government expected confidence levels to increase despite the current political climate, adding that this was because of a number of advancements being made by existing mining and exploration companies including Nautilus Minerals which is expected to begin mining in the next 18 months. Chief Executive Officer of Kula Gold Stuart Pether, said the grant of the ML marked a huge milestone for the company having spent 7- 8 years of exploration and related work on the project. He said the grant of the ML gave the company certainty over the title and hence confidence to the company's investors, existing shareholders and their banks so that they could obtain funding to construct the project.

He attributed the outcome to the cooperative efforts by all stakeholders which are the state, Milnebay Provincial Government, landowners and the company. Mr Pether said having acquired the ML, the company would soon re-engage with its financiers to discuss funding options that would allow the company to develop the project. "It's about working hard now to deliver some of the benefits that have been spoken about to all of the shareholders including Kula Gold shareholders and landowners." DAL Wanuwun Association chairman Davidson Aisi said his people had been left in the dark for too long in terms of basic services delivery. He said the mining project is expected to bring development to his people as per ongoing Memorandum of Agreement (MoA) discussions.

## **Freeport-McMoRan Hopes To Restart Grasberg Copper Exports**

*West Papua miner challenging Indonesia's new mining rules*

WELLINGTON, New Zealand (Radio New Zealand International, July 7, 2014) – The owner of one of the world's largest mines in West Papua says it is still in talks with the Indonesian government over a six month dispute that has halted copper exports from the country. Freeport-McMoRan says its chief executive, Richard Adkerson, is in Jakarta as the two sides try to broker a deal to restart shipments of copper concentrate from the Grasberg Mine in West Papua. Freeport and rival company Newmont - which account for 97 percent of Indonesia's copper production - halted exports in January when new mining rules were introduced in an effort to force miners to build smelters and processing plants in Indonesia. Newmont is now seeking international arbitration, but Freeport says it has no plan to follow suit.

## **Bougainville: Landowners do not want copper review agreement**

By ROMULUS MASIU Post-Courier, July 3, 2014

THE Bougainville Copper Review Agreement which was drawn up in the 1960s in the opening stages of the Panguna mine between CRA/BCL, the PNG colonial Government and landowners must be termed invalid under the proposed Bougainville Mining draft. In a recent mining forum in Arawa which was organised by Bougainville Resources Owners chairman Sam Kauona and Panguna mine Special Mining Lease (SML) chairman Lawrence Daveona, most of the participants agreed in strongest terms that the Bougainville Copper Review Agreement must be scrapped off and a stand-alone Bougainville mining law put in place instead. The proposed Bougainville mining draft will be tabled and passed as a law in the upcoming Bougainville House of Representatives Parliament sitting in September. Participants came from Special Mining Lease (formerly Panguna Landowners Association), Bougainville Resource Owners, Women In Mining, Women Against Mining, Ex combatants/youths, chiefs and the Me'ekamui government of unity.

The forum also unanimously resolved that the meeting put on record and let it be known that the revised discussion draft May 20, 2014 Bougainville Mining (Transitional Arrangements) Bill has the same practical legal effect as the July 2013 draft which was rejected by the above groups and other Bougainvilleans for the reason that just as the July 2013 draft grants all of the known mineral reserves on Bougainville to BCL, so does sections 212(2)(b),(3) and (4) of the May 2014 draft which grants an exploration licence to BCL, provisions for an application for a mining lease or leases, and the provision for the grant of mining licences – thereafter restoring the previous Panguna SML to BCL. The forum also resolved that the above views be made known to the ABG Mines Department in the strongest possible terms and to invite them to meet with representatives of the above groups to work together to resolve the issues raised by sections 212(2)(b), (3) and (4) such that the Draft is not inconsistent with the requirements of Section 23 under the Constitution and is not inconsistent with Section 13 of the May 2014 Draft itself.

It was unanimously resolved that women's and youth groups, chiefs and church groups be invited to participate in an awareness program to inform Bougainvilleans including the Members of Parliament of the negative consequences of a Mining Act that contained Sections 212(2)(b), (3) and (4). The forum, co-chaired by Mr Kauona and Mr Daveona, further resolved that answers be sought as to why there is a need for a Transitional Bill at all and to point out to the Mines Department the inconsistencies of the reasons given to date by them for the need for such a Bill and to protest the lack of transparency surrounding the process to date. However, one of the most important understandings reached during the forum was that the legal language used in the mining draft must be broken down into laymen terms so that it can be understood by illiterate Bougainvilleans.

## **New Zealand: Seabed mining fight continues**

ELTON SMALLMAN, Waikato Times, 02/07/2014

Celebratory drinks turned sour for ocean campaigners after Trans-Tasman Resources (TTR) said it would appeal a decision against a massive iron-sands mining operations off the Taranaki Coast. Kiwis Against Seabed Mining (KASM) threw a party two weeks ago for supporters of the successful campaign to see off the mining giant. However, KASM chairman Phil McCabe woke yesterday to news worthy of a painful hangover. "We were 60 or 70 per cent expecting it," McCabe said. "They are a hungry bunch and they'll do anything they can to get what they want." KASM's two-year battle with the New Zealand-based mining company had taken a toll on members, but McCabe said they would pick themselves up and start again. "We all love the ocean and we don't want to see the ocean degraded and that's what gives us our energy. We'll follow it through to the end."

TTR applied for marine consent for an annual harvest of 50 million tonnes of iron-rich sediment over 20 years, 36 kilometres off the Patea Coast. A floating processing plant would separate 5 million tonnes of iron ore concentrate for export and the remaining spoil, about 45 million tonnes, would be dumped back to the ocean bottom. An Environment Protection Authority-appointed committee declined TTR's application, citing inadequacies and uncertainty in TTR's bid. McCabe said a core group had put their lives on hold to fight TTR's application and hundreds more helped. It had cost them money and time. "I've put my business on the backburner for two years and put 40 or 50 per cent of my work life to address TTR's proposal," McCabe said. "We haven't invited this and yet it has cost us considerably." The decision-making committee's finding had been comprehensive and the TTR application had not been up to speed, he said.

"The whole proposal is offensive and it's taken a lot of time from people's lives and caused a lot of undue stress and the company is keen on keeping that going." TTR's board said it would appeal the EPA decision on its application to mine iron sands in the South Taranaki Bight. The decision-making committee's ruling could be appealed only on points of law, but TTR chief executive Tim Crossley did not disclose the reason behind TTR's stance. "We have now studied the decision in detail with the assistance of our advisers and experts, and are confident that there are strong grounds for a successful appeal," he said. TTR had already spent more than \$60 million on exploration. TTR's objective was for substantial economic development of the region and to protect the environment, Crossley said.

## **Solomon Islands: GRML acknowledges landowners**

Solomon Star, 02 July 2014

THE GENERAL manager of Gold Ridge Mining Limited has thanked the people of Solomon Islands, particularly the people of Gold Ridge for the trust and confidence they placed on them. Mr. Stean Berrie was speaking during a traditional reciprocal reconciliation ceremony between his company and traditional landowners of gold ridge in Central Guadalcanal last week. The ceremony was arranged for both parties to mend whatever existed between each other after St. Barbara shut down the mine under the "forced majeure" clause as provided for in the mining agreement. The GM told landowners that the seriousness of the floods caused by heavy rains included cutting off connections between Honiara and the plant site when the Tinahula bridge was detached. "That could not allow fuel to be transported up to the plant site, including food, employees and other service providers", Mr. Berrie told the landowners.

That said Mr. Berrie forced GRML to make a decision to shut the mine primarily for the safety of its workers and their families who have been threatened by the worst floods to have ever hit Central Guadalcanal in April. "We were planning to return when all of a sudden travel bans were imposed

on our expatriate workers. But our action may have been perceived wrongly and may have affected and angered some of you. “Today I accept and fully appreciate the rebuilding of the broken relationship that may have existed between us”, Mr. Berrie said. “We respect the culture of our hosts. We did this today to show our respect to the people of Gold Ridge to allow us to return. Rebuilding of this broken relationship is our priority”, he added. He also thanked everyone for the support rendered especially surrounding communities and employees during their absence from the country. He also acknowledged the fact that company properties are intact. “I must also thank St. Barbara Board of Directors for the big decision to keep employees’ salaries over the past weeks since early April. That was to demonstrate St. Barbara’s commitment to invest in this country”, Mr. Berrie said.

Mr. Berrie also used the opportunity to convey St. Barbara’s condolences to the families and relatives of those who lost their loved ones and properties during the April floods. “Please accept our condolences and sadness to everyone affected by the floods”, Mr. Berrie said. He said that GRML will continue to work with all its stakeholders as they began implementing their stabilization plan. However the greatest challenge faced by GRML now is the Tinahula River Bridge. A visit to the site confirms that both sides of the bridge were washed away, leaving the bridge to stand idle in the middle like an island. “Although temporary work to allow vehicles passed through was done, all heavy plants cannot cross the bridge under the present condition”, Farani a member of the Bemuta village, situated near the Tinahula river said.

He said even the reconstruction itself is temporary therefore a permanent construction is needed. “Gold Ridge hosts a major national project, therefore the government must prioritize the reconstruction of the Tinahula Bridge”, Farani said. But Mr. Berrie confirmed that the responsibility to reconstruct the bridge rests with the national government. “The responsibility to rebuilding the bridge rests with the national government, therefore we will work closely with the MID to get this important infrastructure usable again”, Berrie said. Meanwhile Mr. Berrie also extended his sincere appreciation to all the other stakeholders who have worked hard to commence their stabilization plan to allow them recommence work at Gold Ridge.

### **Miners seek to take the plunge**

James Wilson, Financial Times (UK), July 2, 2014



Construction of the largest machine - the 310-tonne Bulk Cutter

Nautilus Minerals hopes a trio of machines being assembled in the northeast of England will foment a mining revolution on the other side of the world. The front of one of the 6m-high machines in subsea equipment maker SMD’s works near Newcastle upon Tyne has a huge roller-like device, covered in points like a medieval cudgel. This 310-tonne, ivory-white monster is Nautilus’s “bulk cutter” and the mining company hopes to deploy it, and other SMD machines, in an extreme environment: 1,600m below the Pacific Ocean, where it will tear through the seabed to mine gold and copper ore before pumping it to the surface. Seabed mining has long been talked about as having

the potential to change the global supply of many minerals. Nautilus's machinery orders, and its search for a ship that will be the floating processing station for the ore that it mines, are a sign of its confidence that its project can meet the intended 2017 start date.

Canadian-listed Nautilus is "all the closer to making seafloor mining a reality", said Mike Johnston, chief executive, when the bulk cutter was completed this year. It comes after Nautilus resolved a dispute with the government of Papua New Guinea, which owns 15 per cent of the project and can acquire a further 15 per cent. But for all the excitement around seabed mining, this subsector of the resources industry continues to advance in fits and starts. Several decades of growing knowledge of the way mineral deposits have accumulated on ocean floors have still not yielded sustained efforts at exploitation by the world's most experienced mining companies, while adventurous smaller operators have struggled to overcome financial and environmental concerns. Trans-Tasman Resources (TTR), a New Zealand company, had its application to mine iron ore sands off the country's coast rejected on environmental grounds last week. And while Namibia is one of the few nations familiar with seabed mining – diamonds have been mined offshore for 50 years – the same country last year put a moratorium in place over proposed seabed phosphate mining.

In the mineral-rich subsea areas far from land, where the International Seabed Authority – a UN organisation – is responsible for the award of mining exploration licences, progress in seabed mining has been disappointing, says Nii Allotey Odunton, secretary-general. Thirteen years after the ISA began issuing licences – and with the first ones awarded expiring in 2016 – Mr Odunton wants more progress. Significant resources lie on the seabed. Closer to land, meanwhile, some alluvial sands yield sufficient mineral deposits – as is the case with Namibian diamonds. De Beers, the diamond company owned by Anglo American, mines these waters using "crawlers" on the seabed. Anglo is also a shareholder in Nautilus. Rising prices for many metals, and the falling quality of mineral deposits on land, make seabed deposits relatively attractive. In some cases seabed minerals are practically renewable, since they are extruded from the earth's interior directly into the ocean through hydrothermal vents. In the case of Nautilus's project, the miner says its resources have a copper grade of 7 per cent. In contrast, copper mines on land today often deal with grades below 1 per cent. But environmental opposition is often strong. Critics say ecosystems would be affected by noise, light and sediment. Rejecting TTR's application as "premature", New Zealand's Environmental Protection Authority said a sediment plume about 50km long and up to 20km wide could be created.

"The conditions proposed, while extensive, are not sufficient to give us the degree of confidence we needed to be able to grant consent," the authority said. TTR had wanted to mine in water up to 45m deep about 30km off the coast using seabed crawlers similar to those deployed off Namibia. A second New Zealand company, Chatham Rock Phosphate, wants authority approval for plans to mine phosphate in water 400m deep, 450km east of the country. "Our application cannot be compared with TTR's. It is for a different mineral, in a very different marine environment using different extraction methods," the company says. Shontel Norgate, Nautilus's chief financial officer, says seabed mining can be less intrusive than on land. "Not having to strip mountain tops or relocate communities – that becomes quite a compelling argument," she says.

Even if environmental concerns can be overcome, much of the economics of seabed mining is guesswork because so little has been done before. That makes it almost impossible for seabed miners to talk about being able to access economically viable reserves, rather than simply mineral resources. That, in turn, makes debt financing for seabed mining hard to obtain. Nautilus's plan is to rely on equity finance. For such reasons, says the ISA's Mr Odunton, it is important that deep sea mining starts to yield more tangible results so all participants can become more confident, rather than get bogged down in "years and years of marine research". Without more progress, drawing up a commonly accepted set of rules and accounting conventions to govern deep sea mining will be almost

impossible, he says. “We are trying to push many [of the concession holders] to undertake some pilot mining work,” he adds. “The biggest problem is nobody has ever done it before and everything becomes an assumption you are making . . . we know a heck of a lot more than we did before but I am trying to deal with the objective of mining profitably.”

### **Tolukuma: Woitape gets royalty sum of K1.3 million**

Post-Courier, July 02, 2014

THE Woitape Local Level Government in Goilala district, Central Province, recently received K1.3m in royalty payment from Tolukuma Gold Mines (TGM). The payment was received by LLG president Joe Geru, from the Tolukuma Gold Mine Limited chief executive officer Sam Inguba, witnessed by the Mineral Resource Authority managing director Philip Samar. The amount is an accumulated figure for the years 2007-2012, which has been held back by TGM because the Woitape LLG does not have a bank account. The LLG requested TGM to have their royalties transferred into the custody of the MRA until such time as they are organized to receive directly their entitlement. The occasion then was to witness the payment of the royalty to Woitape LLG and then having these funds transferred into the custody of the MRA. The royalty amount is consistent with the revised Tolukuma project Memorandum of Agreement (MoA), which provides for 10% of total royalties to be paid to the LLG.

The rest of the royalty go to the Yulai Landowners Association (80%) and Central provincial government (10%). Mr Geru expressed gratitude towards agencies involved in ensuring that the royalty was paid. It is understood the money has been earmarked for impact projects in the area. Mr Inguba said the project had changed many hands over the life of the mine, with Tolukuma under Petromin taking over in the last five years. He said it was true that during those years the landowners had not seen much development resulting from the operations of the mine. However, the company has now strategized itself to bring better development to the area. Mr Samar said the MRA is happy to be the custodian of these funds but has challenged the Woitape LLG to establish their bank account so these funds can be transferred to enable the LLG president to take responsibility over these funds.

### **Over 50% vote in favour**

The National, July 1st, 2014

More than 50% of Nautilus Minerals’ 440,000 shareholders have voted in favour of all resolutions during its annual general meeting held recently in Toronto, Canada. The Canadian subsea miner said 58.3% of the issued shares were represented and voted on the election of directors and re-appointment of Pricewaterhouse Coopers as the company’s auditor. Chairman Geoffrey Loudon said “I am pleased that we reached a commercial resolution with the Independent State of Papua New Guinea for its equity participation in the Solwara 1 Project and I would like to thank all our shareholders for their continued support during this time.” – Marketwatch