

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

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**Abbreviations in common use:**

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

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

PNG: Papua New Guinea

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**Kina 6million feasibility study for Misima**

The National, December 30, 2010

By STEPHANIE ELIZAH

A POST mine closure social impact assessment for Misima Island, Milne Bay, will be among a series of feasibility studies conducted in the new year. This is according to Eguma Misima Special Mining Lease (S.M.L) Landowner Business Group Inc managing director Tauleia Mosibe. He confirmed this when accepting a cheque for K6 million from National Planning Minister Paul Tiensten on Tuesday in Port Moresby. "This money will be used to carry out a series of feasibility studies for a number of projects in Misima and the Lousiade chain of islands. "It will also be used to carry out a post-mine closure social impact assessment to develop a long-term development plan for the island groups," Mosibe said.

He explained that the development plan was not developed since Misima mine closed, despite it being a part of the memorandum of agreement (MoA) between the national government, the Milne Bay government and SML landowner groups towards mine closure. "The neglect in not developing the long-term development plan for Misima, had allowed the conditions on the island to worsen. "Despite the country benefiting enormously from the mine, there is little to show for on Misima Island," he said. He appealed to the Milne Bay government to support what his group was doing and added that the group would now be able to pave a new direction and way forward for a sustainable and brighter future for the new generations. Meanwhile, Tienstein said the government recognised the significant contribution made by Misima mine and as such, showed its gratitude to the people of Misima by ensuring that their livelihoods did not slip back to the pre-mine levels.

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

## Rising prices boost Bougainville mine hopes

Post-Courier 29.12.2010

By Rowan Callick

Peter Taylor, who has been chairman of Bougainville Copper (BCL) since 2003 and managing director since 2000 and who worked on Bougainville as company secretary from 1985 to 1987, is a mining industry veteran whose priorities are all about people. He says his focus is not on the hardware or the engineering or on raising the \$3 billion that the reopening is expected to cost. He says: "We must ensure the landowners retain number one importance. And the Bougainville government's support is also critical. All the signs are that the leaders on Bougainville want the mine open, and as soon as possible, rather than just some day. And the national government agrees." Bougainville's new President, John Momis, elected for five years in June, is a former Catholic priest and former deputy prime minister.

While campaigning for the PNG election in 1987, he famously presented a letter to the then BCL managing director, Paul Quodling that demanded the company give 3 per cent of its gross income to the Bougainville provincial government. The request received wide support on Bougainville, but Quodling said it was impossible to meet, adding to tensions that soon exploded on the ground. During the civil war, a leading rebel attempted to shoot Momis at close range from behind, but the pistol jammed. Momis now says: "We are keen to reopen the Panguna mine, and we are holding talks with the landowners. Of course, Bougainville needs the mine to be reopened under a new regime. All parties should learn lessons from the crisis, and collaborate to build a better future."

Momis recently led a group of 34 - including former combatants -- to China, where he recently served as PNG ambassador. China is likely to play a role in the rebuilt mine as leading customer, equity partner, or both. Bougainville is an autonomous region within PNG, and under a peace accord with PNG, it has the right to administer its own mining and land laws. The World Bank has been funding a program to help Bougainville define its own mining regime. Taylor hopes that this will complement the PNG mining legislation, which has helped facilitate a boom in foreign investment there. Besides the \$16.5bn ExxonMobil LNG project, there are promising gas finds in Western Province, and an onshore project in Gulf Province led by InterOil. The Frieda River copper-gold project led by Xstrata is due to move soon to full feasibility mode, and the Wafi project -- also copper-gold -- is not far behind. These are each likely to become \$4bn-\$5bn ventures. The latter is owned by Newcrest and Harmony, which are commissioning the Hidden Valley gold-silver project.

Marengo Mining is proceeding with a feasibility study at Yandera, a copper-gold deposit not far from the \$1.4bn Ramu Nickel project being developed by China's Metallurgical Construction Corp. Since BCL suspended the mine, many groups have tried to control the promising mining zone. "The Bougainvilleans have seen them come to the island, and haven't liked them," Taylor says. So they have come back to BCL -- the devil they know -- despite all their past disagreements. The rogues have done BCL and its ultimate parent, Rio Tinto, a favour. The 10-year civil war on Bougainville had many complex causes, and was a nightmare for many Rio executives. The conflict led to big changes in how miners relate to host communities worldwide. So the reopening of the Bougainville mine would be redemptive for many groups, including Rio. There is no timetable. Once an agreement is reached with the landowners, a feasibility study is approved and finance is in place, it will take a further two to three years to get mining under way again.

The lengthiest part of that process would be the lead-time needed to order the huge trucks and other equipment to operate the mine. Taylor says BCL will facilitate landowners' meetings and help ensure the reconciliation process goes ahead, "but we're mindful that we should not be seen to influence the proceedings. "Everything needs to be worked out as the agreement is renegotiated -- including environmental issues such as tailings disposal, revenue sharing, ownership. And the landowners need to be resourced to participate effectively." This is in marked contrast with the first in-

carnation of the mine, when the company was not permitted by the Australian government to negotiate directly with landowners. “The situation is quite the reverse this time,” Taylor says. “The landowners are setting the agenda, although everyone will put their wish-lists on the table.”

He wants to see the landowners obtain equity in the project because it makes them “part of your business” and gives them a share of the income stream. “The balance needs to change in favour of those who are giving up the most, and they are the landowners. To make the project successful and saleable, they have to be part of the company.” Raising the \$3bn will be a relatively minor challenge. Three big selling points of the project are that it already has a port at Loloho, an access road winding up 30km of rugged terrain, and has pre-stripped ore ready to extract, with 200 million tonnes available immediately. “They give us a big leg-up,” Taylor says. Technology has improved since the mine was suspended, he says, and tailings can be safely stored even in an earthquake-prone area. “The landowners have to say which method they prefer,” Taylor says. Previously, they were disposed of in the Jaba River, a cause of controversy.

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

### **China: PNG has great potential**

Post-Courier 29.12.2010

*By JONNATHAN TANNOS*

PAPUA New Guinea was this Christmas described as a country of “great promise and potential” by a very senior overseas diplomat. Chinese Ambassador to PNG, Qiu Bohuai, said changes in the country were taking place on a daily basis, making it the biggest influence in the South Pacific region. Ambassador Qiu said on top of that PNG has also become China’s largest trading partner and investment destination in the region. Mr Qiu said this during the signing of a RMB600 million (K255 million) concessional loan from the China Exim Bank with Foreign Secretary Peter Maue, last week. They also signed a RMB20 (K10 million) million Chinese government interest free loan for the development of mutually agreed bilateral economic and technical projects. The first loan was in support of the implementation of the Integrated Government Information System (IGIS) network and phase one of the Distant Education Network of Community College.

Mr Qui said the signing came just a week after another such signing agreement between the two countries where he co-signed an agreement for China to provide RMB30 (K15 million) million grant assistance to the Government of PNG. “Christmas is already in the air and Christmas is a time of giving and support,” Mr Qui said. “The total of RMB650 million (K300 million) mixed funding assistance is a huge Christmas gift from the Chinese government and the people to the government and the people of PNG fully reflecting the strong will and tireless efforts by the Chinese government to assist the social and economic development of PNG.

“I am firmly convinced that with these aid programs Papua New Guineans will directly benefit from the more responsive and informative service delivery provided by PNG IGIS network, youth will have easier access to high-level education and job seekers will become more eligible and competitive. “Hereby, our all-weather and all-round bilateral cooperation will be further expanded and deepened on the basis of mutual respect, benefit and equality.” He said he was pleased with the high-level ongoing exchange of visits between the two countries of which benefits included increased social development for PNG. He highlighted China’s single biggest investment worth US\$1.4 billion in the Ramu nickel project, among others.

## **Basil queries safety of Watut River**

The National, December 29, 2010

BULOLO MP Sam Basil has criticised the Department of Environment and Conservation for failing to properly regulate the mining industry and ensure its operations are environmentally safe. "The department has a responsibility to ensure mining operations are safe and will not damage the environment," he said in a media statement yesterday. He had recently filed legal proceedings against the Hidden Valley mine in his constituency over the pollution of the Watut River. "It is not good enough for Environment and Conservation Minister Benny Allan to say his department had received an environmental audit report on the Hidden Valley mine and will work on an improvement plan." Basil said if the minister was serious about re-inventing another environmental improvement plan, then, the mine should be shut and a complete river rehabilitation option must be his priority. He said if Allan's sponsored audit report said the river was safe, then he should drink a litre of water collected from the Watut River in front of the people.

## **Miners hope to restart Bougainville gold and copper mine**

By Rowan Callick, The Australian, December 28, 2010



Panguna mine on Bougainville Island is one of the worlds richest copper mines *Source: The Australian*

TALKS are under way on reopening one of the world's biggest copper and gold mines, on Australia's doorstep -- the Bougainville mine that last produced ore 22 years ago and was widely believed to have closed forever. The seemingly unstoppable China-driven commodities boom has pushed up prices, so the reserves in the Bougainville pit are now worth about \$50 billion. Its port, its access road up 30km of rugged terrain and its 200 million tonnes of pre-stripped ore are ready and waiting. Crucially, leaders on Bougainville -- including former combatants and elected politicians -- are all calling for the mine to reopen, although they have yet to agree on the conditions they require. "The key to the door," Bougainville Copper chairman and managing director Peter Taylor said, "is the landowners." Nothing could happen "until they say to BCL, as a united group, 'We want the mine and we want you to run it' ". "Then I'll focus on the process that would follow."

Veteran politician and former Catholic priest John Momis, the recently elected President of Bougainville -- an autonomous region of Papua New Guinea -- said: "We are keen to reopen the mine and we are holding talks with the landowners." BCL's share price has doubled since August and trebled since May, as canny investors have watched vital and promising talks begin. Bougainville Copper, which is 53.58 per cent-owned by Rio, 19.06 per cent by the Papua New Guinea government and 27.36 per cent by other shareholders, estimates it will cost about \$3bn to reopen the mine, whose production was suspended on May 15, 1989. The trucks and the electricity pylons may have been blown up, rusted or cannibalised, but the resources in the mine have not been damaged or diminished over the past 21 years. It contains 3.5 million tonnes of copper, today worth about \$32.4bn, and 12.7 million ounces of gold, worth today about \$17.8bn.

There are more reserves beyond the pit but still in the mine lease area. The mine as presently configured is capable of producing up to 170,000 tonnes of copper and 500,000 ounces of gold annually. The copper price has quadrupled since the mine closed, the gold price seven times. The values of the two metals have usually run counter-cyclically, but this year they have peaked together. But the cost of capital is also high, and is likely to come at a premium given the tumultuous history of the mine. Former Australian prime minister Bob Hawke, who has close Chinese commercial connections, in late November visited Port Moresby, where he talked with Prime Minister Michael Somare and Mr Momis. The discussions included plans to reopen the Bougainville mine. After leading a Bougainville delegation of 34 on a visit to China, where he was once the PNG ambassador, Mr Momis said: "The Chinese have expressed an interest in the mine, but we are keeping all our options open."

The overwhelming focus of 40 years ago on the mine as a national economy maker or breaker is no longer present. It would remain the crucial income earner for Bougainville itself, but for PNG the spotlight has shifted to the \$16.5bn ExxonMobil-led venture piping gas from the Southern Highlands to Port Moresby, where it will be liquefied for export to Asia. This is by far the biggest project ever conceived in the Pacific islands. In this context, Port Moresby might more readily contemplate transferring its 19 per cent ownership of Bougainville Copper to the island itself -- where preliminary discussions have contemplated the autonomous government retaining 60 per cent, and the landowners taking 40 per cent. On a pro rata basis, the owners of PNG's 19 per cent share would have to raise \$570 million towards the mine's reopening. It is possible Chinese entities, eager to obtain reliable sources of resources, may be prepared to help fund it, either in return for equity, or for future copper output.

### **Landowners warn of bloodshed**

The National, December 28, 2010

A GRASSROOTS landowner leader has warned that there will be bloodshed before gas is extracted from Southern Highlands. A frustrated chairman of Huri Kuni Development Corporation Peter Laki, sounded the warning after only 16 groups received their grants from the Department of Commerce and Industry last Thursday. "Only 16 groups and individuals have been paid while others are still waiting at Vulupindi Haus in Waigani and project sites of Hela." Laki, who was a signatory at the UBSA and LBBSA in Kokopo and at project sites, represents a landowner group that reportedly missed out. "I am calling on the acting Prime Minister Sam Abal, Treasurer Peter O'Neill, National Planning Minister Paul Tiensten and Petroleum Minister William Duma to tell us what criteria was used in deciding who gets paid."

Laki said the acting prime minister had said landowners would be paid but was now sitting back without telling landowners how these issues would be resolved. "Can the acting prime minister tell us how landowners will go back home? Can Abal tell us where we are from? Are we landowners or

not? How will you sort out more than 2,000 landowners awaiting payments in Port Moresby and at project sites?” “Can the ministers tell us how a few groups of people received seed capital? Has there been ILGs done? Has there been social mapping and land identification conducted to identify genuine landowners?”

Laki said if this had not been done then the ministers and government must answer to the thousands of people out there. “Are you telling us that we are not genuine landowners and not allowed to participate in the LNG project? Laki said, “We have registered our companies and made submissions to commerce and industry thinking that we have met the requirements but have missed out on the business development grant. “The minister must tell us now that those who receive the seed capital are genuine landowners and we are not.” “Because of this oversight, I must warn here that blood will flow before the first gas gets out of the Hela province,” Laki said.

### **Fresh produce deal signed**

Post-Courier 28.12.2010

*By John Pangkatana*

PURENI Resource Holdings Limited (PRHL) has landed themselves a bumper Christmas gift to supply fresh produce. This is further evidence that the pledge for seed capital is being spread out with this prominent sub-contract being leased. The umbrella company for Block 1642 (Pureni Block) in the PNG LNG Project’s Petroleum Development License (PDL) 8 has signed a multi-million kina contract with Hides Gas Development Company (HGDC) limited. This is to supply HGDC with fresh vegetables for their workers and contractors at Komo Airport, Hides Gas Conditioning Plant, Kobalu and Juni Camps. Pureni Block is one of five blocks in the PDL 8, situated in the South Koroba Local Level Government area of Hela Province. Under the Memorandum of Agreement (MoA) signed on Sunday December 26 at the Airways Hotel in Poprt Moresby between the two companies, PRHL will also supply pork and poultry produce to the camps. The company also has fertile land readily available for food production. PRHL’s credible company structure features a fair representation of all major clans in the Pureni Block.

Those clans also have shareholdings. This reflection of the company saw them being chosen ahead of other landowner companies. The Executive Chairman of Pureni Resources Holdings Limited, Mr Joe Hapokaia while acknowledging the agreement, thanked the Board of HGDC for recognising the potential, capacity and the capability of PRHL to deliver fresh food and vegetables to the PNG LNG Project workforce in their respective camps. Mr Hapokaia said: “Many landowner groups are venturing into buying trucks and machines while our group realised the need to feed the workers.” “The Government through its departments Commerce and Industry, Petroleum and Energy, Finance and Treasury and Planning must ensure that necessary support is accorded to the landowners so that they effectively participate in the multi-billion kina project,” he said. “I am also calling on the people of Pureni in Block 1642 to free up their land and organise joint ventures with PRHL to develop the farms,” he added.

The Southern Highlands Provincial Government and the Hela Transitional Authority must also provide necessary funding to upgrade the road network in the province especially the Tokia to Pureni Road so that the farm produce are delivered to the camps thus putting money into the landowners’ pockets, he said. HGDC Chairman Tuguyawini Libe Parindali welcomed the agreement. “The agreement will ensure that the landowners from Block 1642 will benefit from it by supplying fresh farm produce to the camps to feed the workers,” Mr.Parindali said. He further challenged the people of Pureni to use their fertile land to venture into farming projects towards pursuing money making interests in the LNG through food supply. To consolidate the MoA, Mr Parindali pledged to assist Pureni Resources Holdings Limited with some Seed Capital from HGDC to fast track the mobilisation of land and materials for the farming.

## **AUSSIE COMPANY WINS GAS PROJECT CONTRACT IN PNG**

*High tech communications system planned*

PORT MORESBY, Papua New Guinea (The National, Dec. 24, 2010) – In Papua New Guinea (PNG), an Australian company has beaten off stiff overseas competition to win a multi-million dollar contract to supply specialist telecommunications rooms along the route of the inland pipeline for the country's US\$15 billion liquefied natural gas (LNG) project. Perth-based Lowrie Constructions Ltd will supply at least three separate telecommunications facilities in remote areas of the pipeline route. This extends from Southern Highlands and Western Provinces to Kopi on the southern coast before the gas and liquids enter a subsea pipeline to Port Moresby and the new LNG processing plant there, currently under construction.

Lowrie, an electrical and switch room manufacturing specialist wholly-owned by South Australian-based private equity firm, Paragon Private Equity has already begun construction of the units, timed for first delivery to PNG through next year. "PNG's intense tropical weather and steep mountainous terrain poses demanding engineering challenges in ensuring both stability of installation and then long-term performance of the facilities despite their remoteness and surrounding climate, Lowrie Construction's general manager Adrian Poyner said yesterday. In addition, however, we had to compete against numerous international tenders for the contract, so our systems performance, cost structures and delivery capability were critical factors to securing this our largest ever contract in PNG," Poyner said. We also had to demonstrate a proven track-record in pre-qualifying in regard to the client's safety and quality criteria."

Under the design, fabricate and construct contract, with one of the project's major construction consortia, one of the telecommunications rooms to be located at the project's marine terminal will be a double storey facility. Lowrie says all rooms will be transported to Perth's marine and rail export hub at Henderson and shipped to the eastern states prior to delivery to Papua New Guinea. A number of the rooms will arrive at their final destination via the giant Russian-built Antinov aircraft carrier. The rooms will be fabricated, constructed and fitted out at two of Lowrie's manufacturing sites in Perth before being exported. This work will include installation of a complex Heat Ventilation and Air Conditioning system to ensure the rooms can cope with PNG's local tropical conditions.

### *Letter to the editor*

#### **Stay out of Panguna Mine**

Post-Courier 24.12.2010

I support the article "BRA stand on mine reopening" on December 13, made by Ismael Toroama. Mr President of the Autonomous Region Of Bougainville and the Bougainville affairs minister don't push forward your self-centered idea on the reopening of the mine. Have the Parliament reviewed it's Mining Act? Have the drawn down of mining powers already in the hands of the people of Bougainville? If the process is still not completed as far as we Bougainvileans know there is no point in talking about the reopening of the mine. We are not fools as in the colonial days when we were exploited. The mine is the heart of the crisis where late Francis Ona initiated for the three main reasons that Ismael Toroama stressed. First, the land rights, environmental damage and finally the Independence for Bougainville. The Bougainville crisis is a sensitive issue and there are processes that we are going through to reach the goals that have been set before us. If the mine is to be re-opened, it is the last resort. The referendum and the independence for Bougainville must be the Agenda for Mr President and the Bougainville Affairs Minister to push forward rather the the reopening of the mine. Aunge Pangs Lae-Via Email

## **Ramu NiCo development faces setback**

The National, December 24, 2010

By JAYNE SAFIHAO

THE Ramu NiCo project may be further slowed down due to a new twist of events in the past few days. Jailed chairman of the Kurumbukari Landowners Association, David Tigavu and his successor, Eddie Itarai, who was voted in yesterday, have decided in a press release issued that two major issues surrounding KBK landowners would be temporary halted. One of them is the relocation exercise for landowners of the Kurumbukari mine site to their newly constructed homes. The 30 houses, since their completion nearly one and a half years ago, have not yet been occupied. A relocation exercise scheduled before Christmas had to be postponed till sometime next year. This would mean settlers currently in the Special Mining Lease (SML) 8, Palai area, would remain there while any further works by the company would be halted.

Itarai also stressed that the memorandum of agreement review, which is outstanding, would be halted until Tigavu had completed his term. Tigavu was sentenced to 12 months imprisonment last Friday on three counts of contempt charges laid against him in October. The incident which sparked the contempt proceedings happened on Sept 23 where lawyers and plaintiffs fighting over the deep sea tailings placement (DSTP) dumping at Basamuk in Rai Coast. Tigavu threatened and incited physical violence against and between parties to ongoing court proceedings, threatened and abused lawyers who were involved in those court proceedings and threatened and abused persons who were witness in those court proceedings.

## **Yakasa praises arms surrender in Western province**

The National, December 23, 2010

NINETEEN air rifles along with some ammunition were surrendered last week by communities along the Ok Tedi and Alice River in Western. Acting Deputy Commissioner of Police Fred Yakasa applauded the efforts of mobile squad 19 section one team by successfully carrying out the operation. Yakasa said the success of the surrender of weapons was through public relations and awareness exercises and not through police raids. "Having villagers surrendering their guns through peaceful awareness is appreciated and I commend the efforts of squad 19 and their commanding officer. "It is high time policemen realise that good public relations and community policing skills can achieve a lot more than brute force," he said. Yakasa said as chief of police operations, he would support such efforts.

The police awareness team comprised of a woman and three men with assistance of acting police station commander of Kiunga, Snr Const Kevin Akia. Illegal firearms and ammunition trade was the main issue addressed including alcohol abuse, homebrew, drug consumption and smuggling and other police-related matters that the community needed to know. The operation was an eye-opener for the Atkemba villagers who voluntarily surrendered their firearms. "The members were mostly young graduates who had passed out from Bomana early this year. "But their efforts and skills convinced and influenced the communities during their campaign to confiscate 19 illegal and unlicensed air rifles that were voluntarily surrendered to police in the presence of the village working committees and the rest of the villagers," Yakasa said.

It is believed that many more high-powered firearms such as AR15s, A2s and SIG rifles are in the hands of the villagers. This was supported by eyewitness accounts as well as during the handing over of 5.56 calibre cartridges during the awareness by a villager from Atkemba. Akia said they had visited only one village, however, he suspected that other villages such as Yaran, Bongubun, Dome, Yogi, Komopkin, Neigomban and Ningrum, which are all along the Fly River, also possessed high-

powered firearms. He added that more public relations and awareness programmes needed to be conducted in each of these villages. However, police will require more support in terms of finance, manpower and transport to address the firearms and other issues of concern within the area. Akia confirmed that the 19 illegal arms that were confiscated will be stored away in a container after all formalities are done.

## **SOLOMONS LANDOWNERS PROTEST NICKEL CONTRACT**

*Government gave project to Sumitomo*

HONIARA, Solomon Islands (Solomon Times, Dec. 22, 2010) – In Solomon Islands, the Bugotu Landowners Association (BLA), says the decision by government to award Sumitomo the license to develop Nickel on Isabel could "hamper the little progress that has been made in the partnership between landowners and the government."

*[PIR editor's note: The Bugotu Landowners Association is a major development partner with Axiom Mining, an Australian mining company with a nickel joint venture in Isabel Province. The Association comprises landowners of Isabel, the longest island in the Solomon.]*

The Association's Chairman, Josiah Riogano, says that the BLA and the National Government were initially partners in 2009, and had stood together to refuse the extension of Sumitomo's letter of intent over San George and Takata. He says it is sad that the National Government has chosen to ignore "efforts by indigenous landowners, determined to be active partners with the National Government in the development of their resources." Mr. Riogano says that they are keen to see improved conditions for the development of their mineral resources, with landowners having "equal control of the development of the nickel, from its initial stages." Mr. Riogano says that they do not want to repeat the mistakes made by others, where they are just mere spectators and blind recipients.

An expert in the Nickel market says that there is huge potential once the mine reaches production stage. "If you look at the numbers, the price for nickel has gone up as high as US\$52,000 per ton in 2007, it has settled at close to US\$19,000 per ton which is normal as markets correct it." The expert says that even at the current market price, the Solomon Islands still stands to gain a lot. "Look the fact is although there may be a slight decrease in the production of stainless steel in developed countries, there is also a steady rise in developing economies such as China and India." The expert says it is not unreasonable to think that the price could reach the high US\$50,000 per ton mark in the near future. [Solomon Times](#)

## **PNG GAS PROFITS TO BE HELD IN OFFSHORE TRUSTS**

Nation's wealth to avoid unfavorable exchange rates

By John Pangkatana

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 22, 2010) – ALL proceeds from the liquefied natural gas (LNG) project will be held in "offshore" trust accounts. And that is official Government policy, as opposed to onshore investment. Minister for Treasury and Finance Peter O'Neill made the clarification following what he said during a recent ABC Radio Australia interview which sought his views on the onshore investment of LNG proceeds. The interview was held following the conclusion of the annual PNG Petroleum and Mining Conference in Sydney during the first week of December. The topic of the interview concerned a recent visit to PNG by David Murray, chairman of Australia's Future Fund and previously CEO of Australia's Commonwealth Bank. Mr Murray had outlined the benefits of establishing sovereign wealth funds onshore and in promoting transparency and openness. From that interview, media reports in both Australia and

PNG had indicated that the establishment of PNG's Sovereign Wealth Fund was to be onshore rather than offshore. Mr O'Neill said this would not be the case.

Yesterday in a media statement, Mr O'Neill made some clarifications to what he described as misunderstandings that have arisen from those reports. The Minister stated that he had welcomed the comments from Mr Murray in the context of the setting up of PNG's Sovereign Wealth Fund. "In doing so, some misunderstandings arose in relation to the setting up and control of the fund and where the funds will be held," he said. He added it is very important for macro-economic stability purposes that PNG's sovereign wealth funds are held offshore. "This is to reduce the expected sharp appreciation of the exchange rate, which would have a detrimental impact on our agriculture exporters and tourism which support our rural communities as well as import-competing industries," he explained. In addition, holding funds offshore is also important for the effective operation and cost of monetary policy so that liquidity in the system and inflation is controlled, he said. "While funds will be held offshore, I was emphasising that the establishment, ownership and control will be onshore," he added.

He made the point that it is envisaged the Government will set up an independent board that will set the investment mandates and other rules for the Sovereign Wealth Funds. The board will be made up of individuals with relevant professional expertise and will affectively control the guidelines or rules concerning the operations of the fund from PNG, he stated. "Fund managers will undertake the actual investments of the funds held offshore in accordance with the guidelines determined by the board," he added. He said provisions have already been made for the Government to set up a committee of departmental secretaries to be chaired by the Secretary of Treasury to work through all the details associated with the operation of the Sovereign Wealth Funds which will report back to the Government.

## **LNG landowners to be paid today**

Post-Courier 22.12.2010

By *YEHIURAH HRIEHWAZI*

ANGRY and agitated Southern Highlanders attempted to storm into the Finance Department headquarters in Port Moresby yesterday in protest over non-payment of business development grants. The landowners from the oil and gas rich areas twisted the government into succumbing to their demands. Included in the threats yesterday was a hoax bomb threat that forced all the staff of Finance, Treasury and National Planning and Implementation departments to vacate the Vulupindi Haus along Waigani Drive until after explosive experts had given them clearance to return to work. As of today the Finance Department will start paying the outstanding Business Development Grants totalling K89.208million. Of a total amount of K120m committed under the BDG, K30.792 had already been paid.

The groups that will receive the BDG are as follows: Hides PDL1 K20m, Kutubu PDL2 K5.5m, Central Moran PDL5 K5.58m, North West Moran PDL6 K4m, South Hides PDL7 K15m, Angore PDL8 K12m, Juha PDL9 11m and LNG Pipeline K16.128m. Gobe PDLs 3&4 and LNG Plant have already received their total appropriations of K8.2m and K17.472m respectively. In a statement last night, Acting Prime Minister Mr Sam Abal expressed concern that there was a groundswell of misinformation on project grants which led to a lot of complaints, accusations, anxiety, threats, assaults on government officers and damage to government properties. He urged the complaining landowners to understand that under the benefits package the petroleum MOAs and the UBSAs were non-cash benefits. "I must emphasise here that these are not cash handouts," he said. The monies would be used for infrastructure projects like public roads, bridges, schools, clinics, hospitals, etc, he said. Petroleum MOAs is only for existing oil projects and the Hides Gas to Electricity project and not for the new gas licences.

By the end of 2009, the state had paid out a total of K536.6 million both directly and indirectly through the Tax Credit Scheme on MOA projects. A significant portion of this funding went directly to landowner companies without any tangible infrastructure development, the Acting PM said. “This practice cannot continue if we want to improve our people’s well being. The state has a list of payments done to landowner companies and a financial and physical audit will be undertaken on payments made,” said Mr Abal. Principals of landowner companies would be required to acquit for funding provided and with certification of projects implemented, he said. Failure to acquit would result in defaulting landowner companies not being able to access further funding, Mr Abal said.

Under petroleum MOAs, Kutubu was allocated K80m and K30m had been allocated and acquittal and certification were yet to be provided and K50m is outstanding for payment to community infrastructure projects. In Gobe, total allocated is K50m, only K5m was accessed with acquittal reports outstanding and K45m yet to be paid out. Moran Central; K50 allocated of which K15m expended with acquittals and progress reports yet to be provided and K35m is still with the government. Hides Gas to Electricity; total allocation is K55m of which half of it has been disbursed and still awaiting acquittals while K30m is yet to be released for projects. Mr Abal said the commitments to the project funds were capped. “This means the government will not provide any MOA and DA funds beyond those agreed amounts and projects must be carefully selected to ensure that the total value is within the overall ceiling,” Mr Abal said.

### **Nautilus’ seafloor copper prospects**

The National, December 22, 2010

DEEPWATER seafloor drilling trials conducted at Nautilus Mineral Inc’s Solwara 1 project in Papua New Guinea have confirmed the extension of high grade copper mineralisation beyond the project’s previously identified massive sulphide system. Nautilus chief executive officer Steve Rogers said the company was encouraged by the initial results from the trials. “A number of milestones have been achieved. “The drilling supports our view that the Solwara 1 resource is likely to extend beyond the previously identified limits and remains open at depth. “The focus now is to optimise core recovery and drilling system, to improve results so that we can enhance Nautilus’ knowledge of the resource and other Bismarck sea discoveries,” Rogers said.

### **Mineral Resource Authority: PNG still a mining state**

PC 21.12.2010

Despite the hype surrounding the liquefied natural gas project, Papua New Guinea still remains a mining state, with 60 per cent of its annual total export revenue coming from the mining sector. This is according to a statement released by the Mineral Resource Authority (MRA) yesterday. “Papua New Guinea boasts nine mines, seven of which are producing. The producing mines are Ok Tedi, Porgera, Lihir, Simberi, Tolukuma, Sinivit and Harmony Gold. Ramu NiCo Limited is under its final phase of construction while Kainantu mine is under care and maintenance. “Ok Tedi produces copper, with gold and silver as secondary products. The other producing mines produce gold with silver as their secondary product.” Nautilus Inc. Ltd has applied for a mining license for its Solwara 1 project, to mine seafloor massive sulphides (SMS) deposits from the sea bed of the Bismarck Sea.

The SMS deposits are highly mineralised with gold, copper, silver, manganese, zinc and nickel. “Some samples assayed register values as high as 15 per cent copper, 15 g/t gold and 20 per cent zinc. By comparison these values triple those of land based prospects. Nautilus has other 14 Solwara projects under exploration to assess the resources present in these prospects,” the MRA said.

Other exploration projects are advancing to stages where they can be expected to progress into mines around 2014-2016. They are Frieda, Yandera and Wafi-Golpu. "These are significantly large projects that will be producing copper as primary products and gold as secondary products, plus other by-products that is molybdenum, rhenium, specific to Yandera. "The increasing number of both land and sea-based exploration projects is an indication of the investors' confidence in PNG as a prospective destination.

"The Frazer Institute in its 2008-2009 survey of 175 mining nations in the world rated PNG as the number one country, as the most prospective country with good government policies without land restrictions and social issues," the MRA said. "It takes years of exploration to develop mines. Therefore current exploration programs will give rise to mines after 10-20 years or more. Some of the current advanced projects like Frieda was explored for more than 40 years. "There was a spur of applications for exploration licences in 2010 with the release of the newly acquired geophysics (aeromagnetic and radiometric) and geochemistry data. "The EU MSSP SYSMIN project made it possible for PNG to acquire these new data. "The data from the Central Highlands region, from part of Sepik to part of Eastern Highlands and Southern Highlands are on sale at US\$5,000 for each set (geophysics and geochemistry).

## **MINING COMPANIES WAIT IN LINE FOR PNG PERMITS**

*145 applications for exploration this year*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 21, 2010) – A total of 145 new applications for exploration licenses (EL) from mining companies have been received by the Mineral Resources Authority (MRA) this year. Some companies have been granted licences while other applications are still pending as they are either under the various stages of the screening process by the Mining Advisory Council (MAC), or they are waiting for the warden hearing process to be completed. MRA managing director and MAC chairman Kepas Wali said there had been a steady increase in the number of applications for exploration by mining companies in the last five years, and this year's figures are a testament to the continuing trend. He said this was a significant sign of confidence by mining companies in the investment climate enjoyed by PNG at present. He attributed the increase in exploration licences to the conducive mining fiscal tax regime which the Government introduced in 2002, coupled with the favourable economic climate and political stability. Mr Wali said the MRA had been promoting PNG's mining sector at conferences and trade-shows overseas which had also contributed to the increase in interest from companies.

## **Tabar pioneers land registration**

Post-Courier 20.12.2010

*By MOHAMMAD BASHIR*

The 4000 plus Tabar Islanders in New Ireland province have made history by being the first to get their land registered under the amended land laws. When the gold and copper exploration licence EL609 held by Nord Australex Nominees (PNG) Ltd expires in May next year, it will not be renewed as they have to deal with the landowners. EL 609 also covers neighbouring Tatau and Simberri islands where Allied Gold currently mines gold and copper. Almost the entire main Tabar island has been registered under 37 incorporated land groups (ILGs) under the recently amended Land Groups Incorporation (Amendment) Act 2009 and the Land Registration (Customary Land) (Amendment) Act 2009. This effectively means that the EL609 which covers Tabar as well will cease to be, come 6th May 2011 when the licence is due for renewal. EL609 was granted on 6th May 1997 and renewed in 2009 but Acting Surveyor General Luther Sipisa has granted the approval after John Bavul Surveyors conducted the survey.

The man who spearheaded the project, James Joseph who is the chairman of Kabonga Resources Ltd and also also chairman of the Landmans Umbrella Company said he was relieved after 10 years of sweat with his people. “Now we have control over our land and our resources as the entire Tabar Island has been survey and is registered under our own 37 ILGs,” he said. The different portions that were registered include Tupinda (682C – 280ha), Tiro tiro (683C-200ha), Kaparaka (684C-300ha), Evuvu (685C-250ha), Potuindi (686C-470ha), Saramakas (687C-760ha), Tiroguma (688C-730ha), Tirodumu (689C-250ha), Kovatasi (690C-250ha), Pakinobunamia (691C-250ha), Unduramba (692C-540ha) and Tubunager (693C-310ha). The land reforms were aimed at unlocking the vast economic potential that is locked up in customary land due to legal and administrative constraints relating to application of customary land.

The reforms were also for the application of customary land to modern economic enterprise in order to empower customary landowners to do business with the rest of the world on their customary land but at the same time ensuring that the ultimate interest of customary landowners were secured and proted. According to the information booklet produced by the Constitutional, “the reforms were intended for equitability in customary land use whereby interest of the weaker and vulnerable members of landowners are protected and not be bulldozed by well-connected and well off members of the same unit.” Simberi gold mine is 60km from Lihir Island will not be affected but explorations in Tatau and Tabar will be under the arrangement.

### **Jimi Valley gold a boost for Jiwaka**

The National, December 20, 2010

By PATRICK TALU

A DISCOVERY of high grade gold deposits in the Jimi Valley could sustain Jiwaka and supplement its agricultural based-economy. The discovery was made three years back from alluvial mining by Damba Gold Ltd (DGL), a local mining and exploration consultancy firm based in Banz, North Wayla. DGL managing director Michael Konga Siwi told The National last Friday that gold samples mined and tested and analysed by Golau Pty Ltd in Lae showed 92.3% pure gold. An airborne geophysical survey and the geological mapping and mineral potential assessment (Geomap) of the PNG highlands done by the Mineral Resources Authority recently confirmed the huge mineral deposits in the current prospect areas.

Siwi said it was a huge gold deposit from eight different prospect areas and had the potential to transform Jiwaka region and the country if the project became a reality. He said the gold prospect was located at Yeme Damb area of Upper Jimi and 40km west of current Yandera gold and copper project in Madang. Siwi said many Jiwakans should not worry about not having natural resources to enhance the new province’s economy. “Jiwaka has been proposed to be an agricultural based province given the fertile Waghi and Jimi Valley that produce PNG coffee and tea, but now that we have a 92.3% pure gold deposit, we can build the economy and be competitive,” Siwi said. He said the discovery was made 18 years back but no one took the initiative to pursue and bring in mining and exploration companies until he decided to do so.

“I have been mobilising landowners of Yeme Damb gold prospect area for the past three years to seriously bring in a mining and exploration company. “We did many tests and sample analysis to test its purity and we have confirmed 92.3% plus to warrant a gold mine in Jimi,” Siwi said. He also said the Jiwaka Transitional Authority (JTA) had endorsed DGL to further negotiate to bring in a potential developer to mine the gold prospect. JTA chairman Philip Kapal said: “We are ready for investors to come with funds for a large scale gold mining industrial development. “We have commercially harvestable gold deposits and we need to invest for its enjoyable benefits in all win-win

scenarios,” Kapal said. Siwi is currently in talks with potential developers to obtain an exploration and mining licence from MRA. The authority could not be contacted for comments.

## **Basil clarifies on pollution action**

Post-Courier 20.12.2010

BULOLO MP Sam Basil, says a statement issued by the Hidden Valley mine on December 16, claiming he has withdrawn legal proceedings over the pollution of the Watut river is untrue. “I have not withdrawn the legal proceedings on behalf of 110 landowners who have been seriously impacted by the pollution of the Watut river by sediment and heavy metals from the Hidden Valley mine”. “For the Hidden Valley mine to claim that I had made an announcement to that effect is simply not true.” Mr Basil said he had been in dialogue with the mining company, Morobe Mining Joint Venture (MMJV) and representatives of its owners, Harmony Gold and Newcrest Mining, in an attempt to find a satisfactory resolution of the issues without having to go through lengthy and expensive court proceedings. “To that end I have agreed not to take any further steps with the litigation until my lawyers and scientists meet with the mine owners in January. But I have not, and I repeat have not, withdrawn the proceedings,” Mr Basil said.

## *Editorial*

### **PNG’S GREAT WEALTH BROUGHT NOTHING TO COUNTRY**

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 17, 2010) - It is true that Sir Michael Somare had been a great political leader in shaping and unifying our country. Yes, this is true purely from a political sphere. In this context he had been an exemplary leader. However, with regard to real economic development, he did too little when he should have done more. The naked truth is written all over our country and we can see it. He had the gigantic and world-class Panguna copper mine that was generating hundreds of millions of kina annually. This was followed by Ok Tedi copper mine and subsequently Misima and Pogera gold mines. Our population up to the 1990s was only less than 4.5 million-kina [US\$1.7 million] and law and order problems then were not as worse as today.

So what happened to the billions of dollars generated by these projects? What thwarted economic development, particularly significant capital investments in public national infrastructure? These were world-class projects, big enough to build Port Moresby to the level of an international city with the best modern and world-class infrastructure and excellent road network system. Our Capital remains a ghetto. Kutubu oil project came on stream much later in 1992. I think Sir Michael Somare and leaders at his time had little knowledge or concern about quickly building the economic platform for our young country. The Highlands Highway being the economic backbone of our nation should have been built to the highest standard with six or eight lanes. This highway now lies in tatters.

Sir Michael was Prime Minister four times and has held many senior and influential portfolios during his 40 plus years of political life. As Prime Minister, he was too indecisive in making crucial decisions to promote and grow the national economy. Simply, he was utterly incompetent, indecisive and apathetic as far as economic development was concerned. Look at the deal he and his so-called economic ministers have secured for Papua New Guinea (PNG) in the PNG LNG (Liquefied Natural Gas) Project. What a shame. The last eight years of Sir Michael’s reign as Prime Minister was a period marked by unprecedented high world commodity prices particularly crude oil and minerals. PNG has earned tens of billions through foreign exchange earnings. What has his Government done in terms of translating these huge windfall revenues into wealth creation and

efficient delivery of services to the people of Papua New Guinea? Absolutely nothing! Yes, Sir Michael was and is a good man. He is a true nationalist. But it is also true that he fell short in carving a solid foundation for PNG's economic prosperity.

## **MARKET ANALYSTS PREDICT BIG OIL RESERVES IN PNG**

Country called 'under-appraised'

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 16, 2010) – Industry analysts say that Papua New Guinea's Hides gas area may contain 50 percent additional deposits compared with currently booked reserves. Bloomberg reports sell-side research team Bernstein as claiming that Exxon Mobil's liquefied natural gas project in PNG could add a third production line because of the possibility of finding more natural gas. Exxon and Oil Search Ltd. plan to produce 6.6 million metric tons a year of the frozen fuel in 2014 from two production lines at the LNG venture. Analysts say the main trunk-line for PNG LNG has the capacity to accommodate a third and possibly fourth LNG train at a low cost, making the marginal return on LNG expansion extremely attractive. Bernstein says PNG remains under-explored and under-appraised, and the possibility of multi-trillion cubic feet discoveries remains high.

*Radio New Zealand International:* [www.rnzi.com](http://www.rnzi.com)

### **'Hidden Valley pro-environment'**

Post-Courier 17.12.2010

By Harlyne Joku

The Hidden Valley Joint Venture (HVJV) operating the Hidden Valley gold mine near Wau and Bulolo of Morobe province places a high value on responsible environmental stewardship, Sustainability and External Relationship General Manager of HVJV David Wissink said yesterday. Mr Wissink said all tailings from the processing of ore are stored permanently in an engineered Tailings Storage Facility and no tailings are discharged from the mine site. He added that the member for Bulolo Sam Basil yesterday withdrew a writ lodged with the Lae Register of the National Court of PNG for alleged nuisance relating to Hidden Valley mine related sediment. "The writ has been lodged but not served on the Joint Venturers," Mr Wissink said. Mr Wissink said the Hidden Valley welcomes Mr Basil's announcement yesterday reaffirming the constructive dialogue process jointly agreed and announced on the 6th of December. He added that the joint agreement includes open sharing of information and the establishment of an expert technical advisory group to provide independent review of sediment related issues and related community concerns.

Hidden Valley Mine has a demonstrated track record of working with communities and an effective environmental and community programs are in place and ongoing according to Mr Wissink. These include voluntary payments to communities along the Watut River for flood damage to crops and gardens, regardless of whether this was due to additional sediment run-off from mine construction activities such as landslips and heavy rain. Mr Wissink said the Joint Venture has provided written assurance to the Bulolo MP that participating in the compensation process does not in any way infringe on the rights of the individuals to claim further compensation beyond that which has already been paid. The Minister for Environment and Conservation Benny Allen has also confirmed that HVJV has submitted a report to his department relating to the revelations by an independent environment audit that sediments from the construction of the mine had built up downstream of the Watut River. Mr Allen said DEC had commissioned the audit by SMEC in March this year following concerns raised by the local community on the adverse impact of the mine.

## **BOUGAINVILLE EYES CHINA PARTNER IN PANGUA MINE**

*President Momis says China could end up with stake*

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 17, 2010) – The president of the autonomous Papua New Guinea province of Bougainville says he is open to the idea of China taking a stake in plans to reopen the Panguna gold and copper mine. John Momis, who was PNG's ambassador to China, says he is open to discussion to make sure Bougainville gets the best and most equitable deal. Mr Momis says one theory is that the Chinese could pay for the mine's estimated four billion US dollar cost to reopen the mine in exchange for an equity stake. He has confirmed that the Chinese have expressed an interest in the mine, but he says he is keeping all options open. The mine closed as the island descended into a decade-long separatist war which ended with a truce in 1997 and a peace agreement in 2001 that allows for a possible move to independence. *Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*

## **Women oppose Panguna review**

The National, December 15, 2010

By STEPHANIE ELIZAH

THE women and children of Bougainville are not ready for the reopening of Panguna mine, a representative of the Bougainville Indigenous Women's Landowners Association and sister of renowned Bougainville Revolutionary Army leader, late Francis Ona. Lynette Ona, in response to recent reports of the mine's reopening and talks to review the Bougainville Copper Agreement, added that the women of Bougainville had not been consulted for their views about the mine. "In the past years, the women of Bougainville were just names, we never signed any agreement, we were never justly represented," she said. Ona added: "Panguna mine is not owned by only Panguna landowners because of the crisis, many lives were lost right across the island.

The mine belongs to the people from the South, Central and North Bougainville and they must be involved in any talks regarding the mine. "The people of Bougainville must make a good decision about the reopening of the mine because if issues arising from the crisis like payment of damages and compensation for lives lost are not resolved, it will not be a crisis for politicians or the world, it will be the people fighting amongst themselves," Ona said. She urged that in order for peace and stability to continue on the island, a proper feasibility study must be conducted throughout the autonomous region. "Consultation and awareness must be carried out by the stakeholders to gauge people's feedback on the feasibility of re-opening the mine. "We fought against the environmental damages the mine created and we fought for our independence. We have not yet gained independence and here we are considering reopening the mine," Ona said.

## **Landowners allege Hidden Valley mine owners were negligent**

Ramu Nickel Mine Watch, 15.12.2010



The Hidden Valley mine

Landowners along the Watut river in Papua New Guinea are suing the Hidden Valley mine for its "negligent" pollution of their waterway with heavy metals and acid forming rock. The Hidden Valley mine is jointly owned by Newcrest Mining from Australia and Harmony Gold of South Africa. The landowners say the two companies were fully aware of the problems that have caused the pollution and could have prevented it if they were not so determined to get into production as soon as possible. The landowners say that according to the mine Environmental Plan, the mine was to construct stable waste dumps using fresh rock, but when sufficient rock could not be sourced on site, rather than delaying construction and importing suitable material the mine just carried on regardless, knowing the waste dump facilities would not be stable. This failure was then compounded when greater than expected amounts of overburden had to be removed to get access to the gold ore. This meant much more waste rock and overburden, which was contaminated with heavy metals, iron pyrites and other acid forming compounds, had to be stored on site.

Again, instead of delaying construction and the start of production so the waste dumps could be properly constructed and then expanded to take the additional material, the landowners say the mine company carried on regardless. Unsurprisingly, indeed predictably, the inadequately constructed and overloaded waste facilities failed on several occasions, leading to massive amounts of waste rock and overburden escaping into the Watut river. To make matters even worse, the landowners say the mine failed to construct two promised retaining dams as also set out in its environmental plan. This exacerbated the sedimentation problems even further as there was nothing to stop run-off caused by heavy rainfall entering the river system. The landowners say they rely on the river for water for their livelihoods, for alluvial gold, for washing, drinking, cooking, irrigation, and cleaning, for fish and crustaceans for protein, for plant life for eating, for transportation, for its aesthetic value, for traditional agricultural practices and for cultural needs.

But despite knowing the importance of the river to the landowners and the implications of not constructing the waste dumps correctly and removing massive amounts of overburden, the landowners claim "*the defendants attitude was to get into production as soon as possible to contain costs rather than remedying the dumping and erosion problems*". As a result of the heavy sedimentation in the river and the contamination with heavy metals and acid forming rocks, the landowners say there have been "*gross impacts on the Watut river system*". These impacts include: a massive build up of sediment causing pollution; dieback of vegetation throughout the river system; acid forming compounds entering the river and causing damage to all life in the river including plant life, fish and crustaceans and humans; changes in the course of the river; the death of fish and prawns; widespread destruction of benthic macroinvertebrate communities; severe aquatic habitat degradation; deprivation of the Watut River water for bathing, washing, cooking or drinking; deprivation of access to alluvial gold; skin diseases and sores; loss of transport on the river; loss of houses and village areas; loss of gardens and cash crops; and loss of the ability to use gardens in the future. The Hidden Valley mine began operations in 2009 and reached commercial levels production in May 2010, once the overburden had been removed. Ore was initially stockpiled until the processing plant was commissioned in September this year.

## **Watut landowners file legal claim over Hidden Valley pollution**

Ramu Nickel Mine Watch, 14.12.2010



MP Sam Basil is leading the landowners fight

Landowners living along the Watut river in Papua New Guinea have filed a legal action seeking compensation for pollution caused by heavy metals and sediments from the Hidden Valley gold mine. The legal papers were filed today by lawyers acting for one hundred ten landowners and their MP, Sam Basil. The landowners are seeking compensation from the Hidden Valley mine operator, Morobe Mining Joint Venture (MMJV), which is jointly owned by Harmony Gold and Newcrest Mining. MMJV last week made a joint announcement with Mr Basil that it was setting up an expert technical advisory panel to review the sediment and pollution issues affecting the Watut river. In return, Mr Basil says, he agreed to delay issuing legal proceedings to see if the issues could be settled co-operatively without involving the courts.

But, in breach of that agreement, Mr Basil says MMJV has been attempting to buy off the potential plaintiffs with single payments of K1,200 compensation. "I feel completely deceived", says Mr Basil. "I have tried to negotiate in good-faith with the mining company even though they have been covering up the pollution problem for over a year". "As a result of the discussions I thought we had established a clear road-map to resolve the pollution issues and I was prepared to trust their word. Instead the miners have gone behind my back and tried to buy-off the landowners". "I am disgusted by the two-faced behaviour from MMJV and therefore the legal action has been filed".

## **Deep sea tailings our best option**

Post-Courier 14.12.2010

THE Deep Sea Tailings Program (DSTP) is the best recommended method for mines in the country, the Department of Environment and Conservation has said. DSTP, a method currently used by the Lihir gold mine and the new Ramu nickel project, involves dumping tailings from mines into the sea. DEC assistant secretary Gunt-her Joku said the DSTP has been used widely in the country. Mr Joku said PNG's landscape and rainfall could affect the tailing if dumped on land. He said the high rainfall and flooding could affect the dams in which tailing are kept. He said the high movements of tectonic plates could cause great disruption to the tailings dam if it was established on land. Mr Joku said this creates a great risk for projects and prospective investors because of high land compensation demands. He said there are no clear cut policies to say how each mining project in the country should apply DSTP and how much of toxic or tailing should be dump into the sea without causing excessive harm to the environment.

## **Purari to source biggest power project**

The National – December 14, 2010

IT will be history in the making for PNG when an 1,800 megawatt (MW) hydropower project is set up on the Purari River in Gulf. The project is an initiative of PNG Energy Developments Ltd

(PNGEDL) which is a joint venture between the Papua New Guinea Sustainable Development Program (PNGSDP) and Origin Energy of Australia. PNGEDL chief executive officer Dr Michael Leggo revealed this yesterday when announcing the tenders for the technical, environmental and sociological studies of the 1800MW hydroelectricity project. “The country is taking a major step towards providing sustainable electricity for large scale industrial development in Gulf and Western, which will also benefit towns and villages in remoter parts of the country,” he said.

He said the tender was being let by PNGEDL and was a significant step in making PNG self-sufficient in electric power. “The project is consistent with the government’s plan to upgrade current hydroelectricity plants operated by PNG Power Ltd and approve the construction and operation of hydro plants in other parts of the country. “In addition to major ports and industrial developments in Gulf and Western provinces, we are also hopeful that in conjunction with our Joint venture partners Origin Limited we will be able to export power to Northern Australia,” Leggo said. He added such projects could have life spans of 70 years or more, adding that the export of power at commercial prices would generate a long-term revenue stream for the government and the people of PNG. “This revenue stream would replace revenues from current mining ventures as their productions decline,” Leggo said.

### **Study on to review mining benefits**

The National, December 13, 2010

By PATRICK TALU

THE national government, through the Mining Department, is conducting a study on the framework of the royalty and equity issues, focusing on mine-related royalties and equities. Mining Minister John Pundari told mining and petroleum investors in Sydney, Australia, last week at the 11th PNG Mining and Petroleum Conference, that in order to properly account for equity and royalty from mining activities, the independent study would fairly establish whether there were changes required. “The expected outcome is to develop the royalty and equity provisions of the mineral policy that is favourable to, and adequately serves the interest and aspirations of the government and the people of Papua New Guinea,” Pundari said.

“Favourable to attract and retain foreign investment in the mining industry in PNG and user-friendly and simple with practical application and relevance to the current prevailing global practices while addressing the specific needs in PNG,” he added. The minister stated that over the years, since 2006, a total of 410 mineral tenements were issued while 203 tenements were under application. He said these were proof that there continued to be an increased interest in mineral exploration in PNG and the study to review the framework of royalty and equity for greater PNG was paramount given the mining boom. Pundari also said the last 35 years had been years of lost opportunities for PNG where there had been widespread reckless squandering of the country’s wealth with no tangible evidence.

### **Chief predicts more mines by 2012**

Post-Courier 13.12.2010

Beleaguerd Prime Minister Sir Michael Somare has predicted that by the time the 12th PNG Mining and Petroleum conference is staged in 2012, a new government will be in place with three or more world scale mining operations in the country. At the just-concluded Mining and Petroleum conference in Sydney, Sir Michael said three or more world scale mining operations could be under construction by 2012. “Among them Marengo Mining’s (US\$1 billion plus), Yandera project, the huge Frieda River project of Xstrata and Highlands Pacific, now estimated to cost US\$5.3 billion,” he said. He said PNG could also witness the re-opening of the Panguna copper mine at a cost of more

than US\$4 billion, as well as the world's first deep sea mining project of Nautilus PNG, which is in the throes of becoming a major world supplier of copper.

Sir Michael said oil exports have been on a downward slope ever since production began in 1992 but Oil Search has made strenuous efforts to reverse this trend and has managed higher levels of production than previously anticipated. He said PNG will commence export of liquefied natural gas in a little over three years time and developer ExxonMobil has done a tremendous job in keeping the multi-billion kina project on schedule. The PNG government has a 19.6 per cent equity in this venture along with two major Australian partners - Oil Search and Santos. "Our single largest customer, Sinopec, recently held a ground breaking ceremony for their Qingdao terminal that will import LNG from our country. My government has also given approval for InterOil to build a second LNG plant. The company has recently signed a development agreement with an Australian-listed company, Energy World Corporation," he said.

Exploration for oil and gas has risen to very robust levels. The Government is confident there will be further increases in oil and gas exports, and some likelihood our hydrocarbons could underwrite future value-adding initiatives, Sir Michael said. He said the government expects that LNG revenues will propel the economy to new heights and significantly improve our social indicators which for too long have remained stagnant. "Some commentators have been criticising the Australian Government decision to support the PNG LNG project with concessional loans totalling US\$500 million. This criticism is totally misguided," he said. "Contracts won by Australian companies involved in the LNG project are already twice the value of the concessional finance that Australia has provided. And indeed, they will be more than six times greater by the time this project is completed."

### *Letter to the editor*

#### **Bougainville Revolutionary Army's stand on mine reopening** Post-Courier 13.12.2010

Following all the media coverage's in the recent weeks and the recent meeting by the so called landowners of Panguna Mine with the President for Bougainville, I would like to highlight certain issues that need to be taken into consideration before continuing discussions and plans to reopening of the Panguna Mine. To set the record straight, the so called Panguna Landowners 'Did not close the mine'. Let it be known that it was the 'Bougainville Revolutionary Army' that closed the mine because of environmental damage and for the interest of everyone on the Island. The BRA consists of fighters from the North, Central and South Bougainville. So everyone have to be considered and accommodated in any discussions in regard to the reopening of the mine. A lot of BRA soldiers died during the conflict, fighting to protect the environment that was destroyed by the mining giant, fighting for the Land and lastly for total independence for Bougainville.

For the so called Panguna land owners to try to reopen the mine without considering and accommodating those who have given their lives and died for the closure of the mine would be an inconsiderate and greedy move. When the mine was shut down, there was a claim to the BCL by the late Francis Ona on behalf of the landowners and Bougainville, the amount was K10 billion. Let it be known to all parties interested in the reopening of the mine that we have not forgotten and we still stand firm with this claim. The move to reopen the mine is welcomed but is a sensitive issue. We don't want to go down the same road we came out from. We fought against environmental damage, land rights and independence for Bougainville, therefore any discussions to reopen the mine must have a fair representation. I call on the National Government not to raise false hopes without gauging the views of all parties involved. Ishmael Totoama, BRA general

## **Government efforts against corruption poor**

Post-Courier 10.12.2010

*BY CALDRON LAEPA*

AN independent survey carried out on the government's effort to minimise corruption in the country showed that the government was doing very little to minimise corruption. TIPNG executive director Emily Taule said a survey carried out in the country between June and July 2009 by Tebbut Research shows that the current government was not doing enough to control corruption. TIPNG got Tebbut Researchers to carry out the studies because PNG was not part of the TIPNG Global Corruption Barometer. The report was carried out by Tebbut Research in PNG and Fiji using computer-assisted telephone interviewing (CATI) which is simply interviewing people on the telephone. From more than 3.5 million people interviewed, 65 per cent said the current government's effort to fight corruption was ineffective, 24 per cent said the government was effective, and 11 per cent said neither effective nor ineffective. The report also said from the 3.5 million people, 26 per cent said they paid bribes to receive service from service providers in the past 12 months. These services included judiciary, education, medical service, police registry and permit service, utilities, tax revenue and customs. Meanwhile acting chairman of TIPNG Stephen Lawrence launched the 2010 TIPNG Global Corruption Barometer in the PNG.

## **PNG'S INTEROIL GAS PROJECT NEARS REALITY**

Country's second major liquid gas development in offing

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 9, 2010) – PNG's second liquefied natural gas project looks to be nearer than expected with a final investment decisions by mid 2011. Bloomberg reports that InterOil Corporation aims to make an investment decision on a liquefied natural gas project in Papua New Guinea as early as the first quarter of 2011 after raising \$266 million to fund ventures in the South Pacific nation. "We're in a position to move any time," Chief Executive Officer Phil Mulacek said in an interview in Sydney yesterday. "We don't see anything there to prevent it." He said the explorer, based in Canada's Yukon Territory and run from Cairns in Australia, was awaiting the completion of engineering and design work.

InterOil, whose shares have risen 73 per cent since June 7, said Nov. 15 it expected to reach a final investment decision by the end of June. The Canadian company seeks to develop an LNG project in Papua New Guinea that would follow a larger, \$15 billion LNG development led by Exxon Mobil Corp. The project may begin production in late 2013 or early 2014, Mulacek said. He declined to give a cost estimate. InterOil in late September signed an agreement with Energy World Corp to build a 2 million-ton-a-year LNG plant in the Gulf Province. The company also plans a project to tap resources from the Elk and Antelope fields and to process light oils through a venture with Mitsui & Co. The explorer said last month it raised \$266 million selling shares and notes.

## **Bougainville: Momis clarifies meeting report**

Post-Courier 8.12.2010

*By Peterson tseraha*

Autonomous Bougainville Government President John Momis said yesterday he welcomed a meeting last week by landowner representatives from the six mine lease areas of the Panguna mine. "I welcome the meeting of the landowner representatives. At the same time I must clarify some issues that have been mis-reported since the landowner meeting." "It has been reported that this was the first time in six years that all six mine lease holders have met, this claim is totally untrue." "In fact the Bougainville administration has organised several meetings of landowner representatives from all six lease areas. "The meetings began in 2009, and have continued in 2010, with large meetings

held at Panguna in March and July.” Mr Momis said these meetings were held at the direction of the ABG to consult landowner communities about organising themselves to be effectively represented in the process of reviewing the Bougainville Copper Agreement. “The first formal step in the process to review the copper agreement has also been taken by the ABG,” Mr Momis said.

“That was in a letter I sent to Prime Minister Somare, formally requesting the national Government to initiate the review process, so far the Prime Minister has not yet responded to my request.” Mr Momis said in spite of the silence by the national government, the ABG has continued to work to prepare for the review process. That is why the ABG has directed the Bougainville administration to organise the landowners so that they are represented in the review process. “As a result of meetings organised by the Bougainville administration, the people in each of the six mine lease areas decided many months ago that they wanted separate associations, one to represent each lease area,” Mr Momis said. “They also agreed to consult amongst themselves on the structures of each of the proposed associations. “Bougainville administration lawyers have held two rounds of consultations with communities, which had resulted in the preparation of draft constitutions for each proposed association. As a result the work of preparing to establish the six associations is almost complete.”

## **PNG OFFICIAL PROPOSES NATIONAL GOLD REFINERY**

*Country needs to capitalize on own resources*

By Patrick Talu

PORT MORESBY, Papua New Guinea (The National, Dec. 8, 2010) – Mining Minister John Pundari says he wants to see Papua New Guinea (PNG) build and own an onshore gold refinery to refine gold produced by its various mines. He told mining investors at the mining and petroleum conference in Sydney that it was time for a big gold refinery because current mining activities warranted it. Pundari told the conference he was looking at the prospects of preparing necessary legislation for the National Executive Council to pave way for the refinery to be constructed. "For far too long, the government and people of Papua New Guinea did not know the real values of gold bars produced and how many ounces are taken out of the country and refined offshore, he told The National. I want to provide the leadership in supporting the establishment of an internationally accredited gold refinery operation in PNG, through public-private partnership, to process all gold mined in the country. I believe that we are mere custodians of the collective wealth of our nation," Pundari said.

He reaffirmed Prime Minister Sir Michael Somare’s earlier address that the government had committed itself to a complete review and overhaul of the mineral policy legislation to ensure the interest of all stakeholders, including the people, within the resources sector were protected and that optimal benefit were gained from the extraction of Papua New Guinea’s mineral resources. Pundari said he also wanted to provide leadership by creating a level playing field for all players within the mining sector and deliver a robust strategic plan to bring on-stream advanced and prospective projects as soon as possible. He reiterated that he would encourage state-owned entities, such as Petromin, to exercise greater state equity option in the new mines coming on stream and to be involved more in new explorations. The three-day mining conference will end today.

**LNG works progressing well**  
By *MOHAMMAD BASHIR*

Post-Courier 8.12.2010

EXXONMOBIL, the developer of the PNG LNG project told the Sydney Mining and Petroleum conference yesterday that construction activities were currently focused on improving and upgrading infrastructure, including road and bridge works, telecommunications, and constructing camps to

house the construction workforce and completing site preparation work ahead of facilities construction. Esso Highlands Ltd (EHL) Managing Director Peter Graham in his presentations said detailed engineering, execution planning and procurement activities for the facilities, pipelines and drilling were also progressing. “Linepipe for the onshore gas line from the Gulf of Papua to the Southern Highlands is arriving at the expanded shore base at Kopi and clearing of the pipeline way has commenced. Trenching and pipe laying will commence in the first quarter of 2011,” Mr Graham said. He said earthworks at Komo Airfield and the site of the future Hides Gas Conditioning Plant have commenced while at the LNG Plant site, an 800-person pioneer camp is complete and site preparation for the LNG Plant was already well underway. “By early 2011, all of the major EPC contractors will have mobilised to the field.” He said ExxonMobil has over a century of success in helping countries around the world develop their resources. EHL, the project operator is a subsidiary of Exxon Mobil Corporation, the world’s largest publicly traded international oil and gas company.

### **Deep sea mining faces storm**

The National – Wednesday, December 8, 2010

Photo: MP Byron Chan



The deep-sea mining to be developed by Canada’s Nautilus Minerals off the coast of New Ireland and East New Britain is now faced with stiff opposition. The recently incorporated land group West-coast Central Seabed Mining Landowners Association (WCCSMLA) has the backing of the Namatanai joint district and budget priority committee (JDBPC) with a funding of K50,000 towards meeting legal cost. A further K20,000 will come from the Central LLG. Chairman of JDBPC and Namatanai Member of Parliament Byron Chan who supported the landowners’ plight said the financing of such legal battle was crucial so that the government could be made aware of the reality that any mining agreement must involve landowners. He argued that currently the mining agreement did not accommodate the landowners’ issues and wanted to see it resolved by putting in place proper laws to safeguard the landowners. Chan said at present, there were no mining laws that deal with the sea in PNG and wanted the landowners to pursue the court’s interpretation on this.

Recently, the landowner executives of WCCSMLA met with Chan and the media and raised their concerns and announced the legal challenge. “We will make an application to the Supreme Court in Kokopo for an interpretation of the Mining Act,” WCCSMLA technical adviser Roboam Paka said. He said the current memorandum of agreement had three signatories, which was the state, the developer and the two provincial governments of East New Britain and New Ireland. Similarly, a total

of K100,000 had been approved by the Namatanai JDBPC for the Simberi landowners to take the company Allied Gold to court for environment pollution, royalty differences and review of mining lease. Chan also called on Lihir and Nimamar local level government to be prepared for the Lihir infrastructure development grants and to review current mining benefits as the agreement to increase the output gold next year had been approved.

### **Miners admit to polluting river**

The National – Wednesday, December 8, 2010

UNDER pressure from landowners and campaign groups, Newcrest Mining and Harmony Gold have publicly admitted their Hidden Valley mine has polluted the Watut River in Papua New Guinea.

The admission was made in a joint press release with Bulolo MP, Sam Basil, who has been threatening legal action after the miners tried to brush off the problem as just one of “higher than expected sedimentation levels”. The admission coincides with the first day of a major PNG mining conference in Sydney, Australia, where Newcrest and Harmony were expecting a major public protest. Details of the acidification of the Watut River by the Hidden Valley mine was first revealed a month ago, Hidden Valley pollution could be worse than Ok Tedi, and was followed by revelations about the health problems being faced by local villagers along the river.

The miners admission is a stark reminder of the environmental and social problems that major mining operations invariably seem to cause in Papua New Guinea despite the promises of the company’s and their scientific experts. The release stated that upon concerns raised by Basil, an expert technical advisory panel will review sediment and pollution issues affecting the Watut River. It further stated that the panel would complement the existing regulatory processes and scrutiny of mining operations conducted by the PNG government, adding that it will likely include international specialists with best practice experience relevant to the PNG natural environment. In recent discussions with Basil, it was agreed that terms of reference and membership of the expert technical advisory panel would be determined with a view to finalising details at a meeting in January.

The joint ventures said the expert technical advisory panel would be a vehicle for the constructive resolution of sediment related issues in a transparent and cooperative forum. They said the Hidden Valley mine had an engineered tailings storage facility and no mine processing residue or tailings were discharged into the river. The mine sediment run-off is now significantly lower due to mitigation measures. These measures included ceasing of side casting of waste rock and overburden last September, ongoing revegetation of exposed slopes and erosion control, and the storage of waste rock in engineered waste rock facilities. The Hidden Valley Joint Venture has been making voluntary compensation payments to communities along the Watut River for flood damage to crops and gardens, regardless of what caused the disasters.

## **LAND USE CONSTRAINTS, CORRUPTION TEST PNG INVESTORS**

*High costs slow private sector development*

By Ana Tudrau-Tamani

SUVA, Fiji (Fijilive, Dec. 8, 2010) – Customary land rights constraints have been cited as one of the challenges to doing business in Papua New Guinea, says Chey Scovell, the Chief Executive Officer of the Manufacturing Council of Papua New Guinea (MCPNG). Speaking at the Pacific Islands Business Forum at Nadi’s Sofitel Resort in Fiji, Scovell said PNG is an extremely high cost environment in which to undertake business, even in comparison to our Pacific Island Countries counterparts. This, he said, impedes investments and private sector development. “The high cost of

doing business is also intensified by widespread political and official corruption and an inefficient public service. The Somare government has ratified the United Nations Convention against corruption and supports an independent Ombudsman Commission, a number of its long and medium term plans identify the need to weed out corruption and improve service delivery," he told delegates.

Scovell said in 2010 PNG slipped again in its World Bank, Ease of Doing Business, indicators (down to 102 out of 183). As well, inadequate trade related infrastructure, presents business opportunities for construction and consultancy services but is a major impediment and constraint for almost everyone else. He added that law and order issues inflate the cost of doing business and adversely affects tourism industries in particular. The Manufactures Council of PNG, is a non-profit organization formed in 1991 to promote the manufacturing and downstream process sector within the country. It also plays an important role between the private and public sector, working closely across business sectors and government to promote and strengthen manufacturing industries in Papua New Guinea. Fijilive: <http://www.fijilive.com>

## **CHOLERA TOPS 2,000 CASES IN PNG'S DARU PROVINCE**

Nothing to show in province for \$4.5 billion in oil revenues

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 7, 2010) – AS Papua New Guinea's largest-ever investment conference got underway in Sydney yesterday, medical officers in Daru, Western Province, delivered a bitter and hard bill to swallow - more than 200 people have died of cholera in the province. And this is from a province that boasts of one of the largest copper mines in the world which paid billions of Kina into government and the provincial coffers. Latest reports reaching Port Moresby from Daru say more than 2000 cases have been reported through the VHF radio network. And in Sydney yesterday, Oil Search managing director Peter Botten told a packed audience that his company has so far paid PNG a mammoth K11.931 billion in oil benefits between 1992 and 2009 without any indication of improvement in living standards. (see story inside).

There's nothing to show for expenditure of all that money. "No significant appropriate improvements in living standards" had accrued to Papua New Guineans from billions of kina received by landowners, provincial governments and the national government as resource benefits since 1992, he said. The 11th biennial conference organised by the PNG Chamber of Mines and Petroleum is attended by PNG landowners, government ministers, provincial governors, public servants and international oil and gas industry delegates. Mr Botten told the 11th Mining and Petroleum Conference that a total K11.931 billion had been paid out by his company to the national government, provincial governments and to landowners from 1992 to 2009. The National Government received K8.796 billion in benefits for petroleum income tax, salary and wages tax, stamp duty, withholding tax and equity dividends. (see inside for more). Prime Minister Sir Michael Somare opened the conference. He said when the next conference opens in 2012, a new government will be in place.

By then three more world-scale mining operations will be under construction, among them Marengo Mining's \$US1 billion-plus Yandera project and Xstrate's Frieda River project (\$US5.3b). Bougainville Copper Limited could also re-open the Panguna copper mine by then at the cost of about K11 billion. He praised the Australian government for supporting the PNG LNG project with a \$US500 million concessional finance and brushed aside criticism as being "totally misguided." He said the Australian companies involved in the LNG project have won contracts worth twice more than the concessional funding from Australian government. He thank the Australians for also helping to create legislation to set up Sovereign Welfare Fund which created a Stabilisation Fund, Fu-

ture Fund and Infrastructure Fund. He also announced the creation of a Petroleum Resources Authority and the creation of a Petroleum National Company.

## **Cholera claims up to 300 lives in Western**

Post-Courier 7.12.2010

Only 32 deaths recorded at Daru General Hospital

By *MAUREEN GERAWA*

As of yesterday, health authorities have confirmed that between 200 to 300 people have already died from cholera in Western Province. Only 32 of these were recorded at Daru General Hospital, while the rest were accounted for by health facilities in the rural areas, including those in remote places inaccessible to basic government services. Although Western Province boasts of having one of the longest operating mines in OK Tedi Ltd, most parts of the province are inaccessible due to lack of roads, and this is obvious as teams comprising officers from the Health Department, World Health Organisation, AusAID, business houses in the province and churches join hands to travel out to the rural areas to try and save lives.

Dr Sibak Biep, who was the co-ordinator of the successful cholera response in Madang Province, has been brought to Daru to help co-ordinate the response in Western Province. Western Province administrator William Goina gave his approval and appointed him last week to lead the teams. The Post-Courier could not reach him yesterday over telephone for his comments, but the newspaper has been informed that the situation has been brought under control in Daru and not in rural areas. Trough the use of VHF radios, we are able to get information from the health facilities in the rural areas. There are now more than 200 deaths reported, while the number of cases stands over 2000,' a health worker has reported.

The names recorded is around 1229 which are in health facilities, while the rest are from outlying villages that do not have health facilities. In one village, there were 28 confirmed deaths after the teams went out and checked to confirm the figures that were coming from the rural areas.

"Some of these villages are so isolated," they said, adding the villagers explained that these people died from a diarrhoeal disease within a few hours. Meanwhile, there are reports of cases of cholera in NCD, Morobe and different parts of the country and people are being urged to comply with hygiene and healthy practices. Using of proper toilets, hand washing, drinking of boiled water are among good practices that people need to take heed of in order to protect themselves from contracting cholera.

### *Editorial*

## **WHERE HAS \$4.5 BILLION OIL REVENUE GONE IN PNG?**

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 7, 2010) – The 11th Mining and Petroleum Conference in Sydney, Australia kicked off yesterday. And in a packed room, PNG's Oil Search Limited, a major partner in the LNG project, shocked the experts and government officials including ministers from both countries that it has spent a whopping K11.931 billion in oil benefits between 1992 and 2009. And that is nothing on the ground to show for this money, the company says. That is the verdict from oil industry supremo Dr Peter Botten of Oil Search Limited who said there was "no significant appropriate improvements in living standards" had occurred to Papua New Guineans from billions of kina received by landowners, provincial governments and the national government as resource benefits over the last 17 years.

Today we are told some 200 people have died from cholera in Western Province. Apart from Cholera, TB, Malaria, HIV/AIDS, Cancer and many other diseases are killing our people. The National Department of Health has admitted that our health indicators are not good because health facilities are falling to pieces. On the education front, more than half the students that are coming out of grade 12s, and grade 10s this year are expected to return home or be enrolled in technical and vocational training schools because there are not enough places in existing tertiary institutions and secondary schools. Two of the premier national high schools – Kerevat and Aiyura – are in the news over their deteriorating infrastructure. They are not alone, as many community and high schools are faced with the same situation. Schools have also reported that they are faced with shortages in teaching aids and materials.

On the infrastructure sector, the national Works Department revealed that it required over K1 billion to repair the 9000km of national roads in the country. The most important road asset, the Highlands Highway will require some K7 billion to fix and this money the country does not have. Apart from the national roads, all provincial roads have deteriorated, thus becoming a big impediment to going business as well facilitating the flow of much needed government services into the rural communities. Combined with these, poverty is high, even in urban areas and this is believed to be driving the crime rate high, as people look for ways to survive. Now if Oil Search has pumped in K12 billion over the last 14 years, then how about the others. Take for example the Ok Tedi copper mine, the Porgera gold mine, the now closed Misima mine, the Tokoluma mine and the Lihir gold mine. These projects have contributed in taxes, royalties, and other benefits to the people of Papua New Guinea. Where has all the money gone? Today PNG is focus on the LNG project. The government is going full steam ahead and it is boasting to the world, and even at the current Sydney conference, that PNG economy stands to gain immensely.

Early works on the project has started and to date, over K2 billion has been spent. The area where the LNG project is located has been exporting oil for a long while now. Are there any tangible changes on the ground in the Southern Highlands and Hela provinces? It is no wonder that the Australia Government pushed for the Sovereign Welfare Fund to be established and the fund held in Australia, for revenues from the LNG project to be parked for future use. The issue now is the governance of this fund. Experts are concerned over the form and manner this fund will be managed because of the experience this country has had in the management of all the revenues from its existing resource based projects over the years. And this is bound to come out at the conference in Sydney and let us hope that the big PNG contingent wake up and listen to what people like Dr Botten is saying. Arrogance should have not a place there.

## **PNG needs to speed up LNG work to develop**

Post-Courier 7.12.2010

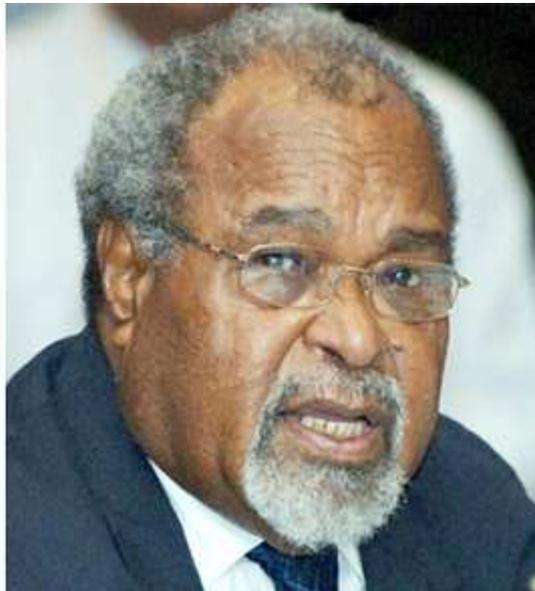
PAPUA New Guinea must accelerate development of its natural gas projects and lock in customers or risk losing out to other nations pushing coal seam and shale gas projects, an oil and gas expert says. Independent researcher and the chairman of FACTS Global Energy Dr Fereidun Fesharaki gave the warning at the 11th PNG Mining and Petroleum Investment Conference in Sydney yesterday. The three-day conference has so far focused on the US\$15 billion PNG LNG (liquid natural gas) project under development by ExxonMobil in the new Hela Province. The joint venture project with Santos, Oil Search Ltd and the PNG Government is on track to deliver its first shipment of LNG in 2014. Dr Fesharaki said Papua New Guinea must act quickly to secure Asian markets for that and other LNG developments or face competition from the cheaper Qatar LNG currently being sold into the US market. "You have to be aware that this threat is there, so you have to act to shore up your customers. It is not possible to compete with Qatari LNG on economics. The only way to compete is to tie up the market."

Dr Fesharaki said LNG production in Qatar cost about a quarter of that in PNG. The Australian Government has provided concessional loans of US\$500 million to support development of the PNG LNG project, which is viewed as critical to the social and economic development of PNG. PNG Prime Minister Sir Michael Somare said in his opening address to the conference that Australian companies had already won contracts worth twice as much as the finance provided by the Australian government. "My government is anticipating that LNG revenues will propel the economy to new heights and significantly improve our social indicators, which for too long have remained stagnant," he said. PNG is expecting a growth of 7.1 per cent in 2010 and eight per cent in 2011, Prime Minister Sir Michael Somare said.

But exporting gas from the remote Southern Highlands and Western Province of PNG is not without its challenges, according to ExxonMobil upstream project manager for the PNG LNG project Decie Autin. Ms Autin said a 700km pipeline, including 450km of sub-sea pipeline, would be required to transport the gas to an LNG facility near Port Moresby for shipment. Ms Autin said the pipeline must also traverse low lying topography, deep gorges and steep terrain that was subject to landslides and significant environmental areas, making it a complex undertaking. An export terminal would operate 24 hours a day at the LNG processing site outside Port Moresby, loading an LNG tanker for export every two to three days. Prime Minister Somare said he hopes to witness the re-opening of the Bougainville Copper Mine, closed 20 years ago amidst secessionist violence. "PNG is also in the throes of becoming a major world supplier of copper," he said. The Panguna mine is one of the world's largest copper and gold mines. Our darkest hour came with the Bougainville conflict," Sir Michael Somare said.

### **New petroleum firm to be set up, says Prime Minister**

The National, December 7, 2010



PRIME Minister Sir Michael Somare announced yesterday that a new national petroleum company will be established to manage the state's interest in the oil and gas industry. He made the announcement at the 11th PNG Mining and Petroleum Investment conference at the Hilton Hotel in Sydney, Australia. Sir Michael did not give details of the new petroleum company but said his government would review, rationalise and reform the state's mining and petroleum interest participation that would form the basis for the new petroleum company. Treasurer Peter O'Neill later reaffirmed Sir Michael's announcement at a press conference. He said the government had undertaken the initiative to park the state's interest in a single entity. The announcement was among new initia-

tives that the government had undertaken to make PNG's investment environment conducive for investors and tap into the revenues generated by the vast petroleum industry in the country.

Delivering his keynote address, Sir Michael told investors that his government had made the investment environment conducive by providing the necessary policy legislation for investors. He said in early 2003, his government passed legislation to make investment in the country's resources sector more attractive. In that year alone, spending of mineral exploration doubled in value to around K60 million well before the China factor caused an upsurge in commodity prices. "My government will ensure Papua New Guinea's competitive edge will be strengthened and maintained," the prime minister said. "To do this, the government, with consultative input from the industry, will immediately pursue a key number of initiatives. "The government will continue to provide a stable environment in the form of political and policy stability and remain committed to a petroleum and mining regime where rules are widely known, fair and transparent and understandable. "The government will ensure licence holders do not sit on licences but fast track development on our resources and review, rationalise and reform the department of petroleum and energy."

Sir Michael said part of the review would involve setting up a petroleum resources authority with similar roles and functions as the Mineral Resources Authority. The prime minister said the policy reviews were in line with the government's Vision 2050 and its development strategic plan. He admitted that the economy looked gloomy before his government took office but things had changed over the past eight years, resulting in an unprecedented consistent economic growth. He said under his government's tenure, the most notable achievement was the delivery of the K45 billion PNG liquefied natural gas project. He was optimistic that revenue from the LNG project would transform the nation's economy and improve the living standards of its people. "Revenues from LNG, as I have explained, will underwrite many of our social and economic programmes over the next three decades." The prime minister urged potential investors to make Papua New Guinea their next investment destination.

### **Sir Michael predicts unprecedented economic growth**

Post-Courier 7.12.2010

PAPUA New Guinea yesterday expressed its most optimistic outlook for the future with bold predictions of major transformations taking place in the standard of living for the people. Prime Minister Sir Michael Somare told leading international investors and multi-corporations the country's way forward had been carefully mapped and PNG was now on the verge of reaping windfalls from the development of its natural resources. He said this when delivering the keynote address on day one of the 11th PNG Mining and Petroleum Investment Conference in Sydney, Australia. More than 1000 participants are attending the conference which is billed as PNG's most precedent setting and its most ambitious yet due to the latest development achievements in the resources sector. Sir Michael took the lead in focusing on the US\$16 billion liquefied natural gas (LNG) project which he said would propel the economy to new heights and improve the social indicators significantly.

He said PNG's participation was 19.6 per cent equity in the project. He welcomed the Australian government's assistance in the preparation of legislation for the sovereign wealth funds creating the Stabilisation, Future and Infrastructure Funds from LNG proceeds. He said growth was 7.1 this year and as indicated in the 2011 budget would be 8 per cent "that will give us an unprecedented 10 successive years of economic growth." "This will give rise to confidence about rising prosperity and living standards and will place PNG among the fastest growing economies in the world," he said. "My government will ensure that PNG's competitive edge will be strengthened and maintained." He assured investors of the continuation of political stability, fast tracking of licences and protection of the environment.

He announced two new government entities including Petroleum Resources Authority and the National Petroleum Company of PNG set up to reform and better stream line management of the resources sector. "We could also witness the re-opening of the Bougainville copper mine at the cost of US\$4 billion as well as the world's first deep sea mining project of Nautilus," Sir Michael said. He said within two years three or more world scale mining operations could be under construction including Marengo Mining's US\$1 billion Yandera project and the US\$5.3 billion Frieda River Xstrata and Highlands Pacific copper project.

## **PNG SEEKS TO SET UP SOVEREIGN FUND AT HOME**

*Goal is transparency with nation's mining, gas profits*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, Dec. 6, 2010) - Papua New Guinea's (PNG) Treasurer, Peter O'Neill, says PNG is looking at establishing a local sovereign wealth funds, rather than offshore as originally planned. The change comes after last week's visit to PNG by Australia's Future Fund Chair, David Murray. PNG had been considering Australia or Singapore as the home base for its three sovereign wealth funds, which will be created to save mining and gas revenue for future generations. PNG Treasurer Peter O'Neill says there has always been a lack of trust among Papua New Guineans about how the government manages its overseas funds. "So when David Murray highlighted strongly to us that it would be better if the fund was set up in Papua New Guinea that view was very welcome," he said. Mr. O'Neill says the PNG government wants its sovereign wealth funds to be open and transparent in all of their operations and to have an independent board of local and overseas experts. He says legislation to put that into effect should be ready by May next year.

*[PIR editor's note: In a separate report, Peter O'Neill says three funds that would be accountable to parliament through the legislation are the stabilization fund, future generations fund, and the infrastructure fund.] Radio Australia: [www.abc.net.au/ra](http://www.abc.net.au/ra)*

## **SOMARE PUSHING TO REOPEN BOUGAINVILLE MINE**

*PNG Prime Minister puts cost at \$4 billion*

MELBOURNE, Australia (Radio Australia, Dec. 5, 2010) - Papua New Guinea's (PNG) Prime Minister, Sir Michael Somare, says he hopes the Bougainville copper mine can be reopened within two years. He was speaking at the opening of the PNG Mining and Petroleum Investment conference, in Sydney, Australia. The prime minister said reopening the Bougainville mine would cost about US\$4 billion. The Panguna mine was closed 20 years ago amid secessionist violence. But with demand for copper increasing, there is growing pressure to reopen the mine to exploit one of the world's largest deposits. A record 1,100 delegates registered to attend the investment conference, with commodity prices high and PNG in the grip of a mining and gas boom.

The three-day event will see Sir Michael joined on the podium by all his key economic and resources ministers, as well as landowners and landowner companies. Investors will hear updates on projects ranging from the US\$15 billion ExxonMobil-led PNG liquefied natural gas project and Xstata Copper's US\$5.3 billion Frieda River development. Also to be covered were the Chinese-owned Ramu Nickel mine and well-advanced plans for the world's first seafloor mining.

*[PIR editor's note: An earlier report noted that for over 16 years, Bougainville sustained the economy of Papua New Guinea with the Bougainville copper mine tax contribution of 300 million kina [US\$114 million] a year. Reportedly the copper reserves are estimated at almost 3 million*

tonnes and gold production in the range of 400,000 ounces per annum making Panguna one of the world's largest potential producers of both metals.]

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

## **Bougainville Copper shares to help**

Post-Courier 7.12.2010

THE State's 19.06 equity interest in the Bougainville Copper Limited (BCL) may end up with the Autonomous Bougainville Government (ABG) if Prime Minister Sir Michael Somare has it his way. According to Bougainville President John Momis, Sir Michael has on several occasions discussed with him the question of disposal of the national government shareholding in BCL to the ABG. "On every occasion the Prime Minister has proposed that the shares should be transferred to the ABG. "The most recent occasion was in my meeting with him in Port Moresby on November 22, 2010," Mr Momis said. He said this when expressing concern about the lack of official feedback from the national government over ABG's request for the prompt review of the pre-independence era Bougainville Copper Agreement. He said since taking over office in June 2010, priority was given to the issue of future mining activities on Bougainville. He said Cabinet had been fully informed about it since efforts were initiated under the former Tanis government which involved organising leaders from the six mining lease areas to be included in the review.

Mr Momis said in July this year that he officially wrote to the Prime Minister, prompting him to initiate the review which was officially stipulated under the 2008 memorandum of understanding (MOU) signed by former deputy Prime Minister Sir Puka Temu. He said in that letter he requested the national government and Bougainville Administration to meet with BCL to begin planning for the review. Mr Momis expressed disappointment that he had not received any official feedback on his initiative, prompting him to write again in mid-November this year on the same matter. When discussing the lack of response, Mr Momis revealed his discussions with Sir Michael, saying the 76,430,809 shares were the States main tax and dividend revenue source from BCL between 1972 and 1989. "I welcome and support this proposal from the Prime Minister," he said in relation to the BCL shares. Transferring the shares to the ABG would only be fair. Revenue from the Panguna mine paid for the development of the rest of PNG from 1972 to 1989 but now the situation is different," Mr Momis said.

## **Experts to assess Watut pollution**

Post-Courier 7.12.2010

By *OSEAH PHILEMON*

AN expert advisory panel has been set up to look into community concerns about sediment and pollution in the Watut River system in Morobe Province. Morobe Mining Joint Venture, the company mining gold in the Hidden valley area of Wau, said yesterday that following representations to the Hidden Valley Joint Venture by the Bulolo MP Sam Basil, who raised landowner community concerns, an expert technical advisory panel will review sediment and pollution issues affecting the Watut River. The panel will complement the existing regulatory processes and scrutiny of mining operations conducted by the PNG Government. It will likely include international specialists with best practice experience relevant to the PNG natural environment.

In recent discussions with Mr Basil it was agreed that terms of reference and membership of the expert technical advisory panel would be determined with a view to finalising details at a meeting in January. Regulators will be key participants in this meeting and in ongoing discussions. It is envisaged the expert technical advisory panel will be briefed on both historic and current studies and will visit the mine site. The joint venture has provided Mr Basil with a briefing on the environmental management and monitoring of sediment run-off from the mine along with background information

and a number of studies. The joint ventures said the expert technical advisory panel would be a vehicle for the constructive resolution of sediment related issues in a transparent and co-operative forum. The meeting also discussed the establishment of multi stakeholder panels to consider the broader future development of Morobe Province.

The Hidden Valley mine is operated by the Hidden Valley Mine Joint Venture, a 50:50 joint venture between Harmony Gold of South Africa and Newcrest Mining of Australia. The Hidden Valley mine is located near Wau and Bulolo. It was officially opened in September this year. The mine has a workforce of more than 2000 people. Ninety five per cent are PNG nationals and 50 per cent come from the local communities. MMJV managers claim that the Hidden Valley mine has an engineered tailings storage facility and no mine processing residue, or tailings, is discharged into the river. The mine related sediment in the river that has caused community concern was run-off from mine overburden and construction activities.

### **K300m compo: Landowners want money for cyanide spill in Goilala . . .**

*By TODAGIA KELOLA*

Post-Courier 6.12.2010

Goilala people of Central Province who were affected by a cyanide spillage in 2000 are seeking K300m out of court settlement from the operators of Tolukuma Mine. The landowners of Yaloge creek located on the flight path to the mine claimed that several people had died and many deserted their villages in fear of the diseases when the incident occurred. The landowners through their lawyers in a submission sent to Petromin Ltd stated that in March 2000, in the course of transporting cyanide to the Tolukuma mine site, one tonne of cyanide fell off a sled attached to a helicopter owned by Hevilift and contracted by Tolukuma Mines Ltd to transport the cyanide and landed at the head waters of the Yaloge creek in Goilala. Upon impact, the cyanide container burst and its pellets were disseminated into the Silolep and the Iramba creeks that are tributaries to the Yaloge river. The impact was devastating in that people died from contaminated water and many deserted their homes in fear of diseases.

The environmental damage to the surrounding area was also substantial. The people of the impacted area to seek compensation and damages from the entities that had been negligent in causing the cyanide spill. Upon its engagement Microbal sought and secured the services of various technical and professional people to assist in the compilation of data for purposes of establishing liability on the part of the defendants. These experts included anthropologists, toxicologists and environmental scientists who assess the impact of the cyanide spill and the extent of damages on the people of the surrounding areas and the environment. After a lengthy court battle including a National Court decision that dismissed a proceedings against Tolukuma Mines on the grounds that an amended statement of claim was not filed on time, an appeal was launched in the Supreme Court and instructions to a law firm that was earlier engaged by Microbal was withdrawn

In December 2009 the Supreme Court upheld the appeal and directed that the proceedings filed by the landowners be relisted for directions. But the landowners now want to settle out of court and since Tolukuma Mines Ltd has been purchased by the State through Petromin Ltd they are asking that their WS 287 of 2006 be settled out of court. Assessment in support of their claim by various professionals amount to more than K565 million but the landowners are saying that as an incentive towards settlement they will be willing to accept K300 million or any such agreed figure.

## **Ok Tedi soon-to-be 100% PNG-owned**

The National – December 6, 2010

MINING giant Ok Tedi Mining Ltd will soon become 100% nationally-owned following the exit of shareholder Inmet Mining Corp next year. OTML managing director Alan Breens said this was a result of an agreement between the companies in which OTML would repurchase the previously announced 5% net smelter royalty (NSR) that Inmet was to receive from OTML. The NSR is a fee which is a specific percentage of the revenue generated by a mine by selling its product, minus production expenses. After seeking approval from the OTML board, Canadian company Inmet will now receive at closing the cash payment of US\$335 million in lieu of its entitlements under the NSR arrangement.

Under the prior arrangement for the NSR, Inmet would have exchanged its 18% equity interest to OTML and at closing for that transaction, would have received a cash payment equal to 18% of OTML's working capital and a 5% net smelter royalty on revenues of product produced from the Ok Tedi mine thereafter. The NSR would have applied during Ok Tedi's current mine life. Breens said the closing of the NSR repurchase was expected to take place on or before Jan 31 next year. He said OTML would then become 100% PNG-owned, with the state owning 36.6% and PNG Sustainable Development Program (PNGSDP) owning 63.4%.

## **Training for small scale miners**

Post-Courier 6.12.2010

By *KONOPA KANA*

The mining industry is booming in the country and prompting many people on site to engage in gold panning activities. Small-scale mine workers in Wau, Bulolo and Hidden Valley have a reason to smile when their Member Sam Basil donated a cheque of about K48,800 as scholarship to some 222 student from 111 wards in the electorate to attend a Small Scale Mining Training Centre (SSMTC) ran by European Union (EU). "Many times people complain that they are from the areas where the project is located but they do not get the benefit so the money given is to prevent that type of response," said Mr Basil. He said he was grateful for the European Union to take this initiative to support small scale mining because many people did not know the long term effect of alluvial mining. "The Bulolo Joint Planning and Budget Priority Committee is providing financial support for the project and will continue to make sure the SSMTC produce the best small scale miners."

Mr Basil said the selection of miners will come from the ward councillors' choice and will be screened by Local Level Government presidents and recommend for scholarship. "This selection process is good because the aim of the SSMTC is to train miners to be responsible and know how to spend their money," he said. EU Project Manager of the training centre Joe Seegers said the project is one of the first in the country to have more students from the mining site to participate. "To be honest the regular response from people of the mine site is 'we already know from experience and it will be a waste of time going for training'." Mr Seegers said Wau-Bulolo was on track with training and the next to be trained are the people in the new Wafi-Golu mine.

## **Bougainville Copper Limited shares soar**

The National – Friday, December 3, 2010

BOUGAINVILLE Copper Ltd's share price has soared as talks to unite the landowners of the mine site under a single umbrella company proceeded. If successful, the talks will streamline negotiations for the reopening of the mine in Bougainville. According to Australian security exchange last Fri-

day, the share price of the Rio Tinto-controlled company rose 4.08%, and on Monday 4.58%. The shares had doubled in price since August and tripled since May, even though the mine had not operated for 21 years, the ASX stated. The new president of the Autonomous Bougainville Government John Momis, told the media last week that discussions between landowners were going well. "I am satisfied we are doing OK ... we need to get the mine reopened ... it will kick start developments in Bougainville," Momis said.

The copper mine, at Panguna, provided about 20 % of government revenue during the 1970s and 1980s. It closed in 1989 as the island disintegrated into civil war, in part due to disagreements about the mine's impact and the way royalties were shared. Rio Tinto owns 53.58% of the company. The PNG government has a 19.06 % stake, and the other 27.36% is held by public shareholders. "With copper reserves estimated at almost three million tonnes and gold production in the range of 400,000 ounces per annum, Panguna is one of the world's largest potential producers of both metals," BCL, as quoted in the Sydney Morning Herald this week, said. "It is expected that the Bougainville copper agreement renegotiation will be actively pursued towards the end of 2010." The company said market values for both copper and gold were higher than at the time of mine's closure.

### **Porgera. Barrick Gold ranked among world's top firms**

The National – Friday, December 3, 2010

By PATRICK TALU

BARRICK Gold Corp has been ranked among the top 100 companies in the world for its sustainability reporting and performance by the Nasdaq OMX CRD global sustainability index. The miner operates the world-class Porgera gold mine in Enga. Barrick is the only Canadian mining company and the world's largest mining company to make the semi-annual listing of leading companies, according to a statement posted on Barrick's website. "We are very pleased to be ranked as a global leader for our sustainability and self-reporting practices by the NASDAQ Global Sustainability Index," Barrick president and chief executive Aaron Regent said. "At Barrick, corporate social responsibility is a company-wide priority and we welcome this important recognition, as we continue to strengthen our global performance."

The Nasdaq global sustainability index is an equity index that serves as a benchmark of companies that are taking a leadership role in sustainability performance reporting and are traded on a major US stock exchange. The Index is made up of companies that have taken a leadership role in disclosing their carbon footprint, energy usage, water consumption, hazardous and non-hazardous waste, employee safety, workforce diversity, management composition and community investing. Companies must also voluntarily disclose their current environmental, social and governance risks and how they could affect performance. "These rankings provide an objective tool for socially responsible investment (SRI) groups and investors to assess the social and environmental performance of companies. "We are also reaching out directly to this growing segment of the investment community to increase dialogue and promote a greater understanding of our company and our industry," Regent added.

### **Porgera landowners slam mine review**

The National – Friday, December 3, 2010

PORGERA landowners in Enga have called on their MP Philip Kikala to stop making political gimmick but come to the core issue of assisting the landowners and the people. The landowners led by chairman Tony Mark Ekepa said although they supported the MP's call for the Porgera mine re-

view, they did not support the idea of freezing the sale of the 5% equity with Mineral Resource Enga. They said of the 5% equity, 2.5% was owned by the provincial government while the other 2.5% was owned by the Porgera land owners. They said the idea of freezing the sale of shares could not be compromised by the director and the shareholder who had all the authority and not an issue for the MP to come out on the media. Ekepa said the directors were all Porgera landowners and it was their decision during their annual general meeting to do so and not the MP's wish. He said they supported the MP to review the MoA as many issues like the youths and the second and third generation had not been included in the MoA. Ekepa said other issues like the resettlement exercise and other benefits was a priority needed to be address and the MP should used some money from his DSIP to fund the review than trying to use the opportunity for political gain.

### **Kainantu mine: Landowners get K105,250**

Post-Courier 3.12.2010

The Bilimoia Landowners Association (BLA) who are the landowners of the Kainantu mine in the Eastern Highlands Province, received their royalty payment totalling K105, 251.17 last week. The payments were for the two years (2008-2009) of mining operations by Barrick (PNG) at the Kainantu project. Mineral Resources Authority (MRA) officials made the payment to the BLA executives and members at Bilimoia village. Of the total, BLA administration received K51,750.39 while K53,500.78 was paid to the Eastern Highlands-Chimbu Seventh Day Adventist Church mission as per the project's Memorandum Of Agreement (MOA), in which BLA agreed to pay certain amounts of their royalty to the church as tithe.

The K53,500.78 which the EHP-Chimbu SDA Churh received was part of K103,500.78. The balance of K50,000 was paid to the church last year. While receiving the payments, EHP-Chimbu SDA church representative said the money would assist their organisation in paying its staff members' wages and also in catering for other expenses. BLA chairman Busa Sio said the payments were timely adding that they would use much of the money to settle debts which the association has with other parties. Both leaders thanked MRA for honouring its commitments under the MOA. Barrick PNG representative George Pirie appealed to the people to allow the company to do further exploration on their land so that they could see more benefits.

### **Nautilus expects to unveil project partner soon**

Mining Weekly, By: Matthew Hill, 2nd December 2010

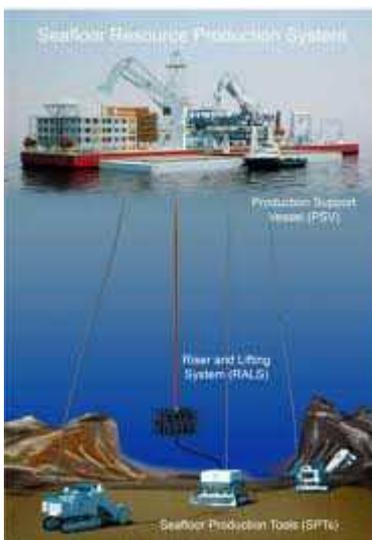


photo: Ramu Nickel Mine Watch, December 3, 2010

TORONTO (miningweekly.com) - TSX- and AIM-listed Nautilus Minerals, which hopes to mine the seafloor up to 1 600 m below the surface off the Papua New Guinea coast, will announce its partner this month, CEO Steve Rogers said on Thursday. The company had been in talks with prospective partners in its flagship Solwara 1 licence since 2009, and has now narrowed the list down to two companies. "We are in the stages of finalising agreements with those parties," Rogers told *Mining Weekly Online*. "I am targeting to have that closed by year end – if not, then by early next year." Talks were progressing with both parties simultaneously as "security" should the negotiations fall through with either one. Nautilus said previously that potential partners had been "right to the wedding chapel" before pulling out.

The Toronto-based company, which aimed to become the first deep-sea miner, also needed to receive a mining licence before it could start production. Rogers said this process was "heading in the right direction", and the company should have the Solwara 1 licence by the end of the month, or early next year. It might have happened sooner had there not been a change of mining ministers in Papua New Guinea mid-year. "We had to go through re-education process," said Rogers. Saloman Partners analyst Raymond Goldie said the market was not particularly concerned about the mining licence. But he added that previous forecasts by Nautilus that it would have a partnership concluded earlier this year, which it failed to do "disappointed the market".

Rogers would not name the companies Nautilus was courting, but said "we are looking at both mining groups and service type partners". Canada's Teck Resources and Anglo American are both shareholders in the company. Would they be keen on increasing their stakes in Nautilus? "That's something I can't really comment on, but certainly their level of interest is not waning," Rogers said. TD Securities analyst Craig Miller said in an August note: "It is our belief that the company is likely looking to joint venture all its tenements within the Bismarck Sea, with Nautilus as the operator."

## PIONEERING

While other companies, including diamond miner De Beers, have mined the sea floor in shallow waters off the coast of Namibia and South Africa, Nautilus would be the first to tap deep-sea minerals. The seafloor deposits Nautilus wants to mine were formed after extremely hot water carrying metals from deep in the earth mixed with cold seawater at the bottom of the ocean, depositing metal-rich minerals. The company aims to use existing offshore oil technologies to cut ore from the seafloor and pump it to the surface as seawater slurry. Once the ore is dewatered, it will be shipped to shore for processing. "We want to show the world that yes this can be done," Rogers affirmed. "Success in seafloor production will bring significant interest. It has the potential to change the face of mining," he said.

Goldie said if Nautilus was successful, it would "change the world a little" by opening up new sources of supply. "Would it mean the long term shortage of copper supply goes away? Definitely not," he added. Nautilus has said it could produce about 80 000 t/y of copper at Solwara 1, as well as 150 000 oz/y to 200 000 oz/y of gold. This could shift once the company has completed a design review over the next four weeks. Goldie rated Nautilus as a buy, with a one-year target price of C\$5,10. In the August note, Miller gave the company a C\$2,25 year target price. Nautilus was trading at C\$2,05 a share on Thursday, giving it a market capitalisation of C\$319-million.

## **Ramu marine dumping will cost miners almost nothing**

Ramu Nickel Mine Watch, 2.12.2010

The detailed design report for the ‘deep-sea tailings placement system’ for the Ramu nickel mine in Papua New Guinea reveals that the marine waste dumping system will cost just US\$8 million to construct and is projected to cost less than US\$75,000 a year to maintain and run. These are minuscule sums of money compared with the \$1.8 billion cost of the mine and show why the mine owners, Chinese MCC and Australian listed Highlands Pacific, have been so passionately defending their marine waste dumping plans – it is HORRENDOUSLY CHEAP! The design report was prepared by Pipeline Systems Inc (PSI) and Hay and Company (HayCo). The report describes the \$75,000 a year operating cost as ‘*a detailed operating cost estimate for pipeline system operations*’ and is the ‘*annual operating cost for the next twenty years*’. It even includes a 10% contingency allowance.

## **Ramu: Villagers back tailings plan**

Post-Courier 2.12.2010

MORE than 3000 people living along the Raicoast villages want the Ramu NiCo Project deep sea tailing placement program (DSTP) to go ahead to ensure more benefits from the nickel/cobalt mine is delivered to the people. Malalamai villagers along the Raicoast District have come out with a strong support claiming that non-governmental organisations and certain villagers have provided them with misleading information which was anti-development. Malalamai, one of the stronghold villages that has previously discouraged the tailings placement is now supporting the project. Other villages including Mur, Bonga, Rem Primary School, Gali and Yagomi along the Raicoast Electorate also supported the DSTP. Malalamai leader John Awola said last week during an awareness campaign conducted by Ramu NiCo community affairs and health, safety and environment officers on the tailings program that they had agreed for it to go ahead after the awareness team delivered factual information on the project. “We call on the company and government to work together to ensure the Raicoast Highway is built for the villagers to benefit,” Mr Awola said.

## **Landowners call on Pundari to withdraw mining licence**

Post-Courier 2.12.2010

Koekam landowners have objected to the granting of an exploration licence to Paradise Gold Play Holdings Ltd to carrying out mineral explorations activities in the area under Exploration License No. EL 1801 and called on Mining Minister John Pundari to withdraw the licence. Mr Pundari’s office however said all due processes were followed based on the recommendations from the Mineral Resources authority. The landowner leaders said Paradise Gold Play Holdings Ltd was invited through a Joint Venture Agreement on 14 June 2009 as a financier by the landowner company, Kwoe Resource Development Corporation Ltd (KRDC) who is the licensee of ML153 to operate the alluvial mine for three years. Over the last 18 plus months no tangible development has taken place within the project area and haven’t demonstrated their financial and technical capacity to develop the alluvial mine.

“The company has made a lot of empty promises to the resource owners and fail to implement joint venture agreement signed by our landowner company - KRDC. Paradise Gold Play Holdings Ltd has cheated the landowners by creating an unrealistic expectation and false hope for the people, said spokesman Rex Kiponge and former member for Kandep Dickson Maki said. “While nothing much is happening on the ground, the very company responsible to fund and operate alluvial mine has been granted a Exploration Licence No. EL 1801 for two years to carry out exploration activities within the same area. “During the warden hearing conducted by company executives and MRA at Wapai, the landowners have out righteously objected PGPH from granting the exploration licence,”

they said.

They questioned the rationale for Minister for Mining John Pundari issuing the licence No. EL1801 to Paradise Gold Play Holdings Limited. “The Minister’s action raises a lot of serious issues and concerns among the landowners and stakeholders. “We fear that the processes, from screening of applicants to selection and approval has been hijacked and other criteria were deliberately by-passed,” Mr Kiponge said. They called for the immediate withdrawal of the licence and appointment of a more credible company with the financial capacity such as BHP, New Crest, Rio Tinto and other applicants at MRA so that landowners can achieve maximum benefits from their resource. “For the benefit of the affected landowner groups, communities and the future generation, we want the Mining Minister John Pundari to immediately cancel Licence No. EL 1801 to Paradise Gold Play Holdings Ltd. “We totally reject Paradise Gold Play Holdings Ltd in the Koekam area to carry out mineral exploration,” said Mr Kiponge.

**LNG: HGRL signs deal with Middle East company**  
By ALFRED KANINIBA

Post-Courier 1.12.2010

The world is converging on PNG, as a result of the multi-billion kina PNG LNG project. Land-owner company HIDES Gas Resources Limited (HGRL) has signed a lucrative business deal with a multi-million dollar company from Bahrain in the middle-east. HGRL, through its chairman Willy Wandiya signed the memorandum of understanding with Mohammed Jalal & Sons, a diversified multinational company which will provide financial and technical expertise and be partners in development in the PNG LNG project. Mr Wandiya returned from the Kingdom of Bahrain last week, where he spent nine days to secure financial assistance to develop its business interests in PNG. Under the agreement, Mohammed Jalal & Sons will firstly assist HGRL’s equity funding which is being held in Kroton 2 of which Hides PDL1 owns 57 per cent equity.

Mr Wandiya said that the Bahrain company would also make available in “cash form” \$US 5 million (K14.28 million) to help his company establishment costs for its business. “The directors of Mohammed Jalal and Sons were very pleased to meet us, especially because we were from a Third World country. They sponsored our trip to Bahrain and during our stay there, we learned so much from them,” Mr Wandiya said. He said a senior official from Mohammed Jalal & Sons would be arriving into the country in the next week to get the business process in motion. As of last night, the first lot of business documentation about the on-going business process in PNG had been sent to Bahrain. Mr Wandiya said the partnership was a positive step which would help in developing social, economic and technical expertise.

**LNG: Future fund vital**  
By MOHAMMAD BASHIR

Post-Courier 1.12.2010

THERE is too much at stake and the government’s mooted Sovereign Wealth Fund (SWF) has to be established right away. This is the opinion of Australia’s leading man in the business, Australian Government Future Fund chairman David Murray who is the former boss of the Commonwealth Bank. South Pacific Post chairman Peter Chegwyn has also reaffirmed that the Post-Courier will continue to highlight and expose government policies and decisions for the interest of the people, saying the SWF must not have any element of political or bureaucratic influence in the management of the fund. “We know where the money is coming into the SWF but my concern is how and who will manage it so it serves its intended purpose,” Mr Chegwyn said. Mr Murray told a Port Moresby Chamber of Commerce and Industry breakfast yesterday that about 80 per cent of SWF investments exist for resource depletion purposes, most of which represents oil and gas resources.

The challenge for PNG is to convert resource assets into financial and other assets but noted that all concerned countries were different in terms of cultures and stages of development. “The biggest challenge is choosing a sustainable conversion path having regard to the national setting, the conversion options, and the organisational design to manage risk and reward. The right path has to be believable, well planned and well managed to get community buy-in,” he said. Mr Murray said the national setting required consideration of present value of the resources, stage of development, macro setting (terms of trade, level of consumption, inflation, reserve adequacy etc) and cultural factors, including institutional framework. He said conversion options should be developed in light of the interests of current versus future generations, need for financial versus non-financial assets (such as infrastructure if the development stage is early) and the merits of local versus foreign investment, especially where there is risk of “Dutch disease” and loss of competitive advantage in resource development.

### **Bougainville: Momis hits out at reports**

Post-Courier 1.12.2010

AUTONOMOUS Bougainville Government President John Momis lashed out at the Post-Courier yesterday claiming that the paper’s reports on the Panguna landowners over the weekend were biased. Mr Momis went on air through Radio Bougainville and New Dawn FM lashing out at the reports. He was angry and particularly critical about the reports that for the first time in six years the six mine affected lease areas had come together to start negotiations towards the setting up of the umbrella group and the review of the Bougainville Copper Agreement. The PLOs were very happy and commended Minister for Bougainville Affairs Fidelis Semoso for getting them together.

They also claimed they had lost hope in being stagnant at Panguna with nothing moving. But Mr Momis said ABG, both past and present Governments, were also working very hard to get the landowners together and that their major setback was finance. Mr Momis said they were cash-strapped but were working very hard on the issue of the Panguna and BCL for that matter. He warned all Bougainvilleans and particularly the landowners to be very careful about negotiations for the re-opening of the Panguna mine and advised that ABG would engage top advisers to advice on all the issues of the re-opening of the Panguna mine and all issues related to it.

### **Bougainville mine ‘to reopen next year’**

The National – Tuesday, November 30, 2010

THE European shareholders of Bougainville Copper (ESBC) have welcomed the breakthrough achieved by the Panguna landowners’ conference in Buka regarding the re-opening of the Panguna mine. This historical decision was reached on Sunday when landowners agreed to re-open the mine towards the end of next year. ESBC president Axel Sturm said they were very satisfied with this outcome. “This gives Bougainville the chance to recover financially from all suffering in the last 20 years. “I am very grateful to the Minister of Bougainville Affairs Fidelis Semoso that he finally pushed things cogently forward by organising this conference. “We are also glad that the Autonomous Bougainville Government assisted in this important undertaking,” he said. Sturm said he appreciated Semoso’s courage to face this sensitive issue “without any fear or prejudice”. “Next year would bring giant investment to the island and many people who are jobless now would soon find work,” Sturm said. “This makes me very happy especially for the young generation on Bougainville who would benefit from the decisions on this historic weekend,” he said.

## **Xstrata inks US\$122mil deal with Highlands Pacific**

The National – Tuesday, November 30, 2010

XSTRATA has signed off on a US\$122 million investment in its US\$5.3 billion Papua New Guinea copper-gold joint venture with Highlands Pacific. The decision takes its investment in the project to more than US\$250 million. Australian-listed Highlands Pacific said the investment would fund a bankable feasibility study on the Frieda project, following the recent release of a pre-feasibility study, which showed the site was a world-class asset. “Frieda already has a world-scale resource endowment and we look forward to the release in December of an updated mineral resource estimate, which will again showcase the quality of the deposit,” Highlands managing director John Gooding said. The pre-feasibility study estimated that the project would produce an average of 246,000 tonnes per annum of copper and 379,000 ounces of gold in the first eight years. “This would potentially place Frieda in the top 15 of the world’s current copper mines and among the lowest in operating costs,” the company said. Xstrata needs to finalise the bankable feasibility study by January 2012 to maintain its 81.82% interest and management rights of the project.

## **Kikala pushing for Porgera mine review**

The National – Tuesday, November 30, 2010

LAGAIP-Porgera MP Philip Kikala has the backing of Porgera landowners, demanding an immediate review of a mining development contract between the state and developer Barrick PNG Ltd. Kikala, who is also vice-minister for National Planning, was in parliament yesterday with Porgera landowner leaders including chief Pakiku Pundi, Sole Paro, Johnson Kutako, Penjari Lavaipa and two former Lagaip-Porgera MPs Opis Papo and Anton Pakena. They all agreed that Kikala would push for a review of the contract. “The mining development contract was executed between the state and company. It is not the 17 subsidiary memorandums of understanding executed between the state, provincial government and the landowners where the company is not a party. “We want the mining contract to be reviewed because it is blocking our chances to negotiate for a fair return for our resources,” Kikala said.

The landowners wanted mining operations to be suspended indefinitely until the issue had been tabled, funds made available and implementation started. The four issues included freezing the proposed sale of 5% shares held by Mineral Resource Enga (MRE) to Barrick (PNG) and for the shares to be sold back to the Porgera people, relocation of landowners outside the special mining lease (SML) areas, address threats by landowners on Paiam township and produce an updated sustainable development programme. Kikala said Barrick (PNG) owned 95% of the Porgera mine with 5% equally shared between the Enga provincial government and landowners. “The 5% is an asset. It is the future of Engans.”

## **Waste from foreign mines to be dumped in Papua New Guinea seas**

Ramu Nickel Mine Watch 30.11.2010

Sources in the Papua New Guinea government have revealed that it will not only be waste from the Ramu nickel mine that will be discharged into the sea off the coast of Madang but also the waste from foreign mining operations.



The Basamuk refinery wharf has been built for the import of ore from foreign mines as well as the export of nickel and gold. The Ramu mine owners, Chinese MCC and Australian listed Highlands Pacific, have an agreement that allows them to import nickel bearing ores from other, overseas mines, for processing at Basamuk. The waste from the processing of this ore from overseas mines will be dumped into the sea through the same pipeline as the Ramu mine tailings. This helps to explain why the harbour facilities that have been built at Basamuk are so extensive. They will handle not just the export of refined nickel and gold but also the importation of millions of tons of nickel ore from overseas mines. Many local landowners are already challenging the waste dumping plans of the Ramu nickel mine through the courts, and they currently have an injunction in place stopping any waste dumping until their legal action is heard.

But what they probably don't know is that their seas stand to be polluted not only by the 5 million tons of waste that the Ramu nickel mine will create every year but by untold millions of tons of further waste from other mine sites which could be anywhere in the world. In another twist to the story, the Chinese government is currently funding the construction of Papua New Guinea's first Special Economic Zone (SEZ) in Madang. The zone will allow factories to import and export material duty free and the Basamuk refinery would seem to be a likely beneficiary of SEZ status. China has already financed the building of SEZs in Africa, a policy backed by the World Bank - which coincidentally is helping PNG to draft its SEZ laws.... So, not only will the people of Madang have to suffer the consequences of the waste from the Ramu nickel mine AND untold foreign mines being dumped into their seas, it seems the people of PNG could be denied the benefit of any tax revenues because the Basamuk refinery will be declared a tax free Special Economic Zone!

### **New Zealand: Royal Commission into mine tragedy**

Post-Courier 30.11.2010

AUCKLAND: A Royal Commission into the New Zealand mine explosion that killed 29 men will look at what triggered the blast, how the men died, the rescue efforts which followed and national mining regulation. The urgent investigation, prompted by the Pike River Coal mine blast, will be led by New Zealand High Court Judge Graham Panckhurst, NZ Prime Minister John Key said on Monday. A couple of other commissioners with expertise in mining and safety - one from overseas - will join Christchurch-based Justice Panckhurst, who has been a High Court Judge since 1996. The terms of reference were still being finalised but a draft indicates the inquiry would have a wide scope, Mr Key said. "The circumstances and cause of the deaths of 29 men in the Pike River mine need to be understood so that we can do everything we can to make sure this tragedy isn't repeated," the prime minister said.

A methane gas explosion ripped through the mountainside mine just over week ago, trapping 29 men, including two Australians, 2.5 kilometres underground. A second explosion six days later extinguished any hope that the men had survived, and a further two blasts since have made it unlikely that the bodies would be recovered from the mine intact, police said. "We owe it to the families of

the men who perished in the Pike River mine to find out what happened, and I believe a royal commission is the best way to do that,” Mr Key said. Royal commissions are reserved for matters of “very significant public interest” and are the highest status of inquiry in NZ. “It is important that we take every step we can to get the answers that these people, and all New Zealanders, need about what happened at Pike River,” said Mr Key, who will fly to Greymouth on Thursday for a national memorial service. The inquiry, which will start as soon as possible, is expected to cost millions of dollars and take several months. It will also investigate legislative framework for mining and compare standards in NZ with those overseas. As well as a coronial inquiry, the Department of Labour, NZ police and Pike River Coal all have inquiries.

### **New Zealand coal mines under threat**

Post-Courier 29.11.2010

*By Marty Melville, AAP*

GREYMOUTH, New Zealand: A pit disaster that claimed 29 lives threatens New Zealand’s entire underground coal mining industry, Prime Minister John Key warned on Sunday, as another blast hit the colliery. The latest explosion rocked the Pike River pit just before 2pm (0100 GMT) and underscored the dangers inherent in underground coal mining, which has enjoyed a boom in New Zealand in recent years thanks to surging demand from Asia. Speaking before the explosion, the fourth at the mine since an initial November 19 blast trapped 29 miners, Key said the industry’s future was in the balance while the risk of similar tragedies remained. Announcing he wanted a powerful Royal Commission to investigate the disaster, Key told TVNZ: “In the end, the future of Pike River and actually underground coal mining in New Zealand rests on this. “We can’t put people into mines that are dangerous.”

Police said there were no injuries in the latest explosion at the mine, which remains flooded with methane, preventing the recovery of entombed bodies. Key said New Zealand had four underground mines and about 450 people were directly involved in the industry. However, the wealth generated by the sector as Chinese and Indian steelmakers clamour for New Zealand’s high-quality coking coal means it is a major economic driver in small mining communities across the nation. One such town is Greymouth, home to many of the Pike River miners, where grieving locals remembered the dead at church services yesterday. At the Cobden Anglican Church, parishioners hung 29 small red paper angels, each bearing the name of a dead miner, on a Christmas tree, as thoughts turned to the 13 children who lost fathers in the disaster.

When the Pike River mine opened two years ago, local mayor Tony Kokshoorn hailed it as an economic saviour for the South Island’s sparsely populated West Coast region sandwiched between the Southern Alps and the Tasman Sea. Kokshoorn, who supports the eventual reopening of the mine, said on Saturday that mining formed part of the community, which has recovered from other pit disasters, including ones in 1967 and 1986 that killed 19 and 65 respectively. “The West Coast family is about coal running through the veins and a history of coalmining. And we have to accept a history of disasters that go with coal,” he told reporters. Key said he would ask parliament today to set up a Royal Commission to probe the explosion at the colliery.

### **Villagers give notice on deep-sea mining**

National 29.11.2010

*By ISAAC NICHOLAS*

WEST coast central New Ireland landowners will ask the Supreme Court to stop any deep-sea mining in the area until the current mining laws governing sacred fishing grounds are properly interpreted. Nautilus Minerals had obtained national government approval to begin deep sea mining off the coast of New Ireland and East New Britain. Namatanai MP Byron Chan and the provincial gov-

ernment have joined forces with the West-coast Central Seabed Mining Landowners Association to fight for benefits from the mining operations. Landowner representatives including chairman Benson ToMarum, secretary Eugene Pasmets and technical adviser Roboam Paka and Chan held a joint media conference in Port Moresby last Friday to announce the legal challenge. “We will make an application to the Supreme Court in Kokopo for an interpretation of the Mining Act,” Paka said. He said the current memorandum of agreement has three signatories, which is the state, the developer and the two provincial governments of East New Britain and New Ireland. “We have engaged lawyers to go to court to seek interpretation whether we can claim ownership of the sea.”

Paka said villagers, who used the ocean area to be mined for food, had not been consulted, simply because the Mining Act was not clear on the sea aspect. “We want the seaowners to be part of the MoA and pre-project financing be enjoyed by the locals.” Paka said the rights of landowners to fish and visit their sacred sites out at sea must be protected. “The state has resolved that we are not owners of the sea. “The state seems to think that ownership ends at the waterfront,” he said. Paka said the people had a long association with the sea around the St George Channel through fishing and sacred shark-calling activities. “Our cultures are linked to the sea and we want that to be addressed in the MoA.” Chan said four main issues were equity, mining facilities and operations, seaowners being part of the MoA and pre-project financing. “We are taking the matter to court for legitimacy of the current Mining Act to ensure the rights of our people are protected,” he added.

### **Bougainville: Landowners begin dialogue**

Post-Courier 29.11.2010

Bougainville Affairs Minister Fidelis Semoso has made a breakthrough in uniting all six mining lease area landowners to discuss the possibilities of re-opening the Panguna mine. About 100 representatives, both men, women and children from the mine lease affected areas of Siokate, port mine access road, special mining lease, upper and lower tailings, have come together to discuss the future of the Panguna mine and to kick start stage three of the process to review the Bougainville Copper Agreement, thanks to efforts by Mr Semoso. Mr Semoso was told that he should lead the review and negotiations right through with support from ABG and the National Government. He committed K300,000 last night to kick off the review and operations of the landowners and strongly appealed to all leaders, the ABG, Central Bougainville MP Jimmy Miringoro, South Bougainville MP Steven Pirika Kama and North Bougainville MP Michael Ogio to give a hand and financially support the operation for the betterment of Bougainville’s economy.

ABG vice president Patrick Nisira announced that once the K15 million from the National Government reaches Bougainville, they will also throw in their support. All representatives agreed that the six associations should be fully established in their lease areas and that all pending reconciliations that are impediments to the formation and establishment of these associations be dealt with. Agreements on the preparation, timing and resources support towards umbrella landowner association executive elections comprising and representing the six lease area associations should be supported by the ABG and National governments.

### **Panguna gets the nod**

Post-Courier 29.11.2010

By *GORETHY KENNETH*

“A MAJOR step to Bougainville’s economic recovery has unfolded. Panguna landowners now want the mine to open but on their terms. About 100 representatives from the six Panguna mine lease affected areas met in Buka for two days at the Kuri Village Resort to start the official negotiation process to review the Bougainville Copper Agreement. They said for the first time in six years all six mine lease holders had met, thanks to the effort by Minister for Bougainville Affairs Fidelis

Semoso who financed and brought all of them together to meet on these issues. The six lease areas are Siokate, Port lease, Port Mine Access Road lease, special mining lease, Upper Tailings and Lower Tailings. Resolutions were passed and presented to Mr Semoso for further action. Reopening of the Panguna Mine - as a combined group and with difference to the rest of the people of Bougainville, we the six Panguna mine affected landowner associations (PMALA) through our proposed umbrella landowner executive are of the firm position that the following must be resolved to our satisfaction prior to any re-opening and return to mining in Panguna.”

- \* BCL take into account terms and conditions of the PMALA during the BCA review,
- \* PMALA must be included as an equitable partner in all aspects of the BCA review process, especially as they relate to social and environmental issues,
- \* Appropriate technical advisory support and funding must be provided to the PMALA during the course of the BCA review process,
- \* Sufficient funding must be provided to carry out comprehensive island-wide awareness by teams representing all parties, including the National Government,
- \* BCL must provide analysis and assessment of the magnitude of all affected areas but in particular the ongoing social and environmental impact on the lower tailings and,
- \* A more robust and expansive consultative briefings on the ground by ABG Mining Department as well as relevant National authorities in this sector in terms of PMALA concerns and interests.

"Any statement relating to the future of the Panguna Mine must respect the views and concerns of the people within the PMALA areas. "We reiterate that PMALA is a critical party to the BCA review and as a recognition to this position, the associations must be, properly and thoroughly briefed of all preparations leading to the commencement of the review and on all stages of the review after it commences." Initially the Lower Tailings, those badly affected by the mine closure, destruction and environmental, social damage gave their recommendation that they do not want any other companies to come and mine except BCL. Mr Semoso was labelled a hero for uniting all six mining lease areas and for moving the negotiations forward. The mine affected landowners associations were given two months to sort themselves out and an estimated timeframe of December 2011- the mine operation should officially begin if all goes well.

### **More tax for resource owners**

Post-Courier 29.11.2010

*By Neville Togarewa*

Thousands of people from resource-rich areas will lose millions of kina if the National Government approves a proposal to increase the 0.25 per cent taxable income levy to 2 per cent under the Tax Credit Scheme for resource companies. The Member for Kagua-Erave, James Lagea, and Oil Search Limited (OSL) Community Affairs Manager responsible for the company's Tax Credit Scheme, Mr Willie Kupo, revealed this at Erave High School in Southern Highlands on Saturday. Mr Lagea and Mr Kupo were there to officiate at the ground breaking ceremony to start a K3 million OSL Tax Credit Scheme project for the construction of classrooms, dormitories, teachers houses and other infrastructure for Erave High School. Mr Lagea told more than 1000 people that he had discussed the 1.75 per cent increase with his colleague MPs and they had agreed unanimously that more funds from the windfall revenues from resource projects must be utilised for infrastructure development for people in the rural areas.

OSL's Mr Kupo said the company had made submissions to the Department of Treasury for the increase but had not received any response yet. He said OSL did not fund any Tax Credit Scheme projects in 2009 because of the depressed oil price on the world market. However, the company spent K15 million in Southern and Western Highlands provinces and elsewhere this year, reflecting the high price for oil in 2010. Mr Kupo said subject to price fluctuations, the 2 per cent increase

could be equivalent to OSL spending K100 million for infrastructure projects under the Tax Credit Scheme. When taxable revenue from the rest of the major resource development companies are taken into account, total Tax Credit Scheme funding for infrastructure could be more than K500 million every year. Mr Kupo also said OSL had awarded the K3 million contracts for Erave High School to Pabesons Mini Trading, a local company based in Mendi. Company executive Barry Mini said his 35-man construction team, made up of 15 tradesmen and 20 labourers, would mobilise in January. He said the company would build two double classrooms, two dormitories, four teacher's houses and a library.

## **PNG forecast to outdo Fiji in next decade**

National 26.11.2010

ANZ Banking Group chief Pacific economist Paul Guenwald said Papua New Guinea is the economic powerhouse of the Pacific and is set to outperform Fiji in the next decade as it did in the last. Guenwald, elaborating on new report from the bank on Pacific economies this week, said the resources boom would see PNG continue to outperform Fiji until at least 2020, Radio Australia reported. It quoted Guenwald as saying that despite the strong growth reported, PNG still lagged behind most Pacific countries on measures of personal economic well-being. According to the bank, PNG's per capita gross domestic product was around one-third of that in Fiji. Gruenwald told Radio Australia he expected that to improve in the next 10 years, good management of the resources revenue by the government, was important to boost income and wealth.

“As of last year, which is the latest data we have on an annual basis, PNG's economy is approaching US\$8 billion in terms of GDP, that's substantially larger than Fiji's that is closer to US\$3 billion,” he said. “However, if we look at it on a per capita basis, the fixture is quite different, where we've got PNG's per capita income of about US\$3,000 and PNG is closer to US\$1,000,” he said. Guenwald's comments on Wednesday came as international accounting firm Deloitte Touche said that PNG's economy grew by an estimated 5.5% last year and was expected to grow by 7.1% this year. Asked how he saw PNG performing in the next 10 years, Guenwald said: “We think the story is also quite good in the decade we've just begun. “The reason is the LNG project, which, if it is managed properly, should be able to keep PNG's growth rate relatively high.

## **Mining and petroleum meeting set to be big**

Post-Courier 26.11.2010

*By MOHAMMAD BASHIR*

All roads will lead to Sydney next week as Papua New Guinea's premier Mining and Petroleum Investment conference which is shaping up to be the largest ever gathering gets underway. The Eleventh biennial conference scheduled for December 6-8 in Sydney has already attracted over 900 delegates - all keen to hear the exciting new developments taking place in the mining and petroleum industry in PNG. The conference will be opened by Prime Minister Sir Michael Somare and a number of senior Ministers will present keynote addresses to introduce specific sessions. Organized by the PNG Chamber of Mines and Petroleum, with major financial backing from principal sponsors Anitua Ltd, Barrick Gold, ExxonMobil, and Oil Search Ltd, and a number of major and support sponsors, the conference is the flagship event for the Chamber and its members, other PNG businesses, and the Government to showcase the resource industry and the country to the world.

A trade exhibition will be held simultaneously with the conference, with 31 participating companies and organisations. This includes mining and petroleum companies, a wide range of service and supply companies, and government organizations. The event is all about showcasing the PNG's mining and petroleum industry to the international finance and investment sectors. It will provide up-to-date information about the industry, including a comprehensive analysis of the major projects, is-

sues and events currently dominating the industry in the country. PNGCMP Executive Director Greg Anderson said, “It is vital that we promote ourselves as an industry and a nation to the outside world. The finance industry provides access to the capital required for resource project development and for the larger projects this can run into many billions of dollars. Sydney is the premier financial hub in our region and we need to showcase our industry in their backyard. We are providing a comprehensive data package to the resource analysts, banking and investment houses, informing them of the significant progress and achievements made by our resource sectors in recent years and the pending opportunities and developments.

The first two days of the conference will feature mining sector presentations - PNG’s newest mines including the country’s first nickel production, the world’s first proposal for offshore deep sea mining for high grade seafloor massive sulphide deposits, as well as existing producers, advanced prospects and the exciting progress in the exploration arena. Presentations from the petroleum sector will feature the construction of the prestigious PNG LNG project, progress on other gas proposals, major new gas discoveries and other exploration. In addition, a session has been dedicated to cover a cross section of landowner business ventures, which demonstrates the resource industry commitment and support for business development opportunities for landowner companies. The size, complexity and success of some of the better established landowner business ventures is a tribute to the progress that has been achieved by the resource communities over time. This is not always understood or acknowledged by some commentators on the resource industry. The third day, on Wednesday 8 December, features a morning Seminar on Governance and Fiscal Management of Resources Revenues and two parallel afternoon seminars on PNG Petroleum and Mineral Exploration Updates.

The Seminar on Fiscal Management will highlight the success stories with investment funds stemming from resource projects, such as MRL Capital, as well as focus attention on the endeavours for further improvements in wealth management in PNG, such as the Sovereign Wealth Fund proposed by Department of Treasury, and proposals for a PNG Extractive Industry Transparency Initiative. This session will also include presentations from the banking sector and EFIC on their approach to sustainable financing, including social best practice and community welfare. The Exploration Seminars provide a venue for a large cross section of our exploration sector to present on their activities. The diversity and number of companies clearly demonstrates the vitality and extent of current exploration activities and the presentations will reflect this as they will reveal the progress made on tenements all around the country, including some very exciting results. The Chamber expressed appreciation for the strong support from a large number of sponsors, trade fair exhibitors and participation.

## **K60mil project nears completion**

National 26.11.2010

By DUNCAN WILLIS

The K60 million 105km power line project from Erap to Hidden Valley mine is expected to be complete by Dec 15, in which the mine and the rural population will finally have access to power. Speaking at Purumpur village in the Erap PNG Power sub-station in Markham, PNG Power Momase regional manager Watson Naso said the project was aimed at bringing services to the rural population indirectly through the mine. “It is one of the projects where villagers will have access to power because of the mine development,” he said. According to Malaysian company, HG Power Transmissions’ project manager Ashok Kumar working in the PNG terrain had been the first of the company’s challenges as they had never worked in these environments before. “We have worked in Bangladesh, Indonesia and in many parts of the world but we have never come across such rough and rugged terrain,” he said.

Hidden Valley PNG Power project manager Obed Batia said the 105km project was nearly completed with only 5km remaining. "We will supply 132 volts of electricity from Erap to the mine site and along the villages, as the project is nearly finished in just 18 months of work," he said. The final 5km from Mare village to Erap sub-station is nearly completed with just a single tower that is expected to be erected today. Batia said HG Power Transmissions had built a total of 257 towers in 18 months and their hard work had paid off. "They have done an excellent job and by next Wednesday, stringing or pulling of lines of the final 5km from Mare to Erap will begin," he said. The project is an initiative of PNG Power regional manager Watson Naso in lighting up rural villages.

### **Ramu: Landowners wary of threat to livelihood**

Post-Courier 26.11.2010

BRISBANE: Papua New Guinea landholders say their livelihoods are at risk from an Australian mining company's plan to dump waste into waters off the PNG coast. PNG national Iona Reto on Thursday attempted to deliver a petition carrying the signatures of 500 PNG landholders to Highlands Pacific's Brisbane office. Highlands Pacific has an 8.5 per cent stake in the Metallurgical Corporation of China's Ramu nickel project. The PNG government has given approval to build a pipeline which will see 100 million tonnes of waste pumped into the sea over the mine's 20-year operation. The Ramu project, 75km southwest of the provincial capital of Madang, contains an estimated resource of 143 million tonnes at 1.01 per cent nickel and 0.1 per cent cobalt, the Highlands Pacific website says. Ms Reto said the company did not yet have approval to proceed with the dumping itself, and urged Highland Pacific to find another solution. She said an injunction was in place to prevent the start of dumping, with a court hearing imminent.

Marine dumping would not be allowed in Australia, and had been rejected by leading miners like Rio Tinto and Xstrata. "We Papua New Guineans are sick and fed up with having to deal with the appalling environmental problems caused by foreign mining companies," she said on Thursday. "Our message is simple: foreign companies operating in Papua New Guinea need to clean up their act and stop the double standards. "If they can't do it at home they shouldn't do it in PNG. This is the livelihoods of thousands of people along the coast that are going to be affected." The planned Ramu nickel mine has been plagued by problems and violent protests since Papua New Guinea Prime Minister Sir Michael Somare personally gave it the go-ahead in 2005. Ms Reto said the delivery of the petition was frustrated because the company's office in Eagle St, Brisbane suddenly closed. "We are really disappointed," Ms Reto said. "The company doesn't even have the decency to accept our protest letters. "Highlands Pacific has failed to condemn threats and violence against landowners in Papua New Guinea and now they have literally locked their door in our faces," said Ms Reto. The company declined to comment when contacted by AAP.

### **ACT NOW! hits the streets of Brisbane to protest against waste dumping**

Act Now! 25.11.2010

ACT NOW! community members took to the streets in Brisbane today to deliver more than 500 protest letters to the directors of mining company Highlands Pacific.



ACT NOW! outside the office of Highlands Pacific in Brisbane

Highlands Pacific is a part-owner of the Ramu nickel mine in Papua New Guinea that plans to dump millions of tons of toxic mine waste into the sea - a practice that would not be permitted in Australia. ACT NOW! members are also concerned that Highlands Pacific has not condemned human rights abuses against landowners concerned about the mines impacts. A group of landowners currently have a court injunction stopping the Ramu dumping going ahead but the plaintiffs have been subjected to violence, threats and other intimidation. Highlands Pacific is not the only Australian mining company on the radar for ACT NOW! Newcrest Mining is facing a legal suit over the pollution of the Watut river by waste from its Hidden Valley gold mine. The pollution has caused vegetation die-back and flooding and has destroyed landowners gardens. While Newcrest has admitted sedimentation problems in the river it has not commented on allegations of toxic acidification and consequent health problems for local people.

Meanwhile, Marengo Mining from Perth is also planning to dump the waste from its Yandera copper and gold mine into the sea. This is also provoking concern, not least because the Yandera mine is only a few kilometres from the Ramu mine and will dump its waste into the same area of sea. Marengo is also under fire because it has signed a partnership agreement with Chinese Nonferrous Metal Industries which has a very poor environmental and human rights record in Africa. CNF is also the pioneer of Chinese funded Special Economic Zones in Africa and the Chinese are currently funding a similar project in PNG. Special Economic Zones are best known for their sweat-shop style factories, environmental problems and workers abuses.

## **NEW ZEALAND'S PIKE RIVER MINE EXPLODES AGAIN**

*Families mourn the loss of 29 victims*

By Phillipa McDonald

MELBOURNE, Australia (Radio Australia, Nov. 24, 2010) – New Zealand's Prime Minister John Key says his country is in mourning after the deaths of 29 miners, following a second explosion at the Pike River facility. The mine's management and rescue authorities say the trapped miners didn't stand a chance, and if they had survived they would have all been killed in the second explosion at the Pike River Mine. It was bigger than Friday's explosion and lasted about 30 seconds.

*[PIR editor's note: Radio Australia reports air samples from a drilled hole confirmed that the mine contained high level of poisonous gas and low oxygen and it would have not been safe for rescuers to go underground.]*

Prime Minister John Key says today all New Zealanders grieve for the men whose faces everyone now knows. "This is a tragedy for the communities of Greymouth and its surrounding areas, he said. This loss will be felt in every home. They leave behind them a hollow space that will not be readily filled." Mr. Key said to those who've lost a loved one, New Zealanders stand shoulder to shoulder. The men had been trapped for five days without food or power and authorities previously said it was too dangerous to send rescue teams in to search for the men. Australia's Prime Minister, Julia Gillard, has expressed sympathy to the miners' families and in particular the relatives of the two

Australian men. "Of course two of these families are Australian the family of William Joynson and Josh Ufer, she said. To those families we especially say we want you to have our condolences we want you to understand that the nation is grieving with you at this dreadful and difficult time."  
*Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **NEW CALEDONIA NICKEL PROJECT TO LAUNCH BY 2012**

*Koniambo plant to be administered by Kanaks*

WELLINGTON, New Zealand (RNZI, Nov. 23, 2010) - The Swiss miner Xstrata is on schedule to launch its Koniambo nickel plant in the north of New Caledonia in mid-2012, completing the project within budget. [*PIR editor's note: Agence France-Presse reports the nickel plant is administered by the Kanak people who injected US\$167 million via the Société Minière du Sud Pacifique (SMSP) company. "The project is two-thirds complete and has absorbed US\$2.2 billion of its total US\$3.8 billion price tag."*]

The financial director of Xstrata-Nickel, Shaun Usmar, has praised the progress made so far on the plant, which will have a capacity of 60,000 tons a year. He has told local media that during the global financial crisis of 2008, nothing slowed down at Koniambo, which will become the most profitable project in the world. Following the launch of the plant, the Kanak-owned company will receive 12 percent of dividends, with the proportion gradually rising as SMSP pays off a loan taken from Xstrata to provide its share of the finance. After 25 years, SMSP will have a 51-percent controlling stake in the project. *Radio New Zealand International:* <http://www.rnzi.com/>

## **Mines to stage emergency response challenge**

Post-Courier 23.11.2010

Four major players in the Papua New Guinea mining industry have got together to stage the first ever PNG Mines Emergency Response Challenge for mines in the country. The PNG Mines Emergency Response Committee comprising senior asset protection and occupational health and safety (OHS) representatives from Ok Tedi Mining Limited (OTML), Porgera Joint Venture (Barrick Niugini Ltd), Newcrest Lihir Ltd and Morobe Mining Joint Ventures (MMJV) including PNG Chief Mines Inspector Mohan Singh met for the second time to iron out details for the new concept. The event is envisioned to become an ongoing event for mining establishments operating in PNG. The staging of the inaugural PNG Mines Emergency Response Challenge will be one aspect of developing closer partnerships and interaction among the different industry players.

Chairman of the interim PNG Mines Emergency Response Committee (ERC) and PJV OHS manager Tony Anderson said it was the first time such an event would be held in PNG and there was much anticipation to see it become a success. "This is the birth of a concept in PNG that really is quite common in many countries in the world that have operating mines. "But what we would really want to see go from this event onwards is an exchange of ideas, training resources and expertise in the areas of occupational health and safety," Mr Anderson said. It was agreed that there were many benefits that could be derived from such an event. The benefits include helping to raise the standards in OHS as a fundamental part of any operation and not just in mining activities in the country.

According to the ERC, mines in PNG have the emergency response capacity and the capability but there was no platform to exhibit these capabilities. "This has the potential for being a catalyst that leads other players in different mines and industries and their partners such as transport companies and engineering firms to take a much more active interest in safety as a priority. "And also benefit from the kind of ideas and knowledge generation that such meetings can bring about," said Mr Anderson. MMJV will host the inaugural PNG Mines Emergency Response Challenge in early

2011 where a series of scenarios such as fire fighting, breathing apparatus, emergency first aid response, vehicle and rope rescue by the participating mines will be staged at the Lae Show grounds.

### **LNG: Committee to manage revenue**

Post-Courier 23.11.2010

By *MOHAMMAD BASHIR*

The development of the PNG LNG project and the prospect of others will not only transform the country's economy and improve living standards but as a major revenue source, it will give rise to macroeconomic pressures which are more likely to be prevalent due to the heavy reliance on commodity based revenue. In the 2011 budget handed down last week, the Government considered and agreed to a joint Treasury-Bank of PNG working group's work and the separate work undertaken by the department of Public Enterprises on alternative arrangements to help manage the significant revenues arising from this project to be used for PNG's development needs while promoting macroeconomic stability. As a consequence, the Government has decided to establish a Sovereign Wealth Fund consisting of a consolidated pool of offshore funds with three co-ordinated and integrated funds with all expenditures being through the budget process.

Those co-ordinated funds include a stabilisation fund, a future (savings) fund and an infrastructure fund. To oversee the establishment of the offshore Sovereign Wealth fund for PNG, the Government has established a secretaries committee on Sovereign Wealth fund that will take all necessary steps to establish this important undertaking. In a discussion paper dated April 16, 2010, among many issues, the working committee noted that a robust fiscal framework was necessary to support the management of the windfall envisaged from the LNG project to underpin social and economic development. From past experience, the Mineral Resource Stabilisation results were mixed and eventually closed in 1999 when the entire remaining balance was drawn down. Trust accounts although had apparent successes, the committee noted that it had significant limitations. With LNG revenues expected to commence in 2014, through dividends and substantial tax revenues, the most immediate impact on the economy is expected to a sizeable appreciation of the kina.

The committee further noted that it will also be difficult to predict the extent the currency will appreciate as it depends on a range of other factors. After various considerations in terms of fiscal framework, domestic liquidity, inflation and macroeconomics limitations of onshore funds, the committee considered offshore fund as the preferable option. An onshore fund would also be invested in the local economy in a manner determined by the Government through the annual budget process as a rate that does not unduly appreciate the currency or cause undue inflationary pressures. From a development and investment standpoint, the committee noted that the extent of Government spending should be in accordance and consistent with PNG's development needs and plans while maintaining macroeconomic stability.

### **Families pray for a miracle: 29 miners**

Post-Courier 22.11.2010

SYDNEY: An NSW rescue expert flown in to assist with the desperate bid to save 29 men trapped in a New Zealand coal mine has told of the "slow and frustrating" process. There has been no communication with the men since Friday's gas explosion at the Pike River colliery. NSW Mines Rescue general manager Paul Healey said on Sunday it was a frustrating wait as a borehole is drilled to an area where the men are expected to be located. Mr Healey explained that risk assessments would hold up rescue efforts with protocols insisting that all data "must be understood and within acceptable range before proceeding". "This is sometimes a slow and frustrating process, but experience has shown that it is necessary," he said. "Rescue teams are equipped and ready to start as soon as a green light for acceptable risks is given by the incident controller." NSW Mines Rescue Group, a

division of Coal Services Australia, is working closely with New Zealand incident command, which is overseeing the rescue effort at Pike River.

Seamus Devlin, NSW Mines Rescue state manager, and David Connell, manager of Hunter Valley Mines Rescue Station, have flown to New Zealand to help with incident planning while an additional eight local rescue specialists travelled to Christchurch to be on standby. As the families of the trapped men on Sunday made their first visit to the mine since the explosion, thousands of people crammed into churches in the Grey District on the west coast of the South Island to express their support and pray. The missing include 24 New Zealanders, two Australians, two Britons and a South African. Relatives of the foreign nationals are flying to New Zealand. Two men escaped the mine blast, including Daniel Rockhouse, 24, whose brother Ben is among the missing.

## **Nickel expansions fan concerns of oversupply**

Tue, Nov 16 2010

- \* SLN to boost output 20 pct to 65,000/t a year by 2013
  - \* Xstrata to reopen Sinclair nickel mine in Australia
  - \* Analysts warn of looming supply glut (Recasts after Xstrata interview)
- By James Regan

NOUMEA, New Caledonia, Nov 16 (Reuters) - Two major nickel producers, New Caledonia's Societe le Nickel (SLN) and London-listed Xstrata, unveiled major new expansion plans on Tuesday, underlining concerns of a global supply glut. SLN and Xstrata, both top-five global nickel producers, revealed to Reuters their plans to bring on annual production totalling more than 10,000 tonnes over the next few years. That is in addition to Brazilian miner Vale's 60,000-tonnes-a-year Goro project in New Caledonia and another Xstrata development, the 60,000-tonnes-per-year Koniambo project, also in New Caledonia. Industry analysts are worried the wave of new nickel production will lead to oversupply within the next five years and send nickel prices into sharp reverse, snuffing out a recovery that has seen prices rise about 20 percent so far this year.

But SLN Managing Director Pierre Alla shrugged off these concerns, saying the company, controlled by France's Eramet, would boost annual output to 65,000 tonnes, an increase of almost 20 percent, within three years. "We think there is room for these additional projects on the world market," Alla said in an interview on the sidelines of an international conference in New Caledonia, a South Pacific nation estimated to hold up to a quarter of the world's nickel reserves. SLN produces 5 percent of the world's nickel from its Doniambo smelter in New Caledonia. Its output fell to 52,000 tonnes in 2009, amid the global financial crisis, but it is back at full capacity and is estimated to produce 55,000 tonnes this year.

## **XSTRATA TO RESTART AUSTRALIA MINE**

Xstrata's chief financial officer for nickel operations, Shaun Usmar, told Reuters on the conference sidelines that it would reactivate its Sinclair nickel mine in Australia after suspending operations due to the global financial crisis. "Sinclair will restart very shortly," he said. Sinclair, reported to have an annual capacity of 5,500-6,000 tonnes, was mothballed last year. The decision was made when nickel fetched around \$11,000 a tonne, half its current price. Nickel CMNI3 currently fetches about \$22,450 a tonne, for three-month delivery, having risen 20 percent so far this year. But it is well off its year high of \$27,095, thanks to rising output of nickel pig iron, a substitute for primary nickel.

Andrew Mitchell, a sector analyst for Brook Hunt, told the conference that the market faced over-production by 2013, with prices likely to fall by as much as 40 percent. "We could see prices in the \$6-\$7 a pound range (\$13,200-\$15,505 a tonne)," Mitchell said. Macquarie Bank analyst Jim Lennon said additional supplies of nickel pig also threatened to undermine the market. He estimates global nickel pig iron production at around 150,000 tonnes a year, mostly from Indonesia and the Philippines, but with huge potential for additional output from China. Xstrata's Usmar conceded a "modest oversupply" could emerge in nickel around 2015 but he said the industry had failed to invest in exploration to underwrite long-term supplies. Reactivation of Sinclair would enable Xstrata's Australian operation to maintain output of around 16,000 tonnes a year as a nearby mine, called Cosmos, depleted its reserves, Usmar said. World consumption of primary nickel is forecast to rise to 1.53 million tonnes next year from 1.43 million tonnes in 2010, according to the International Nickel Study Group (INSG). (Editing by Mark Bendeich and Manash Goswami)

### **LNG tax exempted from import duty tax**

Post-Courier 19.11.2010

*By Harlyne Joku*

The multi billion Liquidified Natural Gas (LNG) project will be exempted from import duty during its construction and preparation phase according to the Customs Tariff (2011 Budget) (Amendment) Bill currently before parliament. The Customs Tariff Amendment bill is attached with the batch of 2011 Budget bills that were tabled in Parliament on Tuesday. "The bill clarifies any doubt about the import Duty Exemptions granted to the PNG LNG Project to be consistent with the intent of the PNG LNG Gas agreement," the budget. The same amendment bill if passed will implement further reductions to import duties over a period of seven years. According to IRC (Internal Revenue Commission) Deputy Commissioner of Operations John Pomoso the bill is aimed at achieving a more uniform as well as lower tariff rates; and to encourage a more efficient and productive private sector.

Mr Pomoso said the reduction to import duties and low tariff rates will gradually lead to lower prices for basic goods including food items. "From 2012, the Tariff Reduction Program will reduce input costs for many businesses, reduce the cost of development activities and reduce the price of many consumer goods," Mr Pomoso said. Other budget bills include the Income Tax (2011 Budget) (Amendment Bill) which when passed will impose a penalty on directors of private companies for failing to take action on notices from the IRC on unpaid salary and wages tax. The passage of the amendment to the Income Tax bill will ensure that a specific reduction tax is given to companies that are environmentally friendly and cause less pollution to the environment.

### **Ramu NiCo project landowners expand business**

Post-Courier 19.11.2010

THE four landowners of Ramu NiCo Project in Madang have expanded their landowner security company services, Raibus Security Services Ltd, one of the fastest growing firms in Madang and the country to Wewak. The security service to be named "Raibus Islands Security Service Limited" (RISSL) will come to fruition today in Wewak following an official launch of a joint venture. Raibus Security Services Ltd (RSSL) is entering a joint venture operation with the local Islands Security Services Ltd which has been in operation in Wewak for the last five years. RSSL general manager William Bartley said Raibus Ltd, the umbrella company of Ramu NiCo landowners and subsidiary RSSL have contributed 70 percent of the start-up capital towards the joint venture operations.

RSSL is also contributing manpower based in Madang and two vehicles with regular exchanges of manpower between Wewak and Madang to ensure guards exchange skills and knowledge. The ini-

tial workforce in Wewak will be 75 guards. Mr Bartley said the joint venture arrangement is the first of its kind since the inception of Raibus Security Service in Madang. He also elaborated that the expansion of business means the four landowners, Kurumbukari (KBK), Basamuk, Inland Pipeline and Coastal Pipeline to benefit from revenue generated. "The joint venture revenue will contribute towards Raibus Ltd basket and that will directly benefit the four landowners," Mr Bartley said.

## **FORECAST: PNG ECONOMY TO GROW 8 PERCENT IN 2010**

*Mining, gas construction push economy higher*

PORT MORESBY, Papua New Guinea (The National, Nov. 17, 2010) – The economic outlook for next year is positive with the Papua New Guinea (PNG) economy forecast to grow by 8 percent, significantly higher than the forecast of 7.1 percent for this year. Treasurer Peter O'Neill said a significant factor underpinning this forecast was the assumption of strong mining activities and an increase in construction associated with the Liquefied Natural Gas (LNG) project, which would have a direct impact on the construction and transport sectors. He said the LNG project was expected to provide a significant boost to activity in other sectors of the economy with rising income and consumption from businesses and households.

O'Neill said the prices of PNG's major export commodities had rebounded this year, supported by the strengthening global economy while the forecast acceleration in growth was largely driven by the expected ramp-up in LNG project construction and strong mining and agricultural production next year. The prices of PNG's major mineral exports of gold, copper and oil had risen well above this year's budget forecast and were expected to remain at elevated level through the remainder of this year. "These stronger commodity prices have led to improved business profitability and contributed to higher government revenue," O'Neill said. "However, risks with commodity markets still remain due to uncertainty in the global economy. "While some of this recent price increases can be attributed to changes in economic fundamentals, there is concern that prices for some commodities were influenced by speculative behavior and the weakening of the US dollar," he added.

O'Neill said over the medium term, economic growth was projected to ease, especially in 2013, when LNG construction wound down. In addition, declining production from maturing oilfields and slowdown of activities at the Ok Tedi gold mine, as it moves to closure in 2014, would have a negative impact on growth. However, O'Neill was optimistic that by 2014 and 2015, LNG production would come on line, providing a large boost to the country's gross domestic product. He noted that the economy was increasingly seeing signs of capacity constraints after a long period of economic expansion with national infrastructure such as roads, ports and utilities strained by increased and poor maintenance in the past. He said businesses were also facing increasing difficulties in finding suitable labor and land. This was now translating into bottlenecks with strong wages growth the cost of using and developing land. O'Neill also highlighted some key factors that present a risk to the economy and fiscal outlook, including the fragility of the global economy posing a key risk to PNG in terms of its impact on the demand for PNG exports and commodities; delays to the PNG LNG and other mining projects due to landowner issues; and the government diverting from fiscal discipline.

## **STUDY: PNG MINE WOULD COST \$5.3 BILLION**

*Feasibility study looks at Frieda River deposits*

MELBOURNE, Australia (Radio Australia, Nov, 17, 2010) – A pre-feasibility study for the massive Frieda River copper and gold project in Papua New Guinea shows it would take an investment of US\$5.3 billion to get the project up and running. Swiss mining giant Xstrata Copper is fast-tracking Frieda River. Its 1,500 page pre-feasibility study says the project would produce 264,000 tons of copper and 379,000 ounces of gold a year. A mine life of at least 20 years is expected, with low operating costs. John Gooding, The Managing Director of junior partner Highlands Pacific, says that places Frieda River in the top 15 copper mines in the world. A total investment of US\$5.3 billion dollars would be needed, US\$803 million of which would be used to build a hydro-electricity plant. Mine tailings and waste rock would be placed into a specially built reservoir rather than into the sensitive Sepik River system. A full feasibility study is due January 2012. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **Kompnam Ambun welcomes 20 per cent free equity bid** Post-Courier 17.11.2010

By DANIEL GERSON

The people of Kompnam Ambun, Enga Province, have welcomed a 20 per cent free equity from a resources company, Paradise Gold Play Holdings. More than 10,000 people gathered at Koekam village last Friday to welcome dignitaries and witness the official presentation of alluvial gold mining license 153 by Paradise Gold Play to a landowner company. The license was presented by Mr John Maldenovic of Paradise Gold Play and Mr Kym Hyman, executive of joint venture partner NRW Holding, to Mr Bob Muiyo, chairman of landowner company KKRDC, Kompnam Koekam Development Corporation, and his board of directors. The landowners came from local villages and tribes, including Ayiel, Kukun, Kalimp, Porian, and Malimp.

Kompnam Ambun MP and Minister for Mining and Petroleum, John Pundari, was slated to officiate at the ceremony but did not turn up. Senior officers from Enga Provincial government and administration and company executives were present for the occasion. Landowner representatives thanked Paradise Gold Play Holdings and NRW Holdings for setting a precedent by giving the landowners and the State 20 percent free equity in the project. KKRDC chairman Muiyo described the occasion as a “milestone achievement” that would hopefully transform the lives of the people of Kompnam Ambun and Enga Province. “As chairmen of the landowner company, I am very happy with the investors, Paradise Gold Play and NRW Holdings, for creating history by offering 15 percent free equity to landowners and 5 percent free equity to the State. This is on top of what the company will be contributing to the development of the province and the nation through company tax, tax credit scheme and community service projects and programs,” he said.

Mr Muiyo thanked Mineral Resources Authority, Mining Advisory Council and the government for the approval and granting of the mining license. He also thanked Minister Pundari for helping to negotiate on behalf of the landowners with the investors. “The landowners and the JVC partners will continue to work closely with NRA, Department of Environment and Conservation and all the stakeholders to ensure success during the exploration stage and eventual mining,” he said. Mr Hyman told the people that exploration license 153 covered alluvial and hard rock drilling and once completed the company would go into full scale mining. NRW will be responsible for civil and mining construction and drilling, blasting and related tasks.

## Australia: OECD backs mining tax

National 16.11.2010



THE organisation for economic co-operation and development (OECD) has called on Australia to extend its controversial mining tax to all companies operating in the sector. The body said the planned tax, which has proved very unpopular with miners, was “justified” and should also be extended to all commodities. Under current plans, the tax will only hit the largest miners in some sectors. Several mine firms had threatened to cancel projects because of the tax. Former prime minister Kevin Rudd had set the Australian mining tax at 40% of miners’ profits. However, following strong opposition from mining giants such as Rio Tinto and BHP Billiton, a compromise to set the rate at 30% for coal and iron ore miners was agreed in July with his successor, Julia Gillard. Only firms with annual profits above A\$50 million will be subject to the tax. – AAP

## WORLD NICKEL PRICES FALL TO HALF THE 2007 HIGH

*Experts predict \$20,000 to \$25,000 per ton*

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 16, 2010) – An international conference on nickel in New Caledonia has been told that the price for the metal is expected to settle in the US\$20,000 to US\$25,000 range per ton for the next few years. The figure was given by Jim Lennon of Australia’s Macquarie Bank as 300 industry delegates are in Noumea to discuss prospects following the slump during the global financial crisis. There is a consensus that China will have high demand for the metal but will manage to [meet its needs by substituting pig iron] which will mean that a return to the 2007 peak price of \$US50,000 won’t be likely. New Caledonia, which has about a quarter of the world’s nickel reserves, is set to get a production boost once the delayed Vale Inco project becomes operational.

*Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*

## Mt Kare warden hearing on

Post-Courier 16.11.2010

*By MOHAMMAD BASHIR*

Finally the long awaited Mt Kare gold project warden hearing will be held today. All process for the re-issuance of the liquidated mining licence for the mine has been completed except the warden hearing before Mining Minister John Pundari issues the licence. Former holder of licence EL1093 was Madison Enterprises and its joint venture company Buffalo Joint Ventures Ltd which was liq-

updated. Liquidator James Kruse has already tendered the licence publicly in Sydney and has selected and transferred the tenement interest to Kingsgate/Union Pacific Joint Venture. A lengthy process of due diligence was conducted from late 2009 to early 2010 and MRA has affirmed in the national interest the decision of liquidator Kruse to select the bid by the KGUPJV which will permit the development of the Mt Kare gold project.

The last thing left is for the warden hearing scheduled for October 13 to be conducted by the Mineral Resources Authority (MRA) at Mt Kare to gauge the views of all stakeholders including landowners. Kingsgate executives, MRA officials, Mining Department officials and representatives from other stakeholders including the Minister's office will converge on Mt Kare to witness the warden hearing. Landowner leaders and their people are expected to turn up in numbers as this will be a historic occasion to finally get the project rolling after over two decades of waiting. After that, Minister Pundari will be in a better position to issue the licence and he has made it clear in past media statements he wants to fully exercise his powers under the Mining Act to issue a licence to a new developer at Mt Kare. Mr Pundari while also expressing serious concern that the project has not been developed over 20 years, called on developers to demonstrate their financial capacity to develop projects from exploration to mining. "The government has a duty to manage its people's expectation and we continue to renew licences time and again with very little or no tangible evidence of value adding in terms of proving up additional resources then we have provided false hope for our people," he has said.

Mt Kare has been in limbo for over 20 years but landowner leaders said they were satisfied with internationally renowned miner Kingsgate winning the bid. Kingsgate Consolidated (the proposed operator of the Mt Kare gold mine) is a Blue Chip Australian ASX listed gold producer and was the second largest Australian gold mining company behind the now merged Newcrest/Lihir Group. The company is ready to move into the project. Kingsgate management team was renowned internationally as being the only mining company in the world to have ever received the Amnesty Award for community relations in mining operations and landowners are excited.

### **Central Government pays seed capital**

Post-Courier 16.11.2010

By *JOE GURINA*

The Central Province Government has paid K90,000 as seed capital to a cooperative society in Woi-tape, Central Province to assist them take part in the Tolokuma gold project. Provincial Mining and Tourism minister and Woi-tape LLG president Maria Mark presented the money to the Auga Valley Small Scale Alluvial Miners Co-operative Society at the provincial head quarters in Port Moresby last Friday. Ms Mark who committed her 100 per cent for the initiative thanked the Central Province Government for its commitment in honouring the society with the payment through the Provincial Administrator Raphael Yimbaramba as seed capital. Ms Mark said this was the first of its kind for Central Province Government to pay such monies to her people.

She said the opportunity will go along way in this viable project for the rural population in Auga Valley. "This project will create income opportunities for my people of Auga Valley in Tolokuma area who are currently depending on small scale alluvial mining activities as a source of income for their daily living," Ms Mark said. Mrs Mark outlined that in previous years, her LLG had been proactive in supporting co-operative societies, particularly in the agriculture sector and other activities beside mining activities where locals participation was minimal. "This co-operative society business will offer the potentials to mobilise and pool together resources to pursue common interests with the potential for generating revenue to shareholders," Ms Mark added. Other benefits include employment opportunities to alleviate poverty, self reliance and self sufficiency, trigger off other services

and development activities, complement and support projects in other sectors like agriculture and fisheries.

### **Exploration brings opportunities**

Post-Courier 15.11.201

*BY HAIVETA KIVIA and GERALDINE GUBULI DWU Journalism Student*

MOROBE Mining Joint Venture's exploration work at Wafi Golpu had opened doors for basic government and humanitarian services to reach the people of Hengabu and Yanta. Before this, the Hengabus and Yantas were in obscurity since Independence in 1975 until the late 1980s when initial exploration found promising gold and copper deposits in their mountains. MMJV has worked slowly but surely to open up these communities to the outside world by building a road that starts from Timini right up to Wafi Golpu. This road was built for the convenience of the project but it has basically opened opportunities for these people who would still be living in obscurity. With exploration and roads, basic services like health, education and easy access to road transport is now available to the people.

Young boys from Zinanga village where we first stopped to see the health and school facilities renovated by MMJV, told the Post Courier that the road we had just come up used to be their bush track. They used to walk on this track to Timini on the Wau-Bulolo highway to catch PMV either into Lae or up to Mumeng and Bulolo. The walk usually took them four to five hours and for those with loads it may take a bit longer but they toughed it out since independence. The people needed improved basic health services and MMJV is providing it to the communities in and around the proposed Wafi Golpu gold and copper mine area by building and renovating existing health facilities, especially aid posts. The media was invited by MMJV to accompany them and Morobe Provincial Program Advisor for Health Dr. Likei Theo to visit aid posts around the exploration area, last Thursday.

Our tour party comprised Dr Theo, MMJV employees Nancy Kalimda, Thelma Bossin, Mark Kumul, NBC's Carol Umbo, FM Morobe's Samuel Toposona, The National's Riggo Nangan and his Divine Word University trainee Benbert Wasa, and yours truly and his sidekick GG. The aid post at the Zindaga services the Zinanga people as well surrounding villages like Zimake, Hengabu, Omalai and Towongola villages. "We are trying to strengthen the partnership to implement some things in the National Plan which will benefit the communities along that area," said Dr. Theo. He said that the Health Department is looking for ways it can work together with MMJV to provide improved basic health services in the area. He said the aid posts will need new infrastructure, drugs and health officers which the government can provide them all with the help of MMJV.

MMJV's Health Program Supervisor Mark Kumul said that what MMJV is doing is to help the communities along its mine footprint which they have already started by building the aid post, the sub health centre and a small community school. Mr Kumul said that the company had renovated the Zindaga aid post and has plans to turn it into a sub health centre which will include a maternity ward, a child care ward and with the help of Morobe provincial administration to station more health workers especially nursing officers or better still a health extension officer as well. "At the moment it is only an aid post with one community health worker who treats 30 plus people per day and when there is an outbreak of illness, the number escalates. "These are the people we are interested in because we employ these communities to work in the company and we want to see basic services reach them to improve their lives", said Mr. Kumul.

The company has also set up a small sub health centre at the exploration camp at Wafi Golpu which is basically for the company employees but it extends the service to the landowners as well, especially mothers and children. Senior Nursing Officer, of the MMJV's health centre at Wafi Golpu,

Jefta Among said that even though the health centre was built to serve the workforce, they serve more of the communities than their own employees. “We serve 20-30 people per day which sometimes don’t include the company’s employees at all”. He said that there are plans now to move the facility to Zindaga area to improve the aid posts there because the health centre is on the company’s work zone. Mr Kumul is enthusiastic about his work in the area. MMVJ’s Community Development Program Coordinator Thelma Bossin said that the company is happy to provide these services to the people but it is time for them to move out and let the government takeover or it should be a joint effort.

Ms Bossin, who was attached with the exploration team as a community affairs officer until just recently when she was transferred to MMJV office in Lae, said life is tough for the Hengabus and the Yantas. She said the villagers who run trade stores usually hire other villagers haul their store goods on their backs into the mountains. “It’s about K50 per person to carry a bail of rice but the bale of rice is wiped out by eager consumers on tracks before it reaches its destination,” Ms Bossin said. With the road now built from Timini to Wafi Golpu, the people are able to transport their cargos closer to their villages. Mr Kumul has struck good relationships with the people, who work with him as health committees and one such person is amputee Gibing from Zinanga. These people are working closely with MMJV to improve the health services in their area and the Morobe Provincial Government through Dr Theo was there to see firsthand, and it would be nice and proper for more help accorded to Hengabus and Yantas.

### **Landowners blame government for illegal miners**

National 15.11.2010

By JEFFREY ELAPA



LANDOWNERS of the world-class Porgera gold mine in Enga has blamed the state and Barrick Gold for poor mining plan that has resulted in increased illegal mining. The landowners said during a news conference to welcome the commitment made by the Mining Minister John Pundari to look into the review and resettlement process of Porgera gold mine MoA after his visit last week. The landowners’ led by the chairman of Porgera Landowners Association Mark Tony Ekepa said the developer and the state failed to plan the future of the mine, especially the relocation and resettlement of the landowners to cater for the mine expanded.

They said if they knew that the mine was going to expand and last longer than expected, then they should had relocated all the indigenous people so that special mining lease (SML) area was free from any landowner intrusion. They said that at present, the landowners continued to live in SML area while the company also continued to operate, resulting in the landowners without land for gardening, which forced the people to go into the mine area to search for gold to make ends meet.

“They are not illegal miners referred to but were legitimate second and third generation landowners who wander into the mine site to find something to survive,” Ekepa said.

### **Frieda one of region’s premier greenfield copper projects**

National 15.11.2010

THE completion of a pre-feasibility study (PFS) has placed the Frieda copper/gold project in Papua New Guinea as one of the Asia Pacific’s premier green-field copper projects with a potential for a multi-decade low operating cost mine. Xstrata, which funded and managed PFS, also highlighted the Frieda project, with a 20-year mine life, had an output averaging 246,000 tonnes per annum of copper and 379,000 ounces per annum of gold in its first eight years. This gives Frieda the potential to be places in the top 15 of the world’s current copper mines and amongst the lowest in operating costs due in part to low waste. Owned by Xstrata (81.82%) and Highlands Pacific (18.18%), Frieda is one of the region’s undeveloped copper/gold resources just 170km from the Porgera gold mine. Highland’s managing director John Gooding said Frieda is a stand out as it had the potential to operate as one of the world’s largest and lowest operating-cost emerging mine.

### **ExxonMobil assured sites are safe**

National 15.11.2010

Story by ELIZABETH MIAE

ACTING police commissioner Tony Wagambie has assured the PNG LNG project developer ExxonMobil that there is no threat to the security of the operations at the project sites. Wagambie gave the assurance yesterday after ExxonMobil expressed concerns that recent changes made by the government to the police hierarchy would see the withdrawal of the current police officers deployed at the project sites in the Gulf and Southern Highlands areas. He reiterated an assurance to the government and investors that the police force was intact and that they were loyal to the government. He also brushed aside talks of dissatisfaction within the police force, adding that any reports of officer revolt would be dealt with accordingly.

Wagambie was speaking during a media briefing at the Airlines PNG airport terminal building after returning from the LNG project site in the Southern Highlands yesterday. He and senior executives from ExxonMobil, including the developer’s regional director for security operations, flew into the province on Saturday and visited Moro, Gobe, Kopi, Mendi and Nogoli. Wagambie told reporters that the executives from ExxonMobil were happy with the current security arrangement up there. Upon his arrival in the province, he was welcomed to a reception by his men and women on the ground.

He reminded them of their constitutional duties of being in the police force and told them that if anyone of them had differences and wanted to leave, they were free to go. “There are 150 police officers currently deployed there and I told them if anybody wants to go, they can go. I can replace them.” He also appealed to the media to be more accurate in their reporting. Wagambie said recent reports of police officers threatening to leave the site was all propaganda and asked journalists to get information from official sources.

### **Australia: Uranium deal with Russia a job creator: PM**

Post-Courier 12.11.2010

SEOUL: Australian Prime Minister Julia Gillard says a deal to sell uranium to Russia under strict safeguards will create jobs, as world leaders grapple with a struggling global economy. Ms Gillard and Russian President Dmitry Medvedev yesterday met on the sidelines of the G20 leaders summit for a ceremony to seal an agreement on nuclear energy. Australian miners have been

able to sell uranium to Russia since 1990 but only to be processed in that country on behalf of third countries and not for nuclear power in Russia itself. The deal is in line with current agreements with the US, China, Japan and South Korea. “The agreement will help Russia to meet its expanding energy needs as it seeks to reduce its greenhouse emissions by diversifying its energy sources and shifting away from a reliance on fossil fuels,” the prime minister said. “It will increase export opportunities and create jobs for Australia’s uranium suppliers and consolidates Australia’s position as a reliable provider of energy resources.”

Ms Gillard said the agreement met all of Australia’s and the International Atomic Energy Agency’s nuclear safeguards. Mining industry figures are speculating India may be next cab off the rank but only if it decides to sign the nuclear non-proliferation treaty, which is a requirement to import Australian uranium. US President Barack Obama, who is also attending G20, this week backed India’s membership of the Nuclear Suppliers Group, which requires strong export safeguards. The issue is likely to be a topic for talks when Indian Prime Minister Manmohan Singh visits Australia late next year. About 10,500 tonnes of uranium is exported from Australia’s three mines each year, worth around \$1.1 billion. Ms Gillard spent the day in the lead-up to last night’s official leaders welcome attending a Remembrance Day ceremony at Seoul’s national war memorial, meeting with Canada’s Prime Minister Stephen Harper and addressing business leaders. She told a business summit the government was close to finalising new regulations that would allow more public-private partnerships to build infrastructure.

## **MRDC acquires Hevi Lift for LNG project ops**

National 12.11.2010

By PATRICK TALU

MINERAL Resources Development Co (MRDC) has acquired Hevi Lift (PNG) Pty Ltd and contracted to ExxonMobil for LNG-related aviation services. MRDC managing director Augustine Mano revealed this last week during the launching of MRDC’s website (<http://www.mrdc.com.pg>). However, Mano did not disclose the cost of acquiring the aviation company, which took place last December. Mano said the acquisition of Hevi Lift’s 50% shareholding was through a consortium of Mineral Resources Star Mountain, Petroleum Resources Kutbu, Petroleum Resources Gobe and Petroleum Resources Moran. He also disclosed raising K250 million to buy MRDC’s stake on behalf of the landowners companies in the PNG LNG project.

Mano said the company had opened up several offices offshore, making MRDC the first multinational company collectively owned by resource-owners to have established offices abroad. “We will be the first multinational company to have established offices in Indonesia, Shanghai in China and Myanmar, with Thailand to follow suit. “From an initial K600 million in 2008 since the transfer of the State equity interest for Eda Oil to Petromin and withdrawal of Mineral Resource Lihir, MRDC has now K1.2 billion in assets and investment portfolio,” Mano said. Acknowledging the MRDC challenges ahead, he said his management and board were determined and positive to deliver benefits that were required and expected from. “We do not want to repeat what had happened with Misima gold mine and Ok Tedi. “We want to invest where we will sustain and reap benefits for our shareholders.”

While commending on the upgraded website, Mano said the site will provide up to date information on MRDC where it will keep its stakeholders well informed off. “We want to be transparent and accountable to our stakeholder and the access to the sites will keep them abreast,” he added. Deputy Prime Minister Don Polye and Treasurer Peter O’Neil also commended MRDC for bring the company to that level. Polye, before officiating at the launch, said time has changed with the fast-emerging information technology. He said the dissemination of information to stakeholders on the

progress of MRDC would complement MRDC in striving to become the multinational company trustee of resources owners. MRDC is the trustee of the PNG's resources owner's funds.

### **Porgera: Pundari worried over illegal miners**

National 12.11.2010

MINING Minister John Pundari has expressed concern over the raising numbers of illegal miners in the open pit mines of Porgera. On an official visit to the mining town last week, Pundari was shown first hand the number of illegal miners along the open pit mines and the outnumbered guards who could not do anything. Pundari said the illegal miners had also been tunnelling into the mine and camping there. "This is illegal as they are trespassing on PJV premises. "And if more and more people invade the open pit and underground mine area, it poses a real threat to the continuous operation of the mine", he said. Pundari assured land owners and Porgera mine developer, Barrick, that he would provide the political leadership necessary to effectively address this issue and also the re-settlement issue. He emphasised the need for Barrick and the state to fast track the re-settlement exercise for the clans identified by Barrick to be living within emergency areas of the special mine licence (SML).

While acknowledging Barrick's contribution to social and economic development to Porgera, Enga and the country, he stressed that this exercise was important because illegal miners were pretending to be SML landowners and getting involved in these illegal activities. The minister's visit was to gauge views from Barrick, landowners of the SML area and local leaders of the Porgera Valley on issues affecting them. Some of the other issues discussed included law and order problems, lack of leadership in Porgera and review of the Porgera MoA. Pundari suggested to Barrick to work with the provincial government to support its initiative of training local people to be police personnel for Porgera only in order to address the issue of illegal mining and law and order. After the meet, the minister presented cheques to Porgera Development Authority worth K1,130,000, Porgera District Women's Association worth K76,000 and Porgera Council of Churches with K60,000, which were all sourced from the Porgera project public investment programme (PIP).

### **Big welcome for investor**

Post-Courier 12.11.2010

By *MOHAMMAD BASHIR*

A huge ceremony with more than 10,000 people are expected at Koekam village in Kompiam today to welcome alluvial gold explorer Paradise Gold Play Holdings who has set a benchmark in mineral exploration in PNG by freely agreeing to the 20 per cent free equity participation by landowners and the Government. Mining Minister John Pundari's office also confirmed the ceremony but could not say if the minister will be attending the ceremony which will also be attended by Government executives from the various mining agencies to kick start alluvial mining in the area. Various factional landowner leaders threatening to take legal action to stop the alluvial gold explorer have been invited to the occasion. Reacting to a Post-Courier report yesterday where Councillor Arlo Kone and other leaders threatened legal action and accused Minister John Pundari of abusing his powers, chairman of the landowner company Koekam Resources Development Ltd, Bob Muiyo, challenged the critics to come and observe the welcoming ceremony today.

"About 10,000 people will be welcoming the investor at Koekam village, and this should be proof enough to dispel Councillor Arlo's unfounded statements. I urge him to come and observe and see if his lone sentiments are also shared by the people," he said. Mr Muiyo also urged self-centred and manipulative provincial public servants not to cunningly hide behind the scene and use people like the councillor to issue unfounded statements to satisfy their own ego and greed. "As the chairman of the landowners, I am very happy with the investor, Paradise Gold Play, who has made history in

Papua New Guinea by offering 15 per cent free equity to the landowners and 5 per cent free equity to the Independent State of Papua New Guinea.

“This is apart from adhering to taxing and other government protocols. I reiterate that it’s a benchmark in the history of the mining sector in PNG,” said Mr Muiyo. He said all due processes were followed to obtain the exploration licence, and thanked the MRA and the Mineral Advisory Council for the approval of the licence. He also expressed his gratitude to Mr Pundari for negotiating the landowners deal with the investor. “Landowners and the company will continue to work closely with the MRA, the Department of Environment and Conservation and other stakeholders to ensure success in exploration and eventually mining,” Mr Muiyo added.

## **Lands Department ‘corrupt’**

Post-Courier 11.10.2010

\* Head of Justice calls for Commission of Inquiry

\* Secretary Kimas: Nothing to hide

*By Harlyne Joku*

The Lands Department is “totally corrupt” from the low ranks to the top, Secretary for the Department of Attorney General, Dr Kalinoe has said. An angry Dr Kalinoe said the situation called for an immediate Commission of Inquiry to be called into the department. “The department is entirely corrupt. I am disappointed and angry that things are not happening the way they should be there,” he said. “Officers and certain rouge landowners are colluding and conniving with each other to sell off customary land for their own benefit and interest while the majority of landowners are left out. “These activities are happening and we are not doing anything about it.” Dr Kalinoe made the outburst at the National Research Institute (NRI) on Tuesday to a packed audience during a “question and answer” session during the launch of two reports conducted by senior researchers on the land reform program and expansion of settlements in urban areas.

In response, Lands Secretary Pepi Kimas welcomed any investigation into the department. Mr Kimas, who is leaving the department next year after serving 40 years, said he wants to leave with a clear conscience and would welcome any investigation, adding he and the department had nothing to hide. “I cannot deny that there are corrupt officers in the Lands Department and for that matter in any department” Mr Kimas said. “However, the dilemma is identifying them and removing them.” He said he has always maintained that the public should report of anyone known to be involved in corrupt activities on land issues so that appropriate actions can be taken. “If people know of individuals colluding with certain lands officers, be it customary or alienated land, they should report them instead of tainting the department,” he said. “There are committed Papua New Guineans in the department who are working hard and make a difference in the department.”

Dr Kalinoe’s outburst was triggered by a question raised by the Executive Director and Principle Lawyer of Centre for Environmental Law and Community Rights (CELCOR) Damien Ase. Mr Ase had asked the NRI academics what the position of the National Lands Development Task Force was on the issue of the lease-lease back arrangement involving customary land, especially for agro-forestry projects. HE claimed that over 2.3 million hectares of customary land have been leased under this arrangement to foreign logging companies for the so called agro-forestry projects when genuine landowners were not consulted or involved in these projects. (He later provided the Post-Courier a list of 47 projects and the total hectares covered which totaled 2.3 million). CELCOR is a non-government organisation made up of lawyers who assist communities on issues relating to their land and environment.

Mr Ase further asked if the Amendments to the Land Groups Incorporation Act includes requirement for landowners to register and be issued birth certificates before they can apply for their ILG'S to be incorporated. He said this would be a costly exercise as it would cost K25 per person and many landowners cannot afford to pay for the fees for all the clan members. This prompted Dr Kalinoe to say that he was totally angry and disappointed in the way the Lands Department was dealing with customary land titles, adding a few rouge landowners were the culprits who were colluding and conniving with certain land department officials and investors for their own benefit and interest. "We need to immediately set up a commission of inquiry into the Department of Lands to put it back on track. The entire department is corrupt. The department needs to be better organised so the genuine landowners and grassroots in rural areas can use their own land resource to their own advantage," Dr Kalinoe said.

## Nautilus plans for Lassul Bay - Post Courier

The Post Courier is reporting that under-sea mining company, Nautilus, is planning to set up an on-shore processing plant at Lussul Bay in East New Britain, but hasn't yet decided whether it will dump the mine tailings back into the sea or opt for a land-based storage system. Proposed marine dumping of mine waste from the Ramu nickel mine in Madang is currently the subject of a court battle between the mining companies and local landowners - with the landowners holding a court injunction that prevents any dumping until their legal challenge is decided. Australian miner, Marengo, is another company looking to dump its waste into the sea. Marengo owns the Yandera mine which is located just a short distance from the Ramu mine. (Ramu Nickel Mine Watch 11.11.2010)

Post-Courier 11.11.2010

**Deepsea mining delay**

By NOEL PASCOE

THE world's first deepsea mining venture is waiting anxiously on a decision by the Government on taking a stake in the potentially lucrative project.

The committee of economic portfolio ministers is to decide on whether the Government will push for a share in the Nautilus Minerals Niugini Ltd deal.

The Nautilus executives were dealt a shock late last month when, suited up formally to receive their exploration licence, they were told of a new clause in the proposed licence: equity for the State in the venture.

The licence issue was put off pending a decision of the economic ministers committee.

Canadian-owned Nautilus proposes to conduct mining for precious metals in deep waters 30 to 180 kilometres off the west coast of Namanatanai, New Ireland.

They have been planning on a start to mining in the first quarter of 2013.

An exploration vessel, the Rem Etive, is expected to arrive in Rabaul by the end of this week after a delay awaiting work permits for foreign crew, the company's country manager, Mel Togolo, said yesterday.

Mr Togolo said there had been "very positive talks" with the Government.

## New mine for Bougainville

Post-Courier 11.11.2010

By GORETHY KENNETH

BOUGAINVILLE is bracing for a new mine opening once the mining powers are drawn down. And the Autonomous Bougainville Government is aware of the preparation that has been carried out by Bougainvilleans and their international partners to open and operate the mine between Tinuputz and Wakunai once all the necessary criteria and legal papers are in place. But the issue has not gone unchallenged – a petition has already been received from the regional women representative for cen-

tral Bougainville Joan Jerome on behalf of the women of Kieta, Wakunai and Panguna. The New Bougainville Mining Exploration Company is the company now under scrutiny.

The ABG has set up a committee to investigate the nature of the petition in particular, every aspect of the company including its foreign partner, to assess the situation and verify if the rights of the Wakunai people, including access and the benefit sharing, exploitation of natural resources, ownership, recognition of traditional ways, uses, customary laws as well as benefits to the eco-system are considered, and how major impact projects will affect the eco-systems of the Wakunai area. ABG Speaker Andrew Miriki in his members' update said that the ABG's Parliamentary Sectoral and Advisory committee on Economic Development, Natural Resources and Taxation, set up to immediately address the issue of this new mining company will soon publish its terms of reference before the committee resumes the inquiry. The committee, chaired by the ABG Atolls MP Frank Pasini Marena, held its first meeting last week.

### **Sovereign fund 'focus narrow'**

Post-Courier 11.11.2010

*By Harlyne Joku*

AN economic expert has criticised the proposal by the Treasury Department and Bank of PNG in relation to the creation of a single offshore Sovereign Wealth Fund (SFW) from the LNG project describing it as flawed. Dr Agogo Mawuli who was formerly the Head of the Economics Studies Division and Professional Research Fellow with the National Research Institute (NRI) said yesterday that the policy focus on saving only LNG revenue earnings is narrow. "The economic development challenges that matter most and the impact of the project on the people have not been considered," Dr Mawuli said. He made the comments at the launch of two reports that he compiled for NRI titled "LNG Revenue Policies too narrowly Focused" and "Optimising the Use of Budget Windfall Revenues". The reports were launched by the Secretary for Treasury Simon Tosali and Planning and Monitoring Secretary Joseph Lelang.

Dr Mawuli said a working group made up of senior officers of the Department of Treasury and Bank of PNG was established by the government to examine and recommend how the huge windfall revenues from the LNG project could be utilised. The working group proposed the creation of a single offshore Sovereign Wealth Fund (SWF) where mineral revenues including the LNG revenues will flow through the annual budget. The SWF will be linked to the net inflows and outflows of overall budget surpluses or deficits, respectively. Specific drawdown arrangements will be designed to meet suggestions by the Prime Minister according to the working group. But Dr Mawuli said the proposal by the working group is too narrow. "The preparations of the government for managing the impacts of the project are focusing too narrowly on the LNG revenues, which will only comprise the company taxes and state dividends from the project."

### **Enga Province: Landowners plan legal action**

Post-Courier 11.11.2010

*By BOLA NOHO*

LANDOWNERS of Koekam in Kompam/Ambum district of Enga Province are taking legal action to stop a gold exploration company from carrying out exploration in their area. The spokesman representing five tribes including Aiel, Kalimb, Kukune, Poreyalin and Malipin surrounding Koekam and the people of Kompam who spoke yesterday said his people wanted an explanation on how and why the alluvial gold explorer, Paradise Gold Play Holdings (PGPH) was granted an exploration license (EL) to carry out exploration. Spokesman Arlo Kone called on the Minister for Mining, John Pundari, the Department of Mining and Mineral Resources Authority (MRA) to explain to the landowners the process they took to grant the license to PGPH. "I am representing the five tribes and

other surrounding communities and making an application to the National Court seeking restraining order to temporarily suspend PGPH's exploration licence as the serious issues are not being sorted out," councillor Kone said.

He alleged that the minister had used his ministerial powers by hijacking the processes to grant the license to Paradise Gold Play Holdings Ltd within a short period of time. "This is undermining the set procedures and processes enshrined in the Mining Act of PNG. "It is a total abuse which has so far confused the landowners of Koekam area," he said. Mr Kone said the company already had an existing joint venture agreement with Koekam Resource Development Corporation (KRDC) who is the licensee of ML 153. While landowners have not yet seen the full impact of PGPH potential in carrying out the alluvial mining, ahead of other world renowned companies, the decision was a slap in the face of the landowners. "The Mining Minister is from Kompiam/Ambum electorate and he should do better by guiding the landowners achieve the best for their resources."

### **Hidden Valley landowners complain of rashes and stomach problems**



Landowners living along the Watut river are complaining of skin rashes and stomach complaints due to contamination of the water by the Hidden Valley mine. While the mine owners, Australian Newcrest and South African Harmony Gold, have admitted higher levels of sedimentation in the river have been caused by mine operations they have not explained why the fish in the river have died, the landowners are experiencing medical problems and vegetation along the river is dying back.

Government insiders say the problems are caused by acidification of the river caused by the iron pyrites in the overspill from the mine that has escaped into the river. The mine companies recently started handing-out small compensation payments to affected families for the loss of gardens caused by flooding and changes to the river's path, but if the allegations of acidification and widespread poisoning are born out by toxicology tests they could be facing massive lawsuits. Ramu Nickel Mine Watch, November 11, 2010

### **Morobe Province: Villagers offered payout over gold mine pollution**

ABC News, November 10, 2010

By PNG correspondent Liam Fox

Sediment from a gold mine washing down a river in Papua New Guinea has destroyed the livelihoods of thousands of villagers. The Hidden Valley mine, which is half-owned by Melbourne-based Newcrest Mining and South African miner Harmony, is offering compensation to those affected. Some villagers are eager to take what is on offer, but others are not rushing to sign up. Michael Ansu's life in the village of Witipos, next to the Watut River in PNG's Morobe province, began to change in 2006 – that's when Morobe Mining Joint Ventures (MMJV) began building its gold mine

upriver. Now, his livelihood is ruined. “The sediment destroyed our garden, destroying our water, our drinking water. We have no fish in our water,” he said. The silt choking the river has also crippled the important local industry of small-scale alluvial gold mining. Even the course of the Watut River has changed in places.

MMJV accepts sediment washed by rain into the river during the mine’s construction is at least partly to blame. About \$1 million have been put aside to compensate people in 30 affected villages. MMJV community affairs manager Stanley Komunt says the runoff has been stopped. He says 2,200 individual damages claims are being assessed and people will receive payments of between \$200 and \$3,000. “Apart from the payments we are also looking at some community programs and we’re looking at education, agriculture, infrastructure, alternative water supplies, I guess to put back the development in the villages,” he said. Mr Ansu does not know how much he will get, but says he needs the money urgently to feed his family. “All the children along the river are going to die because of no food,” he said.

### **‘Long-term damage’**

In Samsam village on the river’s central reaches, Simon Iseve has also lost his food gardens and the ability to pan for gold. He does not believe the compensation on offer is enough. “It’s long-term damage. There has been damage already and it’s going to damage our lives. So long as MMJV work up there the damage will still continue like that,” he said. The local member of parliament, Sam Basil, also believes MMJV’s offer is inadequate. He is worried people who sign forms to receive compensation will be waiving their rights to sue the mine for more money. “I’ve raised the matter with my lawyers and my lawyers have advised me that we should not be signing any statutory declaration forms because it may impede our future attempts to take the company to court,” he said.

Mr Basil is also concerned sediment was not the only thing washed down the river. “So we decided to go ahead and engage our own toxicologist to come in and find out the toxins in the river system,” he said. MMJV says only rocks and soil have been washed into the river and Mr Komunt says people are only being asked to sign statutory declarations to identify legitimate claimants. He says its payments will be in line with the PNG valuer general’s compensation schedules. “It won’t stop anyone later on or we’re not waiving any rights at all. It’s just for that purpose, to identify the rightful owners of the gardens,” he said. But Mr Basil says he plans to sue the mine on behalf of affected villagers. Either way it will be some time before the lives of the people along the Watut River return to normal.

### **Mineral Authority performed well this year**

Post-Courier 9.11.2010

By *MOHAMMAD BASHIR*

The Mineral Resource Development Authority (MRDC) has delivered commendably to the state and landowners and is continuing to do better, according to Chairman and Treasury Secretary Simon Tosali. Last week, Mr Tosali said MRDC has become the incubator, successfully facilitating the Government’s initiative and delivered Orogen Minerals Ltd which successfully floated on the Australian and Port Moresby Stock Exchanges. It has in the recent past facilitated the birth of Petromin Holdings (PNG) Limited. Prior to Petromin, MRDC managed Eda Oil, which held the State’s interest in the Moran project. The transfer of Eda Oil to Petromin created a new chapter for Petromin and PNG as a new nationally owned company which was created to actively participate in the petroleum industry.

MRDC recently also successfully established Mineral Resources Lihir Ltd, a landowner company in Lihir area which moved from a negative cash flow to now becoming the first landowner company to be on its own feet. The role of MRDC has leapt to active participation with landowner companies Petroleum Resources Kutubu (PRK), Petroleum Resources Gobe (PRG) and Petroleum Resources Moran (PRM) to set a new trend to make landowners move away from being collectors of royalty and equity and become active participants in major projects. Hevilift, a renowned aviation company has been bought off by PRK, PRM and PRG. Mr Tosali said the strategic acquisition will enable landowners to participate in the aviation business in the existing mining and petroleum projects. "This is something PNG landowners should be proud of - becoming partners in billion kina projects alongside some of the big names in the industries," Mr Tosali said. He said MRDC has experience in dealing with major financial institutions - both overseas and locally.

The company has managed State's loans with the European Union Bank with the most recent one being the loan to develop the Ramu Nickel/Cobalt project. "MRDC has come a long way since it was established by the Government to manage the State's and landowners' equity interests in the mining and petroleum projects and as the sole custodian of the company on behalf of the State. I am proud to say that MRDC had delivered on its task," Mr Tosali said. The Cabinet recently approved the transfer of the functions of managing, accounting and implementation of MOA projects to MRDC. This gives MRDC statutory powers to play a greater role in the prudent management and implementation of projects funded under MOA commitments which were previously with the Department of Petroleum and Energy. Apart from being a trustee of landowners' wealth the transfer is an additional responsibility but with the capability and experience in managing the Community Infrastructure Trust Fund, this new role will not be difficult as it seems.

## **Kula Gold looks to raise A\$80m**

Post-Courier 9.11.2010

By *MOHAMMAD BASHIR*

Gold hopeful Kula Gold is looking to raise A\$80-[US\$ 82] million through an initial public offer (IPO) before its official listing on the ASX. Under the recently completed book build, 444 million shares were allocated at A\$1,80 a share. At the offer price of A\$1,80 a share, Kula Gold would have a market capitalisation of about A\$202,7 million when it lists on the ASX. The company has already lodged a prospectus with the Australian Securities and Investment Commission and would be applying for admission for an official ASX listing, according to [miningweekly.com](http://miningweekly.com). The company was expected to start trading on the ASX by November 16. "Kula Gold provides investors with an attractive opportunity to invest in a gold company with a promising advanced stage project, and significant exploration potential, located in a prolific gold region," said chairperson David Frecker. The funds raised by the IPO would be used for capital requirements in exploration, definitive feasibility study work and environmental impact assessments.

Kula Gold is developing its Woodlark Island project, in Papua New Guinea (PNG), where it has already delineated a Joint Ore Reserves Committee-compliant resource of 1,75-million ounces of gold and completed a prefeasibility study. "Our initial priorities are to accelerate exploration and complete our definitive feasibility study," said CEO Lee Spencer. He noted that Kula Gold's project has attracted strong support from the local community and the PNG government, which has created a stable political environment that was well received by investors. "Kula Gold has one of the few significant new gold discoveries and we have been successful in delineating resources on our project for well below the average industry finding costs per ounce so far," he added.

## **Euro shareholders want Panguna re-opened**

National 9.11.2010

By PATRICK TALU

THE European shareholders of Bougainville Copper (ESBC) holding more than 10 million shares of Bougainville Copper Ltd (BCL) are keen to see the reopening of the world-class copper and gold mine. ESBC has requested Prime Minister Sir Michael Somare's support in a letter dated Nov 8. ESBC president Axel G Sturm expressed his strong wish that the re-opening process of the Panguna mine should be speeded up in the interest of the people of Bougainville and Papua New Guinea. Sturm said that Panguna "holds the key position for future economic recovery on Bougainville". "We strongly believe that you, Sir Michael, are the one who is able to bring this matter to a satisfactory outcome for all. "You only need to encourage the people of Bougainville to go forward ... our board of directors is ready to serve," he stated in his letter.

Sturm asked Sir Michael to exercise his personal influence and to encourage the people on the ground to take the next step which was the review and the signature of the new Bougainville copper agreement (BCA). "Bougainville and Bougainville copper are the same in the perception from those outside PNG. "One goes with the other ... as long as there is no satisfying progress in the re-opening of the Panguna mine, there will not be any substantial investment from abroad in Bougainville," Sturm said. He said at the end of this week, a huge Panguna conference is fixed to take place in Bougainville. State Ministers Peter O'Neill (Treasury), Paul Tiensten (National Planning), Arthur Somare (State Enterprise) and Fidelis Semoso (Bougainville) will also attend the conference as almost 40 Panguna landowner representatives. The meeting is hosted by ABG President John Momis, Vice-President Patrick Nisira and others. The National has been unable to confirm the attendance of the said State ministers.

## **Chimbu shifts to limestone mining**

National 8.11.2010

By ZACHERY PER

THE resource scarce stony province known as Chimbu is set to mine its limestone for a major economic turn around for the people. The initiative came to light with a public launch of Chimbu limestone project in Kundiawa town last Wednesday. "We have more limestone in Chimbu that we want to convert into economic benefit for the people by mining them to sell as an impact project for the entire province. "I call on every landowners to support the project and take ownership of the initiative from the beginning to avoid them feel being sidelined," Chimbu Governor Fr John Garia said at the launch in front of Kondom Augando provincial government building in Kundiawa.

He said they were engaging private consultants to conduct feasibility studies into the limestone ridged ridges from Chuave (Elimbari ridge) to Sinasina-Yongumugl, to Kundiawa-Gembogl and Kerowagi districts. "We want to change the province from being economically disadvantage to an economically viable province like other provinces with resources, so I call on every one to support the project. "Mining and other resource project sites will need our limestone products to extract minerals so we are in for a good deal," Garia said. He thanked Kundiawa-Gembogl MP Joe Mek Teine for committing K100,000 and Chuave MP Jim Nomane for making available K70,000 for feasibility studies. Garia also made available K200,000 from his provincial budget for the cause and the national government also made available K70,000 through the Department of Commerce and Industry.

## Ramu NiCo awareness drive

National 8.11.2010

MORE than 1,000 people from Saidor LLG in Madang and the surrounding LLGs have come to fully understand the Ramu NiCo project and its deep sea tailings placement (DSTP) including project environmental impact (EI). This follows after Ramu NiCo awareness team and government representatives conducted three days awareness starting from Oct 28-30 on DSTP and EI starting at Saidor station and ended at Galeg village. The awareness at Saidor station coincided with the Ramu NiCo Raicoast Kangel Festival that was staged on Oct 28 – 29. Many festival goers frequented the Ramu NiCo stall and obtained information including DSTP brochures and other pamphlets. Health, safety and environment extension officer Joel Wongo presented on DSTP, including the technology and manpower used following the project update video show. Seymour Pok from the department of mineral policy and geohazard management presented on the safety of the sea environment while Bidi Gemo from MRA based in Madang presented on the operation of Ramu NiCo project and its benefits to stakeholders. Awareness team leader Mathew Lem assured the people that the awareness would continue as the project goes into commissioning and mining.

## PNG MINE POLLUTES MOROBE GARDENS, TAINTS RIVER

*Villagers offered compensation for toxic runoff*

By Liam Fox

MELBOURNE, Australia (Radio Australia, Nov. 8, 2010) - Thousands of villagers are being offered compensation after sediment from a gold mine washed into a river in Papua New Guinea (PNG). Sediment washed into the Watut River during the construction of the Hidden Valley gold mine has destroyed food gardens and spoiled water supplies.

*[PIR editor's note: Watut River and the Hidden Valley Gold mine are situated in Morobe Province. The mine is an open-pit, gold-silver mine and processing plant located approximately 210 kilometers north-west of Port Moresby and 90 kilometers south-southwest of Lae.]*

The course of the river itself has changed in some places. The mine's operator, Morobe Mining Joint Ventures, or MMJV, is a joint venture between Melbourne-based Newcrest Mining and South African miner Harmony. MMJV says the sediment runoff has been stopped and it's put aside around a US\$1,000,000 to compensate people in 30 villages. Some villagers are happy to accept the compensation offer, others say it's not enough. The local Member of Parliament, Sam Basil, says he's planning to sue MMJV on behalf of affected villagers. *Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## Landowners: Tari Airport threat not by us

National 8.11.2010

By JEFFREY ELAPA

THE recent threat and closure of Tari Airport is the work of certain groups with vested self-interest and not by the registered Tari Town Landowners Association (TTLA) Inc which comprises 13 landowner clans. Deputy chairman of TTLA and former mayor of Tari Benjamin Mongobe said this after several landowners had threatened to close the airport over demands for recognition from ExxonMobil and the state for seed capital as well as compensation from the National Airports Corporation. Mongope said TTLA, comprising more than 13 clans that own the land Tari town is situated including the airport, had been pursuing the case for more than 20 years but they were not aware of any imminent threats to the airport, nor had they instigated any actions which may amount to such threats as reported over the few weeks.

He said the association had been pursuing the matter of land compensation and other benefits through peaceful means as they did not want to jeopardise the public and many multi-million companies operating in the region. “We did not see the need to issue threats because we had good discussions and negotiation with Governor Anderson Agiru, our local Tari-Pori MP James Marape, the developer ExxonMobil, contractor Curtain Brothers, Air Niugini and the National Airports Corporation,” he said. However, he said the threats were not in the interest of the genuine landowners but were actions of some self-motivated groups.

### **Showdown for landowners**

Post-Courier 5.11.2010

By JONATHAN TANOS

TARI airport landowners in the Southern Highlands are bracing for a showdown with Tari MP and Education Minister, James Marape, this weekend over criticisms over their closure of the facility. Spokesman and Deputy Chairman of the Tari Airport Landowners Association, Benson Angobe said from Tari yesterday that the Minister was misrepresenting their interest in the National Government. Mr Angobe said this following comments by Mr Marape criticising their insistence for direct participation in the redevelopment of the airport and reconstruction of terminal and other adjoining infrastructure there. Mr Angobe said the forced closure of the airport was also a result of lack of leadership for the people of Tari at the National and Provincial Government level.

He said his people should not be managed by remote control from Port Moresby and if the Minister or any other leaders had any discussions to conclude with landowners, they should come down to the village level to meet them. “We don’t want leaders in Port Moresby to confuse the people because we want honesty, integrity and transparency in their dealings with us, the real landowners.” Mr Angobe said the closure of the airport was done in a professional manner including formal advice to the National Airports Corporation (NAC) and the Civil Aviation Minister and Deputy Prime Minister, Don Polye. He said the concerns were not new as they had on numerous occasions discussed it with Mr Polye and other relevant authorities, but to date the National Government has not honoured its commitments for meaningful dialogue with the landowners.

Mr Angobe said if Mr Marape wanted to come in and talk to his people, he should be prepared to meet the brunt of their frustrations for having been snubbed over a long period both by the National and Provincial Governments. “The Government must attribute the level of importance that the Tari airport represents in the hydro-carbon industry in PNG and give it prominence when asked,” he said. “But as an MP, whose interest is Mr Marape representing.” Mr Angobe said as far as landowners were concerned the airport would remain closed until proper dialogue was established and their well-known submissions for fair compensation and equal participation were respected.

### **Firearms make trail up the Highlands highway**

Post-Courier 5.11.2010

By Noel Pascoe

POLICE intelligence reports are picking up shows of “unbelievable” firearms going into the Southern Highlands as the momentum for the LNG (liquefied natural gas) projects revs up. Intelligence unit director Frawley Terence said this at the annual Transnational Crime conference in Kokopo yesterday. “We have picked up reports of unbelievable arms in the Southern Highlands,” he said. “This is ranging from simple pistols right up to factory made Mag 58s and M16s. Ordinary villagers who do not even know English or Tok Pisin have been seen carrying chain links to machine guns as they go up and down their mountains in parts of the Southern Highlands.” Superintendent Terence said as the pace of construction of elements in the LNG project picked up, so was the buildup in arms, the criminality around urban centres and the corruption in the nation. He told the visiting Aus-

tralian police and customs officers that the William Kapris episode was a graphic example of the type of criminals arising in PNG, people with connections to high places. “He had massive backing,” Supt Terence said. “Some of these people have connections and can get to politicians and tell people to stifle things.”

He said the drug trade, especially in cannabis or marijuana, was out of control with people selling on many street corners around the country. “Even little children are getting involved,” he said. “I wonder what the National Narcotics Bureau is doing in all of this?” Supt Terence said arms smuggling was pivotal in the Highlands. “Every hauslain must have a gun. In this age, tribal groups are conditioned to who has the weapons. We are seeing all sorts of firearms appearing and our police, even the mobile squads, are being taken aback by with the sorts of weapons they see. “With their factory made high powered weapons, these tribes are not afraid of the police, even the mobile squads.” He said the pressure on the police force to maintain normal crime control measures and to keep up with the demands for security and protection from the principals of the LNG project was “immense”. Yet the Royal PNG Constabulary was expected to cope with outdated weapons and a lack of financial resources, he said, pointing to Police Commissioner Gari Baki’s recent call for a vastly boosted police budget.

### **Hidden Valley mine pollution ‘could be worse than Ok Tedi’**

Ramu Nickel Mine Watch, November 4, 2010

The pollution of the Watut river is far worse than the Hidden Valley mine owners have admitted and the acidification of the river ‘*could be worse than Ok Tedi*’ according to environmental experts.



Die-back along the Watut river caused by acidification not sedimentation as claimed Harmony Gold and Newcrest Mining, the owners of the Hidden Valley mine, have told landowners along the Watut river that problems of vegetation die-back have been caused by higher than expected sedimentation leaking into the river. But this is not the real story. What the miners are not telling the landowners is that the over-burden from the mine site which has spilled over from the waste dumps contains high levels of iron pyrites. This iron pyrite contains sulphur and when the pyrite gets into the river it reacts with water to form an acidic sulfate – basically sulphuric acid. It is this acidification of the river that has been causing the vegetation die-back and is also killing the fish and other aquatic animals. Some landowners have also been reporting skin rashes and burns after washing or swimming in the river – classic signs of acidification.

Although Harmony and Newcrest have not admitted the acidification problem they have been quietly pouring large quantities of lime into the river to try and neutralize the acid. In recent weeks Harmony and Newcrest have also been making small compensation payments to landowners for the loss of gardens from river flooding and at the same time requiring them to sign statutory declarations which could limit their rights to future compensation for the far greater problem of river acidification. Local MP Sam Basil has been urging the landowners not to sign the declarations and has been taking legal advice on possible action against the mine owners.

## US backs LNG

Post-Courier 4.11.2010



It's not everyday one gets to stand next to a close aid of US President Barack Obama, yesterday US Secretary of State Hillary Rodham Clinton touched down at the Jacksons International Airport and was welcomed by Foreign Affairs Minister Sam Abal (right), US Ambassador to PNG Teddy Taylor (second from right) and NCD Governor Powes Parkop.

THE United States will back Papua New Guinea's first liquefied natural gas (LNG) project with expertise it can provide through training, education and technical support. In addition it will also assist PNG with advice on setting up its sovereign fund for proceeds from the multi-billion LNG project. It pledged to do so last night through Secretary of State, Hillary Clinton, who stopped over in a short and packed visit to the nation's capital Port Moresby. And she was emphatic about it saying American dollars were already heavily invested through the US Exim Bank and leading international investor ExxonMobil in the project. Government officials said this was the biggest vote of confidence in the project coming from the United States Government elevating it to formal international recognition as a world class project. Prime Minister, Sir Michael Somare, openly pointed out the project as the single biggest investment ever undertaken by PNG which was supported by the leading investors in oil and gas from the United States.

Mrs Clinton said assistance for the LNG project would be provided under the Energy Governance and Capacity Initiative (EGCI). She said this was a program in a global effort to provide a range of valuable technical support to governments of selected countries that were on the verge of becoming the world's next generation of oil and gas producers. "EGCI will provide PNG with access to top US Government talent with unmatched global expertise on issues related to petroleum geology, upstream licencing, exploration and production operations, revenue management, sector regulation, policy reform and implementation and energy sector finance and tax structure," she said. "EGCI also builds both high level and working contacts to offer unbiased, sound advice and guidelines as well as lasting relationships that can further long-term institutional stability and sound sector governance."

## CLINTON OFFERS PNG HELP IN MANAGING GAS WEALTH

*U.S. Secretary of State cites corruption, mismanagement*

By Campbell Cooney

MELBOURNE, Australia (Radio Australia, Nov. 3, 2010) - The U.S. Secretary of State, Hillary Clinton, has announced her country wants to help Papua New Guinea (PNG) ensure the wealth it earns from liquefied natural gas reserves is not stolen or wasted. Mrs. Clinton arrived in PNG on Wednesday evening for an official visit. She drove straight into Port Moresby, the capital, for her first official duty: planting mangroves at the Port Moresby technical college with the Environment Minister, Benny Allan. Speaking in Port Moresby, Mrs. Clinton confirmed the United States government [would be willing to] provide the Pacific nation with expertise in energy sector governance, revenue management and regulation. It is estimated Papua New Guinea's Liquefied Natural Gas (LNG) project will inject more than US\$20 billion into its economy and help end its reliance on aid donations. But there are concerns the money might be used corruptly. Watchdog group Transparency International recently rated PNG as one of the 20 most corrupt nations in the world and one of the three most corrupt in the Asia Pacific region. Secretary Clinton was next to fly to New Zealand, arriving early on Thursday, local time.

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

## Sir Julius slams 'incompetence' to deliver on funds

Post-Courier 3.11.2010

By Noel Pascoe

NEW Ireland Governor Sir Julius Chan says the National Government has tipped K24 million into his province's bank account as the deadline for a court ruling nears. But the money, amounting to K24.3 million, would "make no difference" to the provincial government's claim of about K500 million in alleged failings to pay grant moneys from the Lihir gold venture in the past 15 years, he said. "This money has been frozen or blocked for nearly a year," he said from Kavieng. The provincial government is waiting for the November 9 ruling by Judge Ambeng Kandakasi on New Ireland's claim for half a billion kina. Sir Julius earlier claimed Waigani's "incompetence" on the gold payments was driving New Ireland towards a form of autonomy "at least the equal of that of Bougainville".

Governor Chan in an exclusive interview at Kokopo on Sunday said as far as he was concerned, there was no dispute about the owed money, it was all about the failure of national government officials to follow through on directions to pay the money. "I have had discussions with the Prime Minister, Sir Michael Somare, and he has directed the officers to make the payments. I think that Somare is trying to play by the rules but some of the more senior people have a sinister motive," Sir Julius said. "New Ireland is moving very fast and we have our policies which are more in tune with the lives of our people and are becoming more accepted so these officers are trying to sabotage what we are doing. "The Sepik provinces have got more out of me, when I was the prime minister, than New Ireland has got from him."

Sir Julius said New Irelanders had been helping to keep the nation going with the revenues from the Lihir mine. The 200,000 New Irelanders, on a per capita basis, were probably the highest ranking contributors to the national economy. "The judge asked in court 'is there a dispute'," the Governor said. "I say 'no, it is a matter of breaches of an agreement'." He accused the public servants in the National Government of being incompetent and said "we can't blame the politicians". The State had not been able to provide reliable figures on the lost or withheld amounts, but the provincial government had been able to prepare "very accurate" figures based on information supplied by Lihir gold as to exports, prices, currency conversions and other statistics and these had been analysed based the indicators from the International Monetary Fund.

## **NEW IRELAND GOVERNOR TELLS MINING MINISTER NOT TO MISLEAD**

*Sir Julius Chan accuses PNG of failing his people*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 3, 2010) – New Ireland Governor Sir Julius Chan has called on Mining Minister John Pundari not to mislead New Irelanders on the payment of benefits under the Lihir MOA, especially at this time when the matters are before the high court. In a statement yesterday, Sir Julius said if Minister Pundari had been properly briefed on the MOA, he will find that the national government has failed the New Ireland people right through. “Not one major project under the agreement has been completed, in fact many projects have not even started,” said Sir Julius, “and this has been 15 years.” “This is not time to play around with figures and divert public perception on the substantive issues now before the court. He should bring the national government team and their figures to the joint consultative process with the New Ireland Team and be prepared to settle the outstanding arrears spanning 15 years of the Lihir MOA.” “My government team was ready on 20th October 2010 and will be fully geared up for 8th November. Not one senior national public servant faced up at Arbitration and this tantamount to contempt and is disrespecting and condescending to the Arbitrator” he said.

Sir Julius said expressed concern that the Attorney General’s office was totally let down by relevant departments and had no briefs or directions. “We are not interested in sweet talks at this time of settlement process. The Minister quoted K 207 million as money paid in SSG, IDG and royalties. What is outstanding and where is justice when NIP gets average K 14 million annually against K500 million it contributes each year to Waigani and the total economy?” he added. Sir Julius said that was over K5 billion in the last 15 years, four percent of their contribution. “Our case on the Lihir MOA arrears is now before the court and I cannot say any more than urge the national government to comply with the court decision,” he said. Governor Chan said the National Government must not misread the mood of New Irelanders and understand that they do not trust the national government and from various statements made to date, are prepared to take the drastic option of shutting down the mines.

### **Australia: LNG threat to marine life, says WWF**

Post-Courier 2.11.2010

The Gladstone developments will result in mass dredging on a scale never seen in Qld...

BRISBANE: The establishment of liquefied natural gas (LNG) processing and export facilities at Gladstone could have a disastrous impact on threatened marine life, the World Wildlife Fund says. Endangered species will include Australia’s only native dolphin – the rare snubfin dolphin. “The Gladstone developments will result in mass dredging on a scale never seen before in Queensland – enough to bury a football stadium almost 4km deep in mud and rock,” said Lydia Gibson, WWF-Australia’s marine species manager. “The decimation of feeding and breeding grounds, increased shipping traffic, boat strikes, and chemical and noise pollution could all spell disaster for threatened snubfin dolphins, dugongs, and turtles. The scale of dredging proposed is astounding – potentially more than 40 million cubic meters – and it’s possible this mud and rock will be dumped inside the Great Barrier Reef World Heritage Area.”

Ms Gibson said there were more than 100 major coastal developments proposed for the Queensland coast, including a number of coal and gas developments proposed for highly sensitive marine areas, including the LNG plant planned for Curtis Island, off Gladstone. She said a coal terminal planned for Balaclava Island on the mouth of the Fitzroy River 40kms north of Gladstone was proposed in prime snubfin dolphin habitat where less than 100 snubfin dolphins lived. “The loss of just two or three of these dolphins could be enough to trigger the extinction of this local population,” Ms Gibson said. Without a strategic approach to managing the impacts on wildlife, it would be death by a thousand cuts for marine turtles, inshore dolphins and dugongs, she said. “If governments are seri-

ous about protecting unique wildlife they must put a stop to the current piece-meal approach to coastal development, adopt a more coordinated approach and designate sanctuaries that protect species from devastating major developments.”

### **LNG to publish what they pay to Government**

Post-Courier 2.11.2010

By *HARLYNE JOKU*

US oil and gas giant ExxonMobil through its subsidiary in PNG, Esso Highlands Limited and one of its major partners Oil Search PNG Limited have agreed to publish what they have paid to the PNG Government and how much they have spent so far on the initial phase of the multi-billion-kina LNG project. Field Operations Superintendent of Oil Search PNG Limited, Michael Uiari gave this confirmation at a meeting held at the Centre for Environmental Research and Development (CERD) last Friday. According to CERD’s Director Matilda Koma yesterday, Mr Uiari met with herself and CERD’s campaign officer Baru Amevo to discuss the establishment of the PNG Publish What You Pay (PWYP) Coalition. The PNG PWYP Coalition once established will become part of the international network which has been the force behind the Extractive Industries Transparency Initiative (EITI). EITI is a global standard that provides a mechanism where payments by international oil, gas and mining companies to governments are disclosed to the public.

Mr Uiari said Oil Search PNG Limited, ExxonMobil and its major LNG partners decided at a board meeting on Friday, October 22, that they would be publishing to PNG citizens how much they had paid to the PNG government in the initial stages of the project by end of first quarter next year. CERD, the only mining and oil and gas watch NGO is spearheading the launch of the PNG PWYP Coalition this Friday. CERD is inviting key stakeholders from the government, the industries and civil society groups to attend and support the coalition. Mr Uiari said Oil search PNG Limited and Exxon Mobil supported the PNG Publish What You Pay (PWYP) Coalition network and its objective which was to influence the government to agree to adopt EITI.

### **Donigi book highlights clan’s bid in LNG project**

Post-Courier 2.11.2010

By *MOHAMMAD BASHIR*

In a test case, a constitutional reference has been sought by Michael Wilson of Warner Shand Lawyers on behalf of 24 clans of Tuguba in Hides gas project to challenge the validity of Section 6 of the Oil and Gas Act (OGA) and the powers of the State to compulsorily acquire land for the benefit of outsiders under the Land Act. The referrers who are customary land rights holders and members of 24 clans from Tuguba are seeking opinion pursuant to Section 18(1) of the Constitution on questions relating to interpretation or application of Section 32, 41, 53 and schedule 2.4.6(2) of the Constitution. The reference states that the large Tuguba tribe owns and occupies land territory across 3 provinces which include Hela, Gulf and Western provinces and speak one language. Of the 26 main clans and many sub-clans, the reference is made by 24 and the rest may join as parties later.

All Tugubas subscribe to the ‘Gigira Laitebo’, legend of the creation and the ‘Laitebo’ prophesy which is about the energy of light under Mt Gigira which would light the world. Under Tuguba customary land, there are several oil and gas pools known as Hides, Juha and Angore. Following the PNG LNG Agreement of May 22, 2008, the licensee (ExxonMobil and partners) will take out the gas under the surface of Tuguba customary land and pipe it to portion 152 to be processed for export. The reference contends that under customary law, the primary user is notified whenever another clansman wants to use a land or the second rule is that prior consent must be given before a foreigner is allowed to use it, failing force is used to expel intruders. The reference states that Section 6 of the OGA which deems petroleum and helium at or below the surface of Tuguba customary

land as the property of the State is therefore contrary to customary law. The referrers asserts that the definition of “land” in Section 3 of the Land Registration (Customary Land) (Amendment) Act 2009 and Article 26 of the UN Declaration on Human Rights on the rights of Indigenous People is consistent with their claim.

The Tugubas said by boycotting the signing of the Kokopo UBSA and LBBSA, they have never at any stage granted their consent to the State to award any licences under the OGA to the Licencees. Prominent Lawyer Peter Donigi’s book *Lifting the Veil* that shrouds Papua New Guinea was described as a God-sent by the referrers. Their leader Simon Ekanda said: “Mr Donigi has by the words in his book; shown to us what we knew in our own hearts was right. This book is now our voice - the road is now clear for us. We have accepted the solutions as recommended in the book.” “We thank Donigi for showing us how we can protect and benefit from our resources. When we get a decision in our favour we will be using the production sharing contract that is written in the book and nothing less will satisfy us,” Mr Ekanda said. He said the State and developers can agree to settle their case outside the court only if they were prepared to enter into a production sharing contract. “We note that under the Donigi formula, PNG will earn more than K100 billion over 30 years and not K40 billion as our government says we will get. “Is it fair that foreign companies will take out of the country about K200 billion in profits over 30 years? We think it is not,” Mr Ekanda added.

### **Bougainville: MP wants Panguna mine re-opened**

Post-Courier 2.11.2010

Bougainville Affairs MP Fidelis Semoso has met with Panguna landowners (PLA) and others from other Bougainville copper lease areas in Port Moresby. He reiterated his call to see an impact project get off the ground for Bougainville, a project that will “create employment for our youth, rebuild our schools and health services but most importantly boost the economy of the region”. He made it clear that he wanted the Panguna mine re-opened at the earliest opportunity. This means that he wants to see the Bougainville Copper Agreement (BCA) review fast tracked. He said he is committed to assisting the Panguna landowners get themselves organised. He has directed Lawrence Daveona to arrange for landowner representatives from each of the six mine lease areas to come to Buka for two days of consultation with him to tell him what they want.

He told the landowners present at the meeting that he does not want to waste time, saying that Panguna landowners’ issues had been there before the crisis and are still there and no one has really attended to them. With the BCA review, Panguna landowners are the major stake holders. He maintained that the problem is not the Bougainville people but “us the elected leaders of Bougainville”, both the ABG and the National Government. Mr Semososaid during his travels throughout the island he has found out that the general feeling is that the Panguna mine must be re-opened and that there is no other way for Bougainville to move forward. He challenged the landowners to give him tangible project submissions to push through the Government system for funding. The landowners in turn assured him that he will be getting project submissions soon.

### **New deal sought for Ok Tedi extension**

National 2.11.2010

By PATRICK TALU

MEMBER for North Fly Boka Kondra has called for a totally new agreement if the mine life of giant Ok Tedi gold and copper mine in the Western province is to be extended after 2013. In a statement yesterday, Kondra noted with grave concern that there were some serious outstanding landowner issues that should be addressed properly before the Ok Tedi mine extension. He highlighted that important issues to be addressed and built into the new agreement should include:

- 1) Proper genealogical survey with full social mapping identifying all landowner tribes in project and affected areas for adequate compensation, royalties and benefit sharing arrangements;
- 2) The 18% share equity formerly held by Inmet Mining Ltd to be given to an umbrella company representing all local landowners and affected communities; and
- 3) A comprehensive environmental impact mitigation plan with no further disposal of toxic mine waste, tailings and sediments into the already heavily polluted Fly River system.

Kondra said these were pertinent issues that must be addressed fully by the company, BHP, PNG Sustainable Development Program, National and Western provincial governments and landowners. "Ok Tedi is an ecological catastrophe," Kondra said. "There should be no review or 10th supplement agreement, but a totally new agreement. "Failure to do so will fuel existing tensions and landowner concerns. "My people's concerns must be addressed ... if not, the mine must close in 2013 as originally planned," he stressed. His comments followed recent announcement by OTML that it was examining new pollution controls as part of a feasibility study for a seven-year extension of the mine's life. Ok Tedi mine started producing gold and copper in 1987 [1982!] and was originally scheduled to close in 2013, but the company has been undertaking a feasibility study to push that out to 2022. The new mine plan would see output reduced by one third, to around 100,000 tonnes of copper and 350,000 ounces of gold a year. OTML managing director, Alan Breen has said that the new plan would not be the same as current mining operations.

### **OK Tedi announces hike in production**

Post-Courier 2.11.2010

Ok Tedi mine has announced an increased production of copper and gold for the third quarter ending September 30 at 44,306 tones and 137,840 ounces respectively, higher by 9% and 13% respectively compared to the corresponding period last year. The result was attributed to higher throughput (6%) and higher head grades (copper 2% higher and gold 1% higher). The year to date production for copper at 114,407 tones was 1% lower and gold at 354,864 ounces was 4% lower compared to the corresponding period for 2009. Export shipments of copper/gold concentrates were 10% lower for the third quarter of 2010 compared to the same period for 2009. Shipments were impacted by delays in the return of the Erawan silo ship from dry dock. However, year to date exports are 4% higher than the corresponding period for 2009 due to higher shipments in the first quarter this year. According to its quarterly report just released, the 2009/10 Annual Environmental Report (AER) was submitted to the State on 27th September. A presentation summarising the findings of the AER will be made to officials in Port Moresby on 15th October. Modeling and report writing for the environmental assessments for MLE nears completion and will be subject to a State sponsored independent review prior to release to CMCA Delegates. OTML community relations teams conducted a series of CMCA village meetings to disseminate information from the delegates meeting, including feedback on the impacts and benefits of both Mine Life Extension and Mine Closure.

### **Order restored at LNG project sites** By ANGELINE KARIUS

National 2.11.2010

LAW and order has been restored in the three PNG liquefied natural gas (LNG) project sites, Police Commissioner Gari Baki said yesterday. The three sites are Gobe in Southern Highlands and Gulf's Kopi and Kikori regions. Baki said confidence had been instilled in the three project areas and currently there were 200 police personnel altogether providing security in the areas. "Security operations in those areas had been limited due to logistics in terms of air support and we are currently working with Helifix to help us with helicopters to and from the project sites," he said. He also confirmed that the National Executive Council (NEC) had released the K10 million last Friday, adding that most of it would cover protective equipment and mobility of his officers. This follows the

growing landowner opposition over employment opportunities, working conditions and outstanding land pay issues threatening the construction phase by developer ExxonMobil and its construction contractor Clough Curtain Brothers Joint Venture (CCJV).

## **Tari airport shut down**

Post-Courier 2.11.2010

CAA has ceased all flights over passenger safety

By *ANDREW ALPHONSE*

THE Tari airport in the Southern Highlands province was forced to close as of yesterday by angry landowners. The National Airport Corporation (NAC) has advised all airlines not to fly into Tari for the safety of passengers and aircraft from possible landowner reprisals. However, a twin otter plane belonging to Airlines PNG that flew with explosives for Esso Highlands Ltd from Port Moresby into Tari yesterday afternoon was physically confronted by the landowners. Esso Highlands is the subsidiary company of ExxonMobil, developer of the multi-billion kina PNG liquefied natural gas (LNG) project. The landowners said the airline did not take heed of the forced closure and warned the pilot not to fly into Tari as of today. THE National Airport Corporation (NAC) yesterday confirmed the closure of the Tari airport as it cannot guarantee the safety of the travelling public.

The NAC Acting Managing Director Manuai Kametan said as a responsibility body that operates and maintains airports, it had to close Tari airport because it had reason to believe that the airport was not safe. "The safety of travellers is of paramount importance to NAC and we cannot guarantee their safety as it was too risky," Mr Kametan said. The Chief Executive Officer Air Niugini Wasantha Kumarasiri also yesterday said the flights into Tari would also be temporarily closed in compliance with the notice from the National Airports Corporation. Mr Wasantha said the suspension of services will remain until further notice and while the airline regrets the inconvenience caused, the situation was beyond its control. The closure of the airport was instigated by spokesman and deputy chairman of Tari airport landowners association Benson Angobe (Homaria clan), chairman Mark Mulungu, chief Luke Luya and others.

Mr Angobe said the landowners demand the State to pay them K17 million up front before they could allow the airport to be re-opened. He said K6 million of the amount is for the Piribu Kia clans while K11 million would be dispersed to the 19 affected landowner groups. Mr Angobe said petition calling on the State to honour this payment was delivered to the Prime Minister Sir Michael Somare with copies to other senior government ministers, local MPs and relevant State authorities such as CAA chief executive officer Joseph Kintau three weeks ago in Port Moresby. Mr Angobe said their petition lapsed on October 20 and they have no option now but force the closure of the airport indefinitely until their demands are met by the State.

## **Morobe mining partners accountable for any cyanide incidents**

National 1.11.2010

By MALUM NALU

Morobe Mining Joint Venture partners, Harmony and Newcrest, will be held responsible for any incidents involving cyanide, according to stipulations in the International Cyanide Management Code. Harmony last week admitted that there were "higher-than-expected" sediment levels in the Watut River, MMJV started paying compensation to affected villagers along the Watut River and Bulolo MP Sam Basil called on villagers not to accept the payouts. MMJV is paying K2.6 million to affected villagers, while the Bulolo joint district planning and budget priorities committee (JDPBPC) has engaged an Australian-based PNG toxicologist to measure pollution levels. Basil also stepped up his campaign against the compensation by using the internet to seek votes to stop the K2.6 million payment.

Bloggers are being asked to vote on the question, “Should affected Watut River villagers accept the K2.6 million compensation from Morobe Mining Joint Ventures for pollution of their river?” South African miner Harmony and Newcrest of Australia, which are joint venture partners in the Hidden Valley gold mine in Morobe province, are both signatories to the international cyanide management code for the manufacture, transport and use of cyanide in the production of gold. The code is a voluntary industry programme for the gold mining industry to promote:

- \* Responsible management of cyanide used in gold mining;
- \* Enhance the protection of human health; and
- \* Reduce the potential for environmental impacts.

“Companies that become signatories to the code must have their operations audited by an independent third party to demonstrate their compliance with the code,” according to the code website.

## **Government to support New Ireland till mine closure**      National 1.11.2010 By PATRICK TALU

MINING Minister John Pundari has assured the New Ireland provincial government (NIPG), the Lihir special mining lease landowners and Nimara rural local level government (NRLLG) that the national government will continue to fund its special support grant (SSG) and infrastructure development (IDG) till the Lihir mine closure. “I call on every New Irelander in their right mind to carefully weigh the mistreatment and injustice suffered by their kinsmen at the hands of the Government over the last 15 years of Lihir gold,” he said in a statement. In that period, the government has paid out K207.6 million in SSG, IDG and royalty grants. Pundari said under the Lihir gold mine (LGM) memorandum of agreement (MoA), the government is required to provide a number of grants to the NIPG, the SSG and the IDG. He said since 1997 when the mine commenced production, a total of K62.2 million in SSG and K26.5 million were paid by the government.

“Apart from those grants, there are four major infrastructure project that were to be undertaken by the government as agreed to in the original MoA signed on March 17, 1995,” Pundari said. “These include the upgrading and maintenance of the following infrastructure: sealing of Buluminski Highway, expansion of Kavieng Airport and Kavieng wharf and upgrading of Namatanai Hospital. “I acknowledged that except for the upgrading of the Buluminski Highway which has been allocated an additional K20 million last year, the remaining three infrastructures project have not been completed on time and within budget,” he added. Pundari stressed that under the LGM MoAs, the Government has foregone all its royalty benefits from the mine to various parties including the NIPG and subsequently the Kavieng and Namatanai district since the execution of the revised LGM MoA in 2007. He outlined that the royalty payments to each beneficiary over each period from 1997 till last year.

## **Porgera mine celebrates 20 years of gold production**      Post-Courier 1.11.2010

The Porgera Joint Venture (PJV) has celebrated 20 years of gold production on October 20th with celebrations held at Paiam township in Porgera Valley where 150 invited guests, local leaders and business partners were entertained by local school children and a singsing group with music and dancing. Porgera’s history can be traced back to 1938 when James (Jim) Taylor and John Black were appointed by the Trust Territory of New Guinea, to lead a patrol to explore the land between Mount Hagen and the border with the then Dutch East Indies. On this patrol in September 1939, the team passed through Porgera and discovered gold in the Porgera River. John Black, as part of a later syndicate, was granted a permit in early 1948 to re-enter the Porgera Valley to seek alluvial gold. Bulolo Gold Dredging (BGD), a subsidiary of Placer, was also granted a permit in 1948 and went to Porgera in search of gold. In late 1948 saw gold prospector Joe Searson granted a permit and he

started the first alluvial gold mining operation in the Porgera Valley.

Placer joined with MIM in 1973/74 to create the Porgera Joint Venture (PJV) and the construction of the mine commenced in late 1989 after the Special Mining Lease was granted by the Government. PJV was officially opened on the 20th October 1990 by then Prime Minister Sir Rabbie Namaliu. Twenty years on, PJV is positioned as a strong player across the emerging mineral section in PNG. Mark Fisher, Executive General Manager - Barrick PNG, said “This is a milestone achieved by very few gold mines and is testament to the achievements and efforts of many people. Porgera’s outstanding success is founded in the partnership and enduring support of the National and Local Governments, Landowners, and the people of Porgera and the Enga Province. “To date over 16.5 million ounces of gold has been produced and there is a bright future ahead as Porgera’s current mine life extends beyond 2020.

“Porgera has also helped to improve the lives of people living in the community by providing jobs, opportunities for education and training, and through the development and upgrading of essential services and infrastructure. Porgera mine has been far more successful than anyone could have predicted twenty years ago,” Mr Fisher said. The Porgera gold mine is jointly owned by joint venture partners Barrick Gold Corporation (95%) and Mineral Resources Enga (5%). The mine is operated and managed by Barrick (Niugini) Limited on behalf of the PJV partners. Porgera is located in what was once one of the most remote parts of the Enga Province. The Porgera Valley lies 130km west-northwest of Mount Hagen and 600km northwest of Port Moresby. Access by road to the mine is by the Highlands Highway which is approximately 680km in length from Lae. PJV currently employs more than 2,500 people and generates substantial economic benefits for the Porgera District, Enga province and PNG as a whole. Porgera’s production of gold and silver has accounted for approximately 12% of PNG’s total exports over the life of mine.

Porgera’s contribution to the socio-economic development in the region since 1990 has included:

- nearly 700 scholarships granted to post-high school students;
- over US\$40 million in skills training for its PNG workforce;
- 3,000 employees have received training in trades and skilled apprenticeships;
- over the life of mine to date, the PJV has issued contracts to PNG businesses worth close to K1.3 billion.

## **PNG’S SOMARE PUTS \$4 MILLION INTO PROJECT SECURITY**

*To protect ExxonMobil’s gas project from sabotage*

MELBOURNE, Australia (Radio Australia, Nov. 1, 2010) - The Papua New Guinea (PNG) government has released nearly AU\$4 million [US\$3.9 million] to fund extra security operations for the multi-billion dollar PNG liquefied natural gas (LNG) project. [*PIR editor’s note: According to Exxon Mobile, Papua New Guinea government purportedly holds a 17 percent stake in the project and landowners own less than 3 percent.*]

The cash has been made available in light of fears expressed by the developer, ExxonMobil, and its contractors about possible acts of sabotage by disaffected landowners during the early stages of construction work. PNG’s Police Commissioner, Gary Baki, says extra police have been deployed to the Southern Highlands, Gulf and Western Provinces. He says it follows a security and risk assessment of the areas surrounding the LNG project. Mr. Baki said police had already been deployed during earlier incidents of burning of some equipment.

*[PIR editor’s note: Recently, Papua New Guinea police pledged to have more security enforcements along their borders as crime syndicates were using the country as a transition point for illegal crimes. Director of Police Intelligence stated that the liquefied natural gas project acted as a*

"police vacuum" leaving the defenses for the entire country vulnerable.] But police were not stationed in other areas. "And that's the reason why I have spoken to the government, that I needed funding to support me logistically to deal with issues surrounding the LNG gas project."

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

## **Rio Tinto case takes a twist**

Post-Courier 1.11.2010

By ELIZABETH BANICKI

OVER the objections of two judges, the 9th Circuit last week asked a judge to "explore the possibility of mediation" for a lawsuit accusing mining company Rio Tinto of inciting a 10-year civil war on the island of Bougainville, Papua New Guinea. An 11-judge panel in San Francisco sent the human-rights case to 9th Circuit Judge Edward Leavy for possible mediation. The panel gave him 28 days to decide if mediation should proceed or if the case should return to the full court. Bougainville residents accused Rio Tinto's branches in London and Melbourne of damaging their environment and sparking a bitter civil war. The corporation has mined copper in the heart of Panguna in Bougainville since 1972. Judges Andrew Kleinfeld and Consuelo Callahan disagreed with the majority's decision to send the case to a mediator.

"We have not yet decided whether we have jurisdiction over this dispute," Kleinfeld wrote. "I very much doubt that we do. I suspect that we lack jurisdiction both because the case involves a political question and because we lack subject matter jurisdiction on account of extraterritoriality." The Papua New Guinea government allegedly blockaded the island, causing thousands of deaths and the violent civil war, which ended in 1999. Rio Tinto is also accused of participating with the Papua New Guinea government in war crimes. "We are told that New Zealand mediated a peace agreement, under which Bougainville now enjoys some form of autonomy from the Papua New Guinea government as the 'Autonomous Region of Bougainville,'" Kleinfeld wrote.

## **US 9th Circuit Orders Mediation in Rio Tinto Alien Tort Case**

Ginny LaRoe, The Recorder, October 28, 2010

Nearly a decade into a court battle involving a foreign company and its alleged role in spurring civil war in a South Pacific country, the 9th U.S. Circuit Court of Appeals is suggesting mediation. Monday's surprising en banc order came after last month's oral arguments in a case that stood to test the scope and reach of the 1789 Alien Tort Act. A successful mediation might allow the en banc court to avoid, for now, some of the tougher questions surrounding the law's use in targeting corporate behavior overseas. The mediation directive prompted a scorching dissent from Judge Andrew Kleinfeld, who argued the court probably doesn't have jurisdiction, that mediation may not serve justice, and that such talks could reignite violence in a region by upsetting a compromise between the Papua New Guinean government and the Region of Bougainville.

"This dispute about a mine and civil war in Papua New Guinea is not a typical construction dispute," Kleinfeld wrote. "This case involves a delicate matter of a foreign war and a foreign peace, combined with an effective procedural device for taking very large sums of money from deep-pocket defendants, the class action." He continued: "Pushing for a settlement in these circumstances, where jurisdiction is most probably lacking and where there are far more appropriate jurisdictions that may choose whether to entertain the lawsuit in its current form, would be imprudent to the point of being an abuse of discretion. "These are sophisticated parties who, if they want to settle, can do it on their own."

The proposed class action in *Sarei v. Rio Tinto*, 02-56256, was filed on behalf of some 10,000 people who say they suffered from violence, threats of violence and pollution from Rio Tinto's copper mining in Bougainville. Since the Alien Tort Act "gives no clear indication of an extraterritorial ap-

plication, it has none," Kleinfeld wrote. "For reasons that escape me, some seem to infer from the Alien Tort Statute's reference to 'the law of nations' that it does not matter where the violation of the law of nations occurred," the judge added. "Perhaps the implicit assumption is that no one in the United States would violate the law of nations. "That, of course, would be nonsense." None of the 10 others on the en banc panel joined Kleinfeld's dissent. Judge Consuelo Callahan wrote a separate paragraph questioning whether mediation is appropriate.

Judge Stephen Reinhardt, in a "statement" signed by four other judges, disputed Kleinfeld's assertion that the court must first determine subject-matter jurisdiction before directing mediation. Reinhardt said Kleinfeld also overstates the court's influence on foreign affairs: "We can only wish that this court were as powerful or effective as Judge Kleinfeld suggests," he wrote. And Reinhardt touts the circuit's history of engaging in novel mediation practices. "Our court has long been a pioneer in the field of appellate mediation, and we take great pride in our efforts to aid parties in finding resolution outside the courtroom and beyond the pages of the Federal Reporter," he wrote.

He was joined by Judges Harry Pregerson, Margaret McKeown, Marsha Berzon and Johnnie Rawlinson. The order referred the matter for mediation before Senior Judge Edward Leavy, who is to report back in 28 days. Reinhardt in his "statement" noted Leavy has mediated significant disputes, such as a suit by 60 victims of clergy sex abuse in Oregon, a huge investment manager fraud case and the prosecution of nuclear scientist Wen Ho Lee, in which he brokered a plea deal. "If the mediation succeeds, we will simply have helped to resolve a complex legal dispute of great importance to the various litigants by means of a peaceful settlement rather than through extended litigation," Reinhardt wrote.

### **Riches May Not Help Papua New Guinea** By NORIMITSU ONISHI

The New York Times October 25, 2010



TARI, Papua New Guinea — A founding myth in the Southern Highlands of Papua New Guinea is said to have foretold the arrival of ExxonMobil, the American oil giant that is preparing to extract natural gas here and ship it overseas. According to the myth, called Gigira Laitebo, an underground fire is kept alive by inhabitants poking sticks into the earth. Eventually, the fire "will light up the world," said Peter O'Neill, the national government's finance minister. "By development of the project and delivering to international markets, it's one way of fulfilling the myth." But like all myths,

this one is open to wide interpretation, as a group of men and women at a Roman Catholic parish here suggested before Sunday Mass recently. “If foreigners come to our land, you give them food and water, but don’t give them the fire,” said John Hamule, 38, as the others nodded. “If you do, it will destroy this place.”

In 2014, ExxonMobil is scheduled to start shipping natural gas through a 450-mile pipeline, then on to Japan, China and other markets in East Asia. But the flood of revenue, which is expected to bring Papua New Guinea \$30 billion over three decades and to more than double its gross domestic product, will force a country already beset by state corruption and bedeviled by a complex land tenure system to grapple with the kind of windfall that has paradoxically entrenched other poor, resource-rich nations in deeper poverty. While the West’s richest companies are used to seeking natural resources in the world’s poorest corners, few places on earth seem as ill prepared as the Southern Highlands to rub shoulders with ExxonMobil. The most impoverished region in one of the world’s poorest countries, it went unexplored by Westerners until the 1930s. Believing that this rugged, mountainous region was uninhabited, the explorers were stunned to find at least one million people living here in one of the world’s most diverse areas, largely in small, distinct communities separated by different cultures, languages and nearly impassable terrain.

Constant tribal wars over land, women and pigs — the last being prized measures of wealth, used to pay for dowries and settle disputes — have grown deadlier in the past decade with the easy availability of high-powered rifles smuggled in from Indonesia, just to the west, which are exchanged for the marijuana grown here. Mr. O’Neill says the Southern Highlands are too diverse, too fragmented, to develop the kind of widespread insurrection that exists in the Niger Delta of Nigeria. But local leaders worry about the continuing inflow of guns into an area with almost no government presence, and no paved roads, electricity, running water, banks or post offices. They worry that the benefits of the gas project will fall short of expectations, begetting a generation of young men who will train their anger on ExxonMobil.

Already, in fact, angry landowners have forced ExxonMobil’s contractors to suspend work temporarily at several construction sites, and local businessmen bid for contracts with unconcealed threats. “Any outside waste management company that is given the contract will not be allowed into Komo by force or whatever means,” said Robin Tuna, 34, whose company was bidding for just such a contract in Komo, an area south of here where ExxonMobil is building a large airfield. And ExxonMobil faces the daunting prospect of dealing with Papua New Guinea’s distinctive form of land tenure, which grants control over 97 percent of the land to customary landowners, primarily indigenous people whose ownership rights to small plots are inherited. More than 60,000 people own land where gas will be either extracted or transported.

To get their agreement, the government invited 3,000 to a meeting last year to hammer out benefit-sharing agreements. The government intentionally held the conference on an island to ward off gate-crashers, though 2,000 uninvited landowners eventually flew over, said Anderson Agiru, the governor of Southern Highlands Province. The meeting, scheduled for seven days, lasted six weeks. And still thousands, who remain unsatisfied, have streamed to the nation’s capital, Port Moresby, to try to get their cut. “They tell us they are busy or to come back the next day,” said Jim Tatape, one of hundreds of angry landowners milling around recently in front of the Department of Commerce and Industry, waiting to see anybody inside. “We don’t want to deal with government anymore,” added Mr. Tatape, who was seeking money to start a small, though vaguely defined, business. “ExxonMobil is the developer. We are the landowners. We should deal together.”

Officials at ExxonMobil declined to be interviewed for this article. In an e-mail, the company said it “seeks to create long-term economic and social benefits from its projects and presence.” Citing its ethics policy, the company wrote that it strived to “help developing nations to improve their systems as well as help support local business to develop proper governance systems.” The picture here in

the Southern Highlands is not completely bleak. With the start of several ExxonMobil-related construction projects in recent months, for instance, the police have returned after a long absence. “It was a lawless place until last year,” said Joe Wija, 43, the town administrator at Komo, where police barracks and a new provincial government building are being constructed after the end of a long tribal war. “The government is coming back now. When ExxonMobil came here, it was the light at the end of the tunnel.”

Here in Tari — the largest town closest to the gas fields but really just a series of squat buildings surrounding a recently fenced-off airstrip — a separate tribal war has given way to new businesses. “No one from the outside dared to come to Tari two years ago,” said Peter Muli, 37, whose chicken restaurant, House-Kai, is now thriving. One recent afternoon, Tari was swarming with villagers, most of them barefoot, who had descended from the surrounding hills, where they live in hamlets dotted with thatched huts. Here, they sold fruits, vegetables and coffee beans. Some men strutted around in traditional garb, wearing elaborate wigs and body paint, even as others, dressed in T-shirts and other hand-me-downs from Australia, competed fiercely at darts to win a can of Coke.

With gas exports a few years off, only a little money has begun flowing into the hands of the people here. But it has begun to worry the priests at the Catholic parish. “You want to be optimistic but you have to be realistic,” said the Rev. Sam Driscoll, 78, a Capuchin Franciscan friar from West Virginia who has lived in Papua New Guinea for 50 years. The money, the friars said, risked deepening existing problems like alcoholism, marijuana use and polygamy. “The people here are not ready for that kind of money,” said the Rev. Paul Patlo, a Papua New Guinean. While conceding the danger of social disruptions, Papua New Guinea officials are adamant that the windfall will be used for development and not siphoned off by the well connected. Mr. O’Neill, the finance minister, said the government planned to channel the revenue into three sovereign wealth funds that would be overseen by a board of advisers, including foreigners, adding that the government would also be held accountable by the World Bank and other creditors.

But Michael McWalter, a former director of the petroleum division at the Department of Petroleum and Energy and a current adviser, said that corruption permeated the country’s political establishment and bureaucracy. “Whether they will put the money into a revenue fund and steal it all in one go, I don’t know,” said Mr. McWalter, who is also a director of Transparency International here. Father Patlo, 39, told his congregation at Hulia Parish here the biblical parable of the unjust steward, who misused money entrusted to him. “The government and the company sit together and eat in the same place, so they must develop the country together,” he went on, but he also assigned responsibility to his listeners, exhorting them to spend their money on their children’s school fees and save any left over. Earlier, he had held up a warning: a local village chief who had squandered a \$120,000 windfall.

A short drive away, Hamon Matipe, the septuagenarian chief of Kili, confirmed that he had received that sum four months earlier. In details corroborated by the local authorities, Mr. Matipe explained that the provincial government had paid him for village land alongside the Southern Highlands’ one major road, where the government planned to build a police barracks. His face adorned with red and white paint, a pair of industrial safety glasses perched incongruously on a head ornament from which large leaves stuck out, Mr. Matipe said he had given most of the money to his 10 wives. But he had used about \$20,000 to buy 48 pigs, which he used as a dowry to obtain a 15-year-old bride from a faraway village, paying well above the going rate of 30 pigs. He and some 30 village men then celebrated by buying 15 cases of beer, costing about \$800.

“All the money is now gone,” Mr. Matipe said. “But I’m very happy about the company, ExxonMobil. Before, I had nothing. But because of the money, I was able to buy pigs and get married again.”