Press review:
Mining in the South Pacific

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

PNG soldiers deployed to Highlands operations

Radio New Zealand, 30 April, 2012 UTC

Papua New Guinea soldiers have been deployed to the Highlands region where security problems are threatening two major resource projects. A month ago, the O'Neill government issued a callout order for security forces to Hela province and Porgera in neighbouring Enga province. Landowner disputes have disrupted key construction work in Hela's Hides area for Exxon Mobil's liquified natural gas project, while Porgera's large gold mine has ongoing problems related to illegal mining. Johnny Blades reports:

Military personnel had already arrived in Hela in January after the Tumbi landslide which, along with a series of landowner disputes, had halted work on the LNG project. The Defence Force is giving little away on details about this latest deployment. But its Chief of Staff, Captain Tom Ur, confirms that a platoon of 30 has flown in to the region in recent days and he denies suggestions a state of emergency would be declared. "So there's no state of emergency but just a callout which allows the troops to go up and assist the police. That's a call from the Police Commissioner for us to assist him. Our aim is really the pre-election activities so that we can help people have a free and fair election." A former PNG military commander Major General Jerry Singirok says the government also needs to reassure foreign investors on security.

"It's important that the investors see the government is concerned about the major investments. The deployment, I believe, is timely. Also it's an act of deterrent. If the militia groups or warring factions or criminals or you name it, if they believe they can disrupt these developmental operations then obviously the government has a state responsibility, a function, to give them that confidence and a certain degree of deterrence."

However, local communities have expressed uncertainty about how the military presence will go down with tribes in volatile Hela. While in Porgera, the long-running problem with illegal miners at the Barrick Gold-owned mine is happening on a Special mining lease which is also a residential area for impoverished locals. For years Mark Ekepa with the Porgera Landowners Association has been calling for resettlement of his local community - he doesn't feel the security situation warrants troop deployment. "Police personnel can handle it. But because of their involvement in this illegal mining seen inside the mine site and all these illegal miners are entering the mine site and there's so much disturbance. So they're deploying the Defence Force up. But that won't solve the issue, that won't solve the problem. That will just chase out the illegal miners from the open pit. But what about people living around the Special Mine Lease area, like myself? I live within the SML." Major General Singirok says the role troops are to play in these theatres must be clearly defined because they will be operating under the Police Commissioner.

Ok Tedi: K10million dividends payout for locals Post-Courier 30.4.2012

LANDOWNERS from the Special Mining Lease (SML) and Mining Lease Purpose (LMP) villages in the Ok Tedi mine in Western Province were paid K10 million interim dividend for 2010 last week. The interim dividend was from their shareholding in Mineral Resources Star Mountains (MRSM), a landowner company established in 2001 and managed by the State through the Mineral Resources Development Company (MRDC). The recipient villages gathered at Finalbin Village, one of the SML villages, where presentations were made by MRSM Group Managing Director Paul Povey, MRDC General Manager Client & Administration Services, Imbi Tagune, representatives of MRDC and the Mineral Resources Authority (MRA), and landowners.

MRSM Chairman Bill Menim thanked MRDC for the prudent management of their funds which has been reflected in dividends paid to them every year since 2005. Mr Tagune told the mine villagers that they can only sustain services like electricity and water supply after the closure of the Ok Tedi mine and beyond in their communities through sustainable investments, good management and good leadership. "Sustainability is very, very important. It concerns your future and the future of your children. So always think of sustainability when you think of the future," he said. Mr Menim called on his people and leaders from the mine villages to work together with the executives of MRSM to make wise decisions so that their dividends would continue to generate generous dividends. Last year, the same villages also received K10 million dividend payment, with each village receiving K1 million.

Lihirians called to unite Post-Courier 28.4.2012

LIHIR Mining Area Landowners Association (LMALA) has called for a united approach between landowners and the mine developer Newcrest Mining Limited, including its stakeholders, to create a sustainable future for all the people affected by operations of the mine on Lihir Island. Landowner representatives from the affected areas of Kapit, Putput 1, Putput 2, Malie Island, Tondolovit, Kunaye 1, Kunaye 2, Zuen and Lipuko expressed their desire to see the LMALA work closely with Newcrest Mining Limited, the provincial and local level government and the state to achieve common goals for the people on the island. Alluding to the Lihir Destiny of self-reliance and financial independence through the Lihir Sustainable Development Plan (LSDP), LMALA chairman Peter Suar urged landowners to first create unity amongst themselves and set aside any differences so that they can work together with the developer and stakeholders.

“We must work in the spirit of unity always. That is the only way we will achieve and benefit from our goals. Unity must begin first with us, the landowners, before we can reach out to other stakeholders,” Mr Suar stressed. The Chairman made the announcement in support of a recent statement by Brown Bai, the Independent Chairman overseeing the upcoming review of the Integrated Benefits Package/Memorandum of Agreement (IBP/MOA) between Newcrest Mining Limited and the LMALA. Mr Bai called on landowners to put aside their differences in order to build good working relationships to ensure a successful review process gets underway. He made the statement at a meeting held in Lihir regarding the upcoming IBP/MOA review.

Mr Suar urged landowners to unite amongst themselves and with all Lihirians and the Local Level Government including the developer to create good working relations and see that the people of Lihir obtain maximum benefits from mine operations. He said while LMALA is focused on meeting the financial plans and targets for the people of Lihir to become self reliant and financially independent, the onus was on various stakeholders and the people of Lihir to combine their efforts, provide the LMALA with support and see that they do not miss out on the benefits. The Catholic Archdiocese of Kavieng with the support of its Bishop has also united with LMALA in the process to see that people of Lihir are empowered to continue prosperous financial activities after the mine ceases. “We should be working together with local level government to ensure that Lihirians achieve maximum benefits, become self-reliant and gain financial independence,” Mr Suar added.

Cook Islands: TIS speaks out on experimental seabed mining

PNG Mine Watch 27.4.2012
In its most recent newsletter Te Ipukarea Society posed a range of questions around experimental seabed mining. The statement is as follows:

“With the passing of the Seabed Minerals Act 2009, the pressure to move ahead with the mining of our deep sea manganese nodules is beginning to mount. With millions of dollars on offer, and a national budget deficit, the temptation to open the door to foreign investment in the mining industry is significant. Even now, the Canadian company Endeavour has a $15 million proposal on the table for government to consider in the sale of exploration licenses. All this before it is clear what impact seabed mining might have on our environment and society. While the nodules lie on the surface of the seabed and “mining” is likely to be only to a depth of 30cm, there are still several concerns TIS has regarding this industry.

- What will SOPAC be doing to assist the Cook Islands with ensuring ecologically sustainable mining?
- Will there be any serious research to determine the impacts of mining on the ocean ecosystem?
- How long is sediment that is disturbed on the seabed likely to be in suspension (carried in the water)?
- How will the nodules be brought to the ocean surface?
- What will be done with unwanted sediment once it reaches the surface?
- Where will the nodules be processed and what impact will this have there?

These questions are based around concerns over the impact on our fisheries and environment because of the sediment and the chemical components in the waste of nodule processing. We also have concerns about management:

- Will companies be able to on-sell their licenses to another company and benefit from future trading?
- What will be done with revenue to ensure long term benefits from this non-renewable resource?
- Are there plans to add citizens and environmental concerns groups such as ours in the Seabed Minerals Committee for improved community and stakeholder consultation?

We are pleased to know that the draft Model Contract Agreement will be a useful tool for negotiating agreements with mining companies. We already have wealth around us (coral reefs, fisheries, tourist attractions), and we need to be very careful (precautionary principle) that whatever we do does not impact this wealth."

Chinese firm invests in Fiji gold mine

ABC, Jemima Garrett

Last Updated: Thu, 26 Apr 2012
The Chinese company, Zhongrun International Mining, has signed an agreement to take a stake of up to 17.6 per cent in Fiji's Vatukoula Gold Mine. It is the first major Chinese investment in gold mining in Fiji. The deal, announced on the London Stock Exchange, will see Zhongrun take an initial stake of 9.2 per cent in Vatukoula Gold Mines by buying 9 million new ordinary shares for US97 cents each. The option to buy a further 9 million shares at $1.24 is open until July 23rd. That would give Zhongrun a total 17.6 per cent stake in Fiji's oldest gold mine at a time when its share price has been languishing. Fiji's coup leader and interim Prime Minister Frank Bainimarama has been working hard to boost trade and investment links with China.

Nautilus signs deal

Post-Courier 26.4.2012

PAPUA New Guinea will make history by selling to China its first ever underwater minerals mined from its seafloor of Bismarck Sea after a buyer has agreed to buy. Nautilus Minerals Inc (Nautilus) the operator of the world's first ever underwater mine in Solwara 1 projet has signed a binding heads of agreement with Tongling Nonferrous Metals Group Co. Ltd (Tongling) for the sale of the product extracted from the Company's Solwara 1 deposit. Nautilus Minerals Inc, the Canadian based project operator of the Solwara 1 deposit project off New Ireland and New Britain Islands said on Monday that it had agreed to sell about 1.1 million tonnes of material from its Solwara 1 deposit to Chinese copper smelter Tongling. Mel Togolo, Nautilus Country Manager confirmed the news yesterday. Nautilus, which is focused on exploring for mineral deposits on the ocean floor, said the three-year deal with Tongling would commence upon delivery of first product from Solwara 1, which is targeted around the end of 2013.

Nautilus said Tongling would import the product into China and then process it through its facilities in the city of Tongling. After production of a copper concentrate, the product will be smelted in Tongling's industrial complex. The quality of the copper concentrate produced will determine the purchase price that Tongling will pay. The agreement includes a provision for an early payment of 90 percent of the price upon loading of the export vessel in PNG. Final payment is based on the recovery of copper, gold and silver, with deductions for logistics, smelter treatment and refining charges, along with other processing costs. Nautilus' Solwara 1 deposit is expected to produce copper, gold and silver. The company's top shareholders are European iron ore miner Metalloinvest and diversified miner Anglo American PLC, which own 21 percent and 11 percent interests, respectively. "The quality of this relationship with China's largest importer of copper concentrates provides further evidence that there is considerable interest in the high grade massive sulphides being found by the emerging seafloor resource production industry," Nautilus chief executive officer Stephen Rogers said.

The company will issue a bank guarantee to Tongling in three stages over nine months, which will not exceed approximately $US11.5 million, as a security for 50% of Tongling's concentrator investment costs commencing at the first order of major equipment. Mr Rogers said the Company was looking forward to working with Tongling to realise the full potential of the high grade material extracted from Solwara 1. "We have now closed the value chain on the project, established our first customer for seafloor massive sulphides and look forward to building a long term relationship with Tongling," he said. Nautilus is currently progressing the build of equipment, including the Seafloor Production Tools and Production Support Vessel (as those terms are used in the Company's Annual Information Form), for the Solwara 1 Project. The National Government had granted Nautilus mining permit for the site, and the mine is targeting initial production of 1.2 million tonnes per year.

Ramu mine landowners assured

Post-Courier 26.4.2012

The state has informed the Ramu Mine review meeting in Hagen that it has completed documentation and instruments for the establishment of a "Future Generations Trust Fund" for the Ramu Mine landowner associations. Ramu Project co-ordinator with the MRA Carter Oiee told the meeting that the document was with the Office of the State Solicitor which will have to advise the Finance Secretary that the instruments had been cleared legally. The Finance Secretary will then sign the instruments permitting the parties to operate a trust account. Mr Oiee is confident that the account should be opened in two weeks from now. He said the money that will be parked in this account will be purposely for the general welfare of future generations of LOs and for the specific purpose of improving their education and health.

He said revenues for the account will come from three sources which are royalties, land use payments and social inconvenience compensation packages. However, Mr Oiee said the money will only be accessible in 15 years from the time the mine commences production to allow for funds to be accumulated. He said in the near future, an investment component will be included in the trust instruments which will allow the trust managers to invest in business opportunities as guided by the trust deed. Mr Oiee said this will sustain the trust account in terms of revenues after mine life. Basamuk LO chairman Lima Mulung commended the state adding that he was happy that the state has worked tirelessly to establish the account. He said his plan was to use the money to provide good education for the children of Basamuk.

Meanwhile, landowners of Ramu Mine have requested the Mineral Development Company (MRDC) to make available information relating to their equity share in MRDC. Specifically, they requested that MRDC explain exactly how their equity participation will be managed and realized. Steven Saud, Treasurer of Coastal Pipeline Landowners Association, asked the MRDC representatives in the Ramu Mine MoA review meeting in Mt Hagen Tuesday), to explain to them what distribution mechanisms the company had and also how MRDC would calculate their dividends once the Ramu Mine starts production. MRDC have committed to make a presentation during the week to explain to the Landowners the details of the information they have requested.

Western Province poor: Study Post-Courier 25.4.2012

Papua New Guinea's "poorest" region — the resource rich Western Province — home to the multi billion kina Ok Tedi mine — would rank just above Zimbabwe but below the Democratic Republic of Congo in terms of human development. This is according to new data unveiled by Deakin University's expert in International Development, Professor Mark McGillivray, at the Papua New Guinea: Securing a Prosperous Future conference. "If PNG's Western Province was a country there would be an international outcry about their plight, given its appalling low levels of human development," he said. Professor McGillivray's analysis used the principles of the Human Development Index to create a new measure which specifically looked at the districts and provinces in Papua New Guinea. This has not been done before.

"The United Nations Development Program's Human Development Index (HDI) is well-known and widely used in research and policy circles," Professor McGillivray explained. "It combines achievements in health, education and income and is primarily used to compare levels of human development between countries. "The Human Development Index is typically applied at the level of countries, not to parts of countries. "This means that it is blind to achievements and disparities within countries. "When we apply the principles of the Index to provinces and districts within PNG, we find not only huge disparities but levels of human development that are extremely low by international standards."

Professor McGillivray said based on one version of the Human Development Index Papua New Guinea as a country is ranked 121 out of 137, so down towards the bottom. "Robert Mugabe's Zimbabwe has the lowest level of human development and is ranked 137, at the very bottom," Professor McGillivray said. "The conflict-affected Democratic Republic of Congois ranked 136. "Yet if the resource rich Western Province was a country it would be ranked in between Zimbabwe and Congo and as such among the three very poorest in the world in terms of human development." Professor McGillivray said that the National Capital District – with the highest human development in PNG — would rank 99th in the world if it was a country, between Morocco and Tajikistan and slightly ahead of India.

LNG: Juha leaders wants fair go Post-Courier 25.4.2012
By ALFRED KANINIBA

JUHA PDL9 councillor Rocky Sosu is baffled as to why the K11 million Business Development Grants (BDG) was not paid directly to the 12 identified PDL9 landowner companies and wants the O'Neill-Namah government to investigate the issue. Mr Sosu from Siabi village in the Juha PDL9 council ward area 27 the 12 clans identified under the social mapping program identified by ExxonMobil and Oil Search were short changed, with most of the money being disbursed into "paper companies" which were established in Waigani. He said representatives from the 12 clans who attended the LBSA signing at Moro in 2010 were told to form their own landowner companies which they did, but when the K11 million business grants were paid out in February this year, "the money went to the wrong hands". He said state departments could be guilty of misusing MOA funds from the Hides projects, and such practices were now being used in Juha. Mr Sosu said Juha land was a peaceful and heavenly place and did not want corrupt practices to spoil their resource benefits. "We want the government and the developers to make good decisions with our 12 identified clans and their landowner companies so that the benefits are equally distributed to the 12 clans of theJuha PDL 9 and not to 'paper companies' or opportunity seekers in Waigani," Mr Sosu said.

Morumbi Resources raises $US1.2mil Post-Courier 25.4.2012

MORUMBI Resources (Morumbi), a Canadian diversified exploration company having interest in the Autonomous Region of Bougainville, had raised approximately $US1.2 million through the exercise of 3 Million Warrants to fund general working capital and to pursue oil and gas and mineral opportunities in PNG. According to a market release yesterday posted at the Toronto Stock Exchange, Morimbi announced that the company has received total proceeds of US$1,165,188 from the exercise of 2,713,320 common share purchase warrants and 326,640 finder's warrants expiring on April 19, 2012.

Bougainville Basin Oil, Gas Ltd. (BBOG) a PNG subsidiary of Morumbi, has entered into a memorandum of understanding (MoU) with Bougainville Basin Exploration Company (BBEC), a landowner company which was formed by the Babanna and Rabasti clans with the support and endorsement of the Chiefs in Bana District of Bougainville. The market release stated that the terms of the MoU contemplate that BBOG will submit, on behalf of the company and its landowner company partner, an Application for a Prospecting Petroleum License over much of the Bougainville Basin which is one of five oil and amp; gas basins located in PNG. The Bougainville Basin is largely unexplored with the only activity to date occurring in the early 1970s when Shell shot 1,800 kilometres of offshore 2D seismic and drilled one exploration to a depth of 1,682 meters after which it was plugged and abandoned.

Stakeholders meet to review Ramu mine deal
The National, 24th April 2012

THE week-long Ramu nickel cobalt mine project memorandum of agreement (MoA) review meeting between the state, Madang provincial government, landowners and Ramu NiCo Ltd started in Mt Hagen yesterday. The main objective of the meeting is to finalise the MoA document that was revised in Madang last year. Stakeholders will make further deliberations on issues that were discussed then which include benefits such as business spinoffs, royalties and infrastructure development projects. Basamuk Landowner Association chairman Lima Mulung said the most important issue for his people was business development in the area. He said he hoped to know when his people would start getting businesses from the developer and the kind of business arrangements they could enter into with the developer. "We could purchase heavy duty equipment and lease out to the company," Mulung said.

Ramu mine executives said the company wanted the review to be successfully completed and all parties were happy so that the project could move forward. Stakeholders registered for the meeting yesterday followed by a rundown on the programme for the week by meeting facilitators Tanorama Ltd. Tanorama also briefed stakeholders on the review process structure and the guidelines by which the meeting would be conducted. This round of review of the MoA is expected to be the final one before all stakeholders sign off. The state team led by the Mineral Resources Authority (MRA) includes State Solicitor's Office, departments of Commerce and Industry, Treasury, Prime Minister and NEC, Mineral Policy and Geohazards Management (DMPGM), and National Planning and Monitoring. The four landowner associations involved in the Ramu project MoA are Kurumbukari, Basamuk, Coastal Pipeline and Maigari Inland Pipeline.

NCD governor Parkop blames LNG for high costs

The National, 23rd April 2012

THE PNG liquefied natural gas (LNG) project is responsible for the high cost of goods and accommodation in Port Moresby, NCD Governor Powes Parkop said. During question time in parliament last Friday, Parkop said since the ExxonMobil-led gas project came in, and the subsequent renting of office and housing in the city, rental rates had tripled. It was making it difficult for ordinary Papua New Guineans and city residents to afford rental accommodation. He said the high cost of living in the city, including an increase in the prices of goods and other essential items, was the direct result of the LNG project. This was really affecting the city residents. Parkop, in a series of questions, asked the prime minister to tell ExxonMobil to quickly complete building its accommodation for its employees so that the cost of rental could be reduced. He said NCD had also missed out on the benefits enjoyed by LNG landowner groups. It was missing out on GST because ExxonMobil and its partners were tax-exempted. Prime Minister Peter O'Neill said although the government was fully supportive of what Parkop was doing in the city, it was not possible for it to be a beneficiary to the PNG LNG project through direct funding such as the government grants the landowners were receiving.

PNG: Beyond the boom

The National, 23rd April 2012

Economic update by Oxford Business Group

PAPUA New Guinea's recent surge in natural resource projects has had a spin-off effect on other sectors, thus giving the country a positive near-term outlook for its economy, which is expected to see GDP growth reach 8% this year. However, the government has been advised to tighten its management of revenues from mining and natural gas projects, as well as curtail spending to ensure expansion remains stable moving forward. In February, the International Monetary Fund (IMF) said PNG continued to see high growth due to elevated commodity prices and the construction of a liquefied natural gas (LNG) project, with the benefits seen in the construction and transportation sectors. The IMF noted this was the 10th year of that uninterrupted economic growth, but added that by next year, growth could dip to 4%, as construction winds down and output at maturing mines declines.

The IMF's confidence is mirrored in the latest regional review by the Asian Development Bank (ADB), which noted in March that the economy continued its strong performance during 2011. "Industry made the largest contribution to growth, boosted by the construction of the US$16 billion ExxonMobil-led LNG project and high levels of government spending. Spillover from this activity also drove growth in the services sector, including wholesale and retail trade and transport," wrote the ADB. However, the bank also noted that increasing prices, driven by high government expenditure, large resource project investments and rising international commodity prices, saw the consumer price index (CPI) growth reach double digits mid-2011. Indeed, keeping inflation stable will remain the key to maintaining economic stability as major mines close in the coming years and the PNG LNG project comes online in 2014.

However, the Central Bank has been praised for monetary tightening in 2011, which helped see inflation fall to an annual headline rate of about 7% at the end of 2011, from close to 10% in the second quarter. According to the IMF, the economy's future also depends on Port Moresby's commitment to ensuring that revenues from the LNG plant and minerals such as gold benefit the population. "PNG's resource sector could make a larger contribution to public revenues," the IMF said. "Efforts to promote this could include strengthening revenue collection, reinforcing the internal revenue and Customs services, streamlining existing tax concessions, as well as an additional profits tax to mining activities, given that the average effective tax take from resources appears to be on the low side when compared with other fiscal regimes across the world." Concerns have been raised that the profits of PNG LNG could be spirited away from the country, with the government admitting in 2011 that only 4.5% of the project's investment flows will be retained in the local economy between 2011 and next year, as most project costs will be for imported goods and services.

In this regard, the passing of the new sovereign wealth fund (SWF) law by parliament in February is seen as an important step forward. The fund will be managed onshore and fully integrated into the budget and PNG's fiscal framework, and will follow strict governance, transparency, disclosure, accountability and asset management rules. To ensure growth, investment will need to continue to flow into the country. However, controversy has clouded Canadian firm InterOil's plans for a US$6 billion LNG plant in Gulf province, with the plant initially expected to produce 5 million tonnes per annum (tpa), ramping up in stages to 7.6 million tpa and 10m tpa. The PNG government has shelved the plan, stating that the project was "fragmented" and "deviates from the (government) agreement".

Also expected to impact foreign investment are political uncertainties, with fallout from last year's stand-off between Prime Minister Peter O'Neill and former prime minister Sir Michael Somare, continuing to negatively influence the decision-making process. As a result, tensions are expected to intensify in the lead up to national elections scheduled for June. The need to spend to attract voters has also been flagged as a potential source of economic instability. Last December, the government passed its largest-ever budget at US$4.98 billion, an increase of 13% over the previous year. "We recommend moving toward a path of steady and affordable real expenditure increases," the IMF said. "Improving financial management issues, strengthening procurement systems and creating greater integrity in public financial governance will go a long way to securing positive growth in the near term."

Ramu NiCo confirms report of 'minor spill'

The National, 23rd April 2012

RAMU nickel cobalt developer in Madang, Ramu NiCo Management (MCC) Ltd has confirmed that there was a "minor spill" of sodium hydroxide at its refinery plant in Basamuk last Wednesday. This follows reports on anti-mining blogs and websites that there was a "major spillage" of sulfuric acid into Basamuk Bay. These same blogs and websites had earlier falsely claimed that Ramu NiCo operations had been stopped by the government, when in fact trial load commissions had been ongoing since March 4 this year. MCC in a statement categorically denied "unfounded reports" that sulfuric acid had spilled into Basamuk Bay. It said the "minor spilled liquid" was collected, cleaned and treated within 20 minutes after spillage, which was located within the chemical water treatment plant, which was located "quite a distance away from the sea shore". "The spill did not cause any injury to staff nor done any damage to the environment as the plant is within the refinery plant," the statement said. "The spill did not disturb the normal operation of the refinery at all."

PNG to benefit from gas

Post-Courier 23.4.2012

By Ross Kelly of Deal Journal Australia

THE lush jungles of Papua New Guinea are proving to be a fertile hunting ground for ExxonMobil (Exxon) and its Australian partner Oil Search Ltd (OSL). The two have enjoyed more success from their exploration campaign up in the PNG highlands, which is being undertaken to support a possible expansion of the US$15.7 billion PNG LNG gas-export project down on the coast near Port Moresby. The giant terminal is on track to ship LNG cargoes from its foundation stage comprising two

LNG production units to customers in China, Japan and Taiwan in 2014. An expansion to three production units could precede another string of multibillion dollar offtake deals that would improve the project's economics substantially, especially since extra bits bolted onto existing LNG developments are always cheaper to build than the foundation stage.

All that's needed is more gas and Exxon and OSL are coming up with the goods. In the latest development, OSL told the Australian Securities Exchange that what's known as a "sidetrack well" to the recent P'nyang South-1 well has found the original gas zone extends about 200 meters deeper, indicating an increase in the total gas column to about 380 meters. A gas column of that magnitude is big by any standards. What's more, OSL said early testing such as seismic interpretation and structural mapping indicates their could be more gas further up the geological structure, indicating a potential vertical gas column in the P'nyang field of over 650 meters. Given the company-transforming nature of PNG LNG to OSL, it's not surprising it's shares had jumped 4.6% in early trade in Sydney Friday. Shares in Santos, which has a minority stake in PNG LNG, tacked on 0.6% in a wider market down 0.1%.

James P. Bullen, an analyst at Merrill Lynch, reckons the Greater P'nyang area could hold over 3 trillion cubic feet of gas. It's widely recognized in LNG circles that about 4 trillion feet is needed to support a single LNG processing unit, also known as a train. Exxon and OSL still have more ground to test including the Trapia and Hides prospects, while OSL individually is sitting on vast untested acreage in the Gulf of Papua that could underpin a another LNG development in PNG. Given the rate of discoveries so far, the idea of a fourth train at PNG LNG will be moving to the front of investors' heads, regardless of what OSL may do with its Gulf of Papua assets. Any expansion will have significant implications for the likes of Chevron, Shell and Woodside, which are mulling expansions to their LNG projects nearby in Australia that will have to compete with Exxon and partners for customers and funding.

Watut communities question independence of Hidden Valley social mapping

PNG Mine Watch 20.4.2012

The Watut Cries

DR JOHN BURTON - Fellow ANU in SAMBIO village, Middle Watut-Bulolo. The Middle Watut Communities are questioning the 'INDEPENDENT Social Mapping Assessment' led by John Burton of Australian National University because the [Hidden Valley mine owners] MMJV provides him with car, pay for his accommodation, food, and fund the Study. Dr Burton admitted that he has been contracted by Morobe Minings. In PNG people have experiences where experts like John B. can easily do what the companies want them to do and walk away but this time in Sambio village, Middle Watut, the People sent Dr Burton away, the People told Him, "Stay Out!". According to people, John Burton is NOT Independent. People know they will never get the copy of the report if they give out information. Middle Watut people say, "we do not want John Burton to perceive us as his client when he had signed a deal with Morobe Mining Joint Venture".

Ramu nickel cobalt mine in production

The National, 20th April 2012

By BOSORINA ROBBY
AFTER a number of setbacks, Ramu nickel cobalt mine in Madang, has been commissioned and is now in production and nearing first sales in coming months, according to partner, Highlands Pacific. The company, in its 2011 annual report, said this was after 15 years of studies, various approvals, three years of construction and two years of legal delay on the US$1.5 billion (K3.1 billion) project. This will mark first cash flow for the project, an opportunity to showcase this asset, and allow for the training and employment of a new generation of Papua New Guinea mining, operational, processing, commercial and technical specialists. The broader social contribution of one of the largest projects in PNG can now begin. “Ramu is at an important early stage of its long life,” the report said. “It would be prudent to suggest that like most mines it may have its share of teething problems. “If it does we hope shareholders and the community of PNG will provide it with an opportunity to realise its full potential over more than its 20-year life time that it has just in reserves at present.”

The past year also saw the continued emergence of a potential new copper province for Highlands Pacific with the early exploration success at the company’s Star Mountains project in Western province. Exploration activity as measured by holes in the ground was less than the company would have liked due to the logistic challenges of the remote location. The Frieda River copper-gold project in East Sepik also reached a critical stage with a resource upgrade last September, followed by a decision in November 2011 by the joint venture partners to extend, by 11 months, the deadline for a feasibility study on this world scale asset. The company have outlined their project objectives for the next 12 months:

l Ramu: Safe and steady commissioning and production ramp-up with the sale of concentrates and the emergence of project cash flow;
l Frieda: Investigation of natural gas powered generation alternatives as a potentially faster and cheaper option to the A$1 billion hydroelectric scheme, and the subsequent impacts on infrastructure and the project as a whole. Completion of the bankable feasibility study by December; and
l Star Mountains: the drilling of a number of deep (+500m) holes at each of the remaining nine targets in the Tifalmin intrusive region to ensure that target priorities are confirmed.

PNG investments drop in value as kina rises

The National, 19th April 2012

By FRANK SENGE KOLMA
PAPUA New Guinea investments overseas have dropped in value by as much as 20% as a result of appreciation in the kina. The PNG kina has appreciated against most currencies by 23% in 2011, resulting in a drop in value of overseas investments by the same percentage point. The public officers’ superannuation fund, Nambawan Super reported this fact when announcing its financial results for the year ending Dec 31, 2011. Nambawan Super reported that its investments overseas had contributed negatively to its end-of-year results as did domestic investments in blue-chip companies such as the Bank South Pacific, which were open to regional competition. As a result, the fund reported a

dramatic drop in profit after tax for the year, dropping by a massive K239 million from K263 million in 2010 to a mere K24 million.

This was reflected in interest credited to members of only 2% compared to 10% the previous year. The kina's appreciation has been driven primarily by the liquefied natural gas project and the high demand for PNG exports including the forward sales. The LNG project has also had similar inflationary effects right across the business and commercial spectrum including domestic prices of goods and services, salaries and the price for accommodation. Nasfund's chief executive officer Ian Tarutia said yesterday the private sector workers' fund had also been adversely affected and warned contributors not to expect anything "flash" for last year. Appreciation in the kina is not solely responsible for the dips in performance, it would appear. Both Nambawan Super and Nasfund report a slackening off in business on the domestic front as well.

A lot of domestic investment is in property and demand for both residential and commercial property had peaked, Tarutia said. Investment in blue-chip stocks were also static as a result of the global economic downturn as well as the fact that most stocks in these companies were held by institutions so there was not much movement in large chunks to be able to determine price movements, Taurutia said. Nambawan Super's public statement concurs in part with Tarutia in that " ... domestic investments in Bank South Pacific also contributed negatively". Nambawan Super did gain from its investment in Paradise Foods Ltd, South Pacific Brewery Ltd and government bonds, a fact which underlines its commitment to a "diversified portfolio of investments" as the "best long term strategy" to mitigate risks.

NICKEL PLANT FINED FOR ACID SPILL IN NEW CALEDONIA

Vale spill kills thousands of fish in World Heritage lagoon

WELLINGTON, New Zealand (Radio New Zealand International, April 18, 2012) – New Caledonia's appeal court has fined the Vale nickel company 5,000 U.S. dollars over an acid spill at its Goro plant three years ago. Noumea's daily newspaper reports that the fine is the highest possible under the southern province's environment code. The ruling was prompted by a complaint by an environmentalist organization, which says its persistence alone led to results after a police probe had been without consequence. The spill of more than 40,000 liters of acid was not contained and about 2,000 liters ended up in a lagoon which is a World Heritage site, killing nearly 2,000 fish. Two years ago, the Vale plant spilled 670,000 liters of a solution containing acid but the company said nobody was injured and the spill was contained by the tailing dams. The plant, which cost about four billion U.S. dollars to build, is yet to come into full production.

PNG economy surging

Post-Courier 18.4.2012

PAPUA New Guinea's recent surge in natural resource projects has had a spin-off effect on other sectors, thus giving the country a positive near-term outlook for its economy. This is expected to see GDP growth reach 8% this year. However, the government has been advised to tighten its management of revenues from mining and natural gas projects, as well as curtail spending to ensure expansion remains stable moving forward. In February, the International Monetary Fund (IMF) said Papua New Guinea (PNG) continues to see high growth due to elevated commodity prices and the construction of a liquefied natural gas (LNG) project, with the benefits seen in the construction and transportation sectors. The IMF noted this was the 10th year of uninterrupted economic growth, but added that by 2013, growth will likely dip to 4%, as construction winds down and output at maturing mines declines.

The IMF's confidence is mirrored in the latest regional review by the Asian Development Bank (ADB), which noted in March that the economy continued its strong performance during 2011. "Industry made the largest contribution to growth, boosted by construction of the $16bn, ExxonMobil-led LNG project and high levels of government spending. Spillover from this activity also drove growth in the services sector, including wholesale and retail trade and transport," wrote the ADB. However, the bank also noted that increasing prices, driven by high government expenditure, large resource project investments and rising international commodity prices, saw the consumer price index (CPI) growth reach double digits in mid-2011. Indeed, keeping inflation stable will remain key to maintaining economic stability as major mines close in the coming years and the PNG LNG project comes online in 2014. However, the Central Bank has been praised for monetary tightening in 2011, which helped see inflation fall to an annual headline rate of about 7% at the end of 2011, from close to 10% in the second quarter.

According to the IMF, the economy's future also depends on Port Moresby's commitment to ensuring that revenues from the LNG plant and minerals such as gold benefit the population. "PNG's resource sector could make a larger contribution to public revenues," the IMF said. "Efforts to promote this could include strengthening revenue collection, reinforcing the internal revenue and Customs services, streamlining existing tax concessions, as well as an additional profits tax to mining activities, given that the average effective tax take from resources appears to be on the low side when compared with other fiscal regimes across the world." Concerns have been raised that the profits of PNG LNG could be spirited away from the country, with the government admitting in 2011 that only 4.5% of the project's investment flows will be retained in the local economy between 2011 and 2013, as most project costs will be for imported goods and services.

In this regard, the passing of the new sovereign wealth fund (SWF) law by parliament in February is seen as an important step forward. The fund will be managed onshore and fully integrated into the budget and PNG's fiscal framework, and will follow strict governance, transparency, disclosure, accountability and asset management rules. To ensure growth, investment will need to continue to flow into the country. However, controversy has clouded Canadian firm Interoil's plans for a $6bn LNG plant in the country's Gulf province, with the plant initially expected to produce 5m tonnes per annum (tpa), ramping up in stages to 7.6m tpa and 10m tpa. The PNG government has shelved the plan, stating that the project was "fragmented" and "deviates from the [government] agreement".

Also expected to impact foreign investment are political uncertainties, with fallout from last year's stand-off between Prime Minister Peter O'Neill and former premier, Michael Somare, continuing to negatively influence the decision-making process. As a result, tensions are expected to intensify in the lead up to national elections scheduled for June 2012. The need to spend to attract voters has also been flagged as a potential source of economic instability. In December 2011, the government passed its largest-ever budget at $4.98bn, an increase of 13% over the previous year. "We recommend moving toward a path of steady and affordable real expenditure increases," said the IMF. Improving financial management issues, strengthening procurement systems and creating greater integrity in public financial governance will go a long way to securing positive growth in the near term.

Highlands Pacific denies reports of Ramu mine closure

The National, 18th April 2012

HIGHLANDS Pacific Ltd has denied reports that the slurry pipeline connecting the mine and process plant at Ramu nickel cobalt mine in Madang had been shut. Highlands Pacific managing director John Gooding clarified yesterday after reports circulated on an anti-PNG mining blog site that the slurry pipeline connecting the mine and process plant had been shut. Highlands Pacific is a partner in the US$1.5 billion (K3.1 billion). The reports have been circulated around the world. “Such inaccurate reports are false and extremely frustrating,” Gooding said. “Such articles on these websites are often mischievous, misleading and not based on facts, and due to their anonymity they are free to say whatever they want without retribution.” Gooding said the company’s announcements through the Australian Stock Exchange, Port Moresby Stock Exchange and the reputable media were the best avenues for factual information regarding this world-class mine. “The issue with the movement in the slurry pipeline occurred some months ago due to a landslide and work in preventing further landslides has been ongoing as have inspections by PNG regulatory authorities,” Gooding said.

He said the mine was continuing with load commissioning of the first of three autoclave circuits. The mine started treating ore through one of the three high pressure autoclaves on March 4, and has now been operating continuously for six weeks with no major processing issues. During that time, the process plant has treated 300,000 tonnes of slurried ore producing 486 tonnes of mixed nickel cobalt hydroxide intermediate product. Gooding said this was a very good start for the project although there was still a long way to go to reach the goal of full ramp-up. “The successful operation of the first autoclave has given the commissioning team a lot of very useful information and confidence that will assist with the start of the second and third autoclaves,” he said. By the end of this month, the autoclave currently operating is planned to be shut down for inspection and the second autoclave circuit started while working with approval from and in conjunction with the relevant PNG regulatory authorities. This shut down and start up will occur at the same time to ensure continuity of production.

Second LNG: NEC decision stands Post-Courier 17.4.2012
By PATRICK TALU

THE National Executive Council decision to reject InterOil Corp in developing the Gulf LNG project is final. Prime Minster Peter O’Neill yesterday denied releasing any statement in support of the project. Mr O’Neill was surprised to read of himself being quoted as “PM: NEC has not rejected LNG’s 2nd LNG project’ on this paper and “PM says development will go ahead’ as quoted in The National yesterday. The Post-Courier understood that the statement was released by Susuve Laumaea who is on the Prime Minister’s staff and indicated that it was approved for release by Prime Minister Peter O’Neill. The statement which was released by Mr Laumaea read “Prime Minister Peter O’Neill says Interoil Corporation’s LNG project development in PNG’s Gulf Province will go ahead when all pre-conditons set by government and the 2009 Project Agreement are fully satisfied.

Mr O’Neill said yesterday there is no National Executive Council decision rejecting the Gulf LNG project. He reiterated his earlier statement in August last year that the government under his watch would assist InterOil to secure a strategic operating partner, re-scope the project agreement to enable phased LNG development, and to locate the project in Gulf Province. Mr O’Neill has directed the Ministry and Department of Petroleum and Energy to cooperate with InterOil and desist from confusing the investment community and Gulf Province government and landowners with media statements about rejection of the project.” It was understood Mr O’Neill was furious with Mr Laumaea, who is a former employee of InterOil, for framing the statement without the knowledge and authorisation of him. A copy of the NEC decision No NG37/2011 in which Mr O’Neill himself signed as the NEC Chairman stated, “on the 21st of September 2011, National Executive Council, rejected the Gulf Project as proposed by LNGL/InterOil as it would be an inefficient use of the State’s gas resources and is inconsistent with the Project Agreement.”

The NEC decision further stated, “endorsed the views of the Minister for Petroleum and Energy in relation to the status of the Project Agreement, the PPFL, the PDL and PRL 15; endorsed the actions taken to date by the Minister for Petroleum and Energy, Department of Petroleum and Energy and Petromin to ensure that LNGL/InterOil develop the LNGL Project in accordance with the Project Agreement; and endorsed the actions proposed to be taken by the Minister for Petroleum and Energy to ensure that the gas resources of PNG are developed according to the Project Agreement, in particular, if LNGL/InterOil proceeds with the Gulf Project, and takes a final investment decision in relation to any of the projects that make up the Gulf Project or otherwise commits a repudiatory breach of the Project Agreement. A spokesperson of an interested party in the project also expressed concern that the project has taken too long saying; “we have put in money for this project as well and it’s not good being dragged on for a long time.

Government to appoint auditor for Sinivit gold mine

Post-Courier 17.4.2012

By GRACE TIDEN

THE Government will soon be appointing an independent consultant to carry out a full audit of the developer of the Sinivit Gold Mine in East New Britain Province. Mining Minister Byron Chan and Mineral Resources Authority managing director Philip Samar made this decision after they met with landowner representatives of the Lulai Nakama Association who are the principal landowners of the mine and members of the Wild Dog Mining Area Landowner Association who represent villages surrounding the mine in Kokopo recently. The Uramot Baining landowners petitioned the Government to immediately remove New Guinea Gold for non-compliance of the 1996 Memorandum of Agreement (MOA) and the 2009 revised MOA commitments. Lawyer representing the landowners Wesley Donald presented the petition to Mr Chan during the meeting. The landowners called for total removal of the developer, adding that the company’s environment compliance was below par and there was lack of provision of basic services such as health, education and other infrastructures as stipulated in the revised MOA. They also claimed there were no payment of dividends to the landowner company and there were still outstanding royalty payments. NGG had paid the landowners K1.4m as royalty payment few months ago but the landowners said they were not sure if that represented actual royalty payments since the start of gold exports in 2008. The Sinivit landowners also demanded to take full control of the mine and urged the Government to move quickly and grant mining license to them noting that NGG mining license (ML 122) expired on February 16 this year.

MRA opens account for Sinivit locals

The National, 16th April 2012

THE Mineral Resources Authority is in the process of setting up a trust vehicle for landowners of the Sinivit mine, East New Britain province, to hold their royalty payments. Phillip Samar of MRA said last week that under the existing memorandum of agreement between the state, Canadian miner, New Guinea Gold, ENB provincial government and MRA, 50% of royalties were held in trust, while the other half was distributed to landowner groups. He said they were seeking approval from the Finance Department and expected to have it completed this month. Samar said three years of royalty payments totalling K1.4 million that had been released to MRA late last year by NGG, had been paid to landowners. “Of this amount, K700,000 was distributed to landowners, while the remaining is to be held in a trust account, which we have successfully advanced progress into setting up,” he said. The authority held back royalty payments late last year because landowner factions were under a court order to organise themselves. That has now been done. However as one of the landowners’ demands to NGG, they wanted justification of why K1.4 million was paid out when they were told in the first quarterly review in 2011 that they would be receiving about K3 million. Samar said the MoA would be reviewed in August. A team from MRA is expected to be in the province over the weekend to talk to locals, NGG and the provincial administration.

Lihir: Landowners back call for MoA review

PUTPUT landowners of Lihir Gold Mine land have supported the call by New Ireland Governor, Sir Julius Chan for a review of the Lihir memorandum of agreement (MOA) and integrated business package (IBP). Through their lawyer, Abraham Kumbari, the landowners said the review was long overdue. In a meeting with Mining Minister Byron Chan in Port Moresby recently, a submission for appraisal of land rates for the period 1995-2010 was presented, seeking settlement under the IBP agreement after an assessment was done. Putput landowners own the land on which the Lihir gold project is located. During the past 15 years of the mining operations, the Putput landowners have been neglected by the LMALA, the landowner association, Kumbari said. He said a number of compensation issues raised with LMALA fell on deaf ears, resulting in the landowners living in "ghetto lifestyle conditions". Following the presentation, the landowner representatives said they were confident the minister would ensure their submission was implemented. Contained in the submission is the land rental review for period 1995-2010 appraised for prompt settlement. Kumbari said a further seven days, from April 10, was given for LMALA and the developer to settle his client's outstanding claim. "This claim must be settled prior to further settlements under the current IBP and MOA reviews," he said.

Western Australia reefs under threat: WWF

Post-Courier 12.4.2012

PERTH: One of the world's healthiest marine environments will be threatened by a major oil and gas drilling program just 10km off Western Australia's pristine Rowley Shoals, conservationists say. Woodside Petroleum and Shell will start a combined $350 million exploration program next year. The work will include seismic surveys and test drilling just outside state and federal marine parks protecting the three atolls that make up the Rowley Shoals, 300km off WA's Kimberley coast. Woodside was awarded three exploration leases by the federal government in November, covering more than 10,000 square kilometres of ocean just west of the Rowley Shoals.

However, three more leases are up for tender that will totally enclose the reef system, leaving a buffer zone of just three nautical miles (about 5.5km) around each atoll. Woodside would not say whether it was bidding for the new leases, which close on Thursday, but confirmed drilling operations for its existing offshore permits. "Each well we drill is subject to rigorous environmental risk assessments and planning," the company said in a statement on Wednesday. "Well-integrity and safety is our highest priority." However, WWF WA director Paul Gamblin told AAP even a modest spill or blowout so close to the reef system would be disastrous. "It's not so long since we had the Montara oil spill which is not too far away," he said.

PNG investors eye Far North Queensland

Post-Courier 12.4.2012

PAPUA New Guinea residents are the largest foreign investors in the Far North of Australian (Cairns), according to the latest figures from the Registrar of Titles. The Cairns Post reported yesterday that Papua New Guineans bought commercial, residential and other property worth $4.5 million (K9.58 million) out of $16 million (K34.09 million) of foreign purchases in the last financial year. CBRE Cairns managing director Danny Betros said there had not been many large sales to PNG investors in recent times. He said the last large sale was the $19 million three-storey office building at 120 Bunda St to a PNG consortium in July 2010. The building was bought by Mineral

Resources Lihir Capital Ltd, a company that receives royalties from the $1 billion gold project on Lihir Island, and invests in property and other concerns on behalf of the community.

In May last year, a PNG family's first foray into the Far North's commercial property market was expected to be the start of further investments. The newspaper said one Honale family bought the home of Channel 7 local news in Mulgrave Rd, Parramatta Park, for $3.2 million. Mr Betros said there were about 12 groups representing PNG investors active in the Far North. He said the mining boom was sparking interest by PNG investors in the Far North as well as because of its close proximity. It is understood a PNG consortium is also eyeing off one of the Cairns Central Business District's largest office blocks, the Corporate Tower. Greg Wood of Knight Frank Cairns reportedly said interest in property in Cairns had dropped off following the political stability in PNG. Mr Wood said he expected the number of Australians and others working in the PNG resources sector to start buying mainly residential properties in Cairns for their families.

The Far North's lifestyle, attractive property prices and the resource boom is drawing investors from PNG as well as Western Australia and Darwin who are snapping up prestige waterfront homes and land in the elite Bluewater estate. In February, investors from PNG called FNQ Hot Property Principal Nathan Shingles at 9am one day, inspected the Bluewater property and by 4pm had signed a contract. Next on the list was the UK ($3.5 million), NZ ($2 million) and Japan ($1.9 million). Other notable buyers were from the Czech Republic ($680,000), Greece ($530,000), Hong King ($491,470), Argentina ($490,000) and Malaysia ($394,300). Hong Kong residents own the largest amount of land (1116ha) followed by Belgium (492ha), the UK (352ha), Japan (278ha) and China (91ha) while UK investors own the largest number of land parcels (257) followed by Japan (214), NZ (212) and PNG (101).

Porgera locals want relocation

The National, 12th April 2012

By JAMES APA GUMUNO

A GROUP of landowners has advised a gold mine developer to relocate nearby settlers if it wants to resolve the issue of illegal miners. The national government recently deployed extra army and police officers to Enga province to boost security there because of raids by illegal miners on the Porgera mines. But Porgera landowners association spokesman Karath Mal said the solution lay in the relocation of the settlers living in the special mining lease area. Enga Governor Peter Ipatas and Porgera mine developer Barrick Gold Ltd had sought the national government's intervention after raids by illegal miners, one of them resulting in the death of five men. Mal said boosting security through extra police manpower and supported by soldiers would not stop illegal mining. It would only be a short-term solution, he said. He said Ipatas was well aware of the landowners' demand for relocation but had done nothing about it. He said during the colonial period, the people of Porgera valley used to be engaged in alluvial mining. He said it was their livelihood and it would be hard to stop them unless they were relocated to some place away from the mine.

Million beer crates sold in Porgera annually – MP

Post-Courier 12.4.2012

ABOUT 1.8 million cartons of beer are sold through illegal black markets in the Porgera District annually. And as a result, illegal mining is high at the mine site because people need the money to buy the beer. Further, there are 420 illegal liquor outlets and 2000 people commuting illegally to the mine site every day, causing a major law and order situation in the region. Lagaip-Porgera MP Philip Kikala made the remarks yesterday and took the Government to task to review the current policies (if any) in place to best suit the law and order situation in his electorate. Mr Kikala also asked the Government through the Prime Minister Peter O'Neill to direct legal experts to deliberate on the issue as he claimed the law was silent on illegal miners. Before O'Neill answered Enga Governor Peter Ipatas stood up with a point of order that the figures of liquor outlets were not correct – but Speaker Jeffrey Nape ruled it out of order. O'Neill responded that they were serious about the issue ant that was why the call out on the Military was approved. He told Parliament that the State of Emergency was extended as an when the Government saw fit to change it and that the call out of the defence would be extended right through to election period.

ADB PREDICTS SLOWDOWN FOR PACIFIC ECONOMIES

PNG, Solomons resource exports driving growth

RAROTONGA, Cook Islands (Cook Islands News, April 11, 2012) – Economic growth in the Pacific region is expected to slow to six percent in 2012, decelerating further to four percent in 2013, while inflation is expected to hold at moderate levels in much of the Pacific, according to the Asian Development Outlook 2012, a report released yesterday by the Asian Development Bank (ADB). Economic uncertainty in the eurozone will likely have only modest and indirect effects on Pacific economies, through declining revenue from resource exports, softening of tourism growth, and continuing weak remittances. Domestic factors, including the winding down of growth stimulating infrastructure projects and declining credit growth in most countries, are also behind the growth slowdown in the region. "Delivering inclusive growth in an uncertain global environment requires Pacific governments focus on maintaining basic public services by investing in vital infrastructure, education and health services, as well as measures to improve government fiscal management and public sector efficiency," said Xianbin Yao, director-general of ADB's Pacific department.

Accelerating reforms to the public sector and state-owned enterprises are essential to take the pressure off expenditure demands on Pacific governments, the report notes. Sound fiscal management will become more important as the region's growth moderates, in order to create room to respond to future economic shocks. This capacity has been eroded in many Pacific islands. Debt levels are already above target ceilings in Fiji, Nauru, Samoa, and Tonga. Kiribati has been drawing down its trust fund at an unsustainable rate and Tuvalu cannot rely on its trust fund earnings in the foreseeable future. The regional slowdown in growth is being driven by a tapering off in the high growth rates in the large resource exporting economies of Papua New Guinea (PNG) and Solomon Islands. Growth in PNG is expected to slow from 10 percent of GDP in 2011 to eight percent in 2012, while Solomon Islands' growth is projected to decelerate from 9.3 percent to six percent of GDP. This is due to declining resource export revenues and, in the case of PNG, the winding down of construction activity on a key liquefied natural gas project.

Resource-rich Timor-Leste, however, is expected to sustain growth of 10 percent through 2012, supported by an increase in government expenditure, although growth is projected to soften to eight percent in 2013. Tourism-reliant economies such as Cook Islands, Samoa and Tonga are also forecast to experience accelerated growth through 2012, before seeing this slow in 2013. After experiencing its ninth consecutive year of expansion in 2011, Vanuatu is going against the moderating trend, with ADB forecasting acceleration of growth to 4.5 percent in 2012 and five percent in 2013. Government efforts to put in place a sound environment for the private sector are showing clear dividends. Vanuatu is on track to achieve a decade of uninterrupted growth. ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth and regional integration. Established in 1966, it is owned by 67 members – 48 from the region.

SPC ADVISORS, COOKS DISCUSS DEEP SEA MINING ISSUES
Secretariat acknowledges proactive legislation in place

By Eric Parnis
RAROTONGA, Cook Islands (Cook Islands News, April 11, 2012) – The Cook Islands' development of seabed mining legislation is leading the region and the world, according to Deep Sea Minerals Project managers from the Secretariat of the Pacific Community (SPC). Half-way into a series of meetings across 15 Pacific countries and territories, team leader Akuila Tawake and legal adviser Hannah Lilly says there is a need for the majority of Pacific countries to develop legislation and regulations to guide the burgeoning deep sea minerals industry. The pair is currently visiting Rarotonga to conduct a series of meetings with stakeholders associated with deep sea mining and its development in the Cook Islands.

Their tour of the Pacific, which has so far taken them to seven of the 15 nations involved in the project, will be used to present the project's objectives and gather information on how the SPC can help each individual nation. Lilly said that while there were common threads in their meetings thus far – including the need to balance the economic potential of the industry with limiting the environmental impact of any work – each nation and territory was raising individual points with her and Tawake that would need to be developed in the coming years. [*PIR editor's note: The workshop is aimed at promoting awareness of deep sea mining, along with ascertaining community concerns and prioritizing local needs in relation to deep sea exploration and resources. The project is being supported by the European Union and Pacific Islands Forum Secretariat.*]

And while most of the nations needed to introduce draft legislation to regulate the deep sea mining industry, Lilly said the SPC would focus on other points with the Cook Islands, which has already introduced draft regulations on seabed mining and exploration. The pair expects that the SPC will work with the Cook Islands on topics secondary to forming legislation, including capacity-building and advancing the processes surrounding the formation of environmental impact assessments. Lilly and Tawake will hold a public meeting today at the AOG Hall in Takuvaine for anyone interested in deep sea mining. The day will begin at 8:30am and include information on the history of deep sea mining in the Cook Islands, information of the technological advances in the industry and the legal, environmental and economic implications of deep sea mining. But the main purpose of the meeting is to introduce the SPC's Deep Sea Minerals Project to stakeholders and raise awareness of its purposes, progress and direction.

Mining: 'How much has been given to PNG?' Post-Courier 11.4.2012
By PATRICK TALU

RESOURCE owners of various mining and petroleum projects in the country are calling on the developers to tell the people how much they have taken out from PNG compared to what they have given back. Outspoken Tuguba chief, the custodian of the prophetic 'Gigira Laitebo' (LNG gas) Simon Ekanda representing the PNG LNG Project landowners, Samson Rapis, the chairman of Pit and Caldera Landowners in Lihir Gold Mine said the developer should come out and tell PNG how much they have taken out compared with how PNG has received from the proceeds of their resources. "We want to know how much the developers of Poregera Gold Mine Lihir mine, Ok Tedi Mine Panguna copper mine, Kutubu Oil and other resources have taken out," Mr Ekanda said. Responding to the Mining Department and the PNG Chamber of Mines and Petroleum paid advertisement on fraction of the proceeds of the mining and petroleum, the resources owners said what PNG received compared to the developers have taken over the last decades since the commencement of these mines and oil projects are far more in hundreds of trillion of kina than what is given back to PNG.

From the Mining Department's presentation and the Chambers response on how much the industry has contributed to PNG, a calculation for only Ok Tedi, Lihir and Porgera alone amount to over K67 trillion taken out of PNG by these project developers while in aggregate from all other resources including oil and would be estimated over K100 trillion. "This is an enormous amount of money compared to the amount of money the government is borrowing offshore." What have we gained independence in?" Although we Papua New Guineans are rich in resources, we are merely living as foreigners on our own land, and we cannot continue living in this manner. It is time our country makes a turning point regarding the ownership of our land and resources.

This is an enormous amount of money compared to the amount of money the government is borrowing offshore." What have we gained independence in?" It is time our country makes a turning point regarding the ownership of our land and resources," Mr Rapis told the Post Courier yesterday. Mr Rapis, who is also an executive with the Lamala Landowners Association on Lihir Island has expressed support of Ambassador Peter Donigi's explanation of the Kondra Bill that the passing of the Bill in Parliament is long overdue. "This was supposed to have taken place years ago, referring especially to the Mining (Amendment) Bill 2012, which intends to transfer mineral and petroleum rights from the State to the resource owners. "Why has it taken so long for parliamentarians to realise this?" he asked. The mining department and the Chamber could not comment when contacted yesterday.

Landowners are rightful owners : CLD Post-Courier 11.4.2012
By PATRICK TALU

THE Communal Land Development Ltd (CLD), a company established to advocate for local landowners businesses and customary land rights is strongly convinced that, landowners are the rightful owners and need more involvement in any resource development in the country. "The importance of this matter is very much the cause of so much confusion, misleading statements and frustrations to be urgently readdress so that, the people of this land get the true and correct information for the success of these developments. From the daily media information available on the importance of the LNG project, the landowner issues are the only impediment to the completion and the success of the project. If the money was made available for the infrastructure developments, why and where is the money to pay the landowners? Did we satisfactorily resolve the issue of genuine landowner identification for the proper payouts? CLD Executive Director David Iabei Rakilea said.

"After all, the landowners are the resource owners and there must be a mutual understanding on the fair benefit sharing distribution, a way forward to the Visiion 2050 as smart, wise, fair, healthy and happy society of PNG. If the current situations are not helping to resolve the major landowner problems then, is it the question of using the current mining and minerals laws not applicable in respect to project developments of the customary land in PNG? As Papua New Guinean's we cannot continue to ignore and deny our birthright of our very own law of the customary land which is our Living Constitution. This law is simply our "Customary Law" which was inherited throughout the generation years ago before PNG gained Independence in 1975 and still is in existence today," Mr Rakilea added. CLD Director General Dr Onne Rageau said the recent outbursts by the Chamber of Mines and Petroleum on the resource rights not to be restored back to the customary landowners is 'appreciated in the view of the investors or developers for their big profits." Dr Regeau said as for the Kondra Bill, Federation of Resources Group plus many others are solely to improve the distribution of the resource benefits to the customary landowners and this must be well understood. "This is no way stopping the Developers to coming to PNG but a way forward for good harmonious working relationships and common interests for everyone.

A villager says, I quote," I have a big fat pig, when an outside comes to share with me, he cut off the pig ears for me to share among my landowners but he talks the whole pig for themselves." For the interest of the 97% of the PNG customary landownership, the Customary Law which governs the land is now a business entity. The Communal Law Developmetn Limited based on the Customary Law was in co-operated with the Investment Promotion Authority on December 11, 2007 for the business interests of the customary landowners.The focus was to have equal project partnership agreements and mutual resource distribution of benefits among the Developers, Government and the Landowners which is a win-win-win situation," Dr Regeau stressed. He said all PNG's by birthright are natural members and plans are underway for fundraising activities to engage professional staff for the Company operations and to invite or encourage financial membership.

Ok Tedi: New vessel to boost economy

The National, 11th April 2012

THE arrival of the passenger service vessel, mv Fly Hope last week in the Western province will boost economic opportunities and provide a quicker alternative of water transportation for villagers and communities along the Fly River. The ship, which can carry up to 150 passengers, was built in Malaysia at a cost of K7 million. It will begin regular passenger and cargo services between Kiunga and Daru starting this month. The mv Fly Hope is owned by mine-impacted communities within the community mine continuation agreement (CMCA) regions. The CMCA is an agreement the affected communities signed with Ok Tedi Mining Ltd in 2001 for the mine to continue operating until next year. They will benefit greatly by transporting their garden produce to Daru or Kiunga town markets. Students attending boarding schools will be able to travel in comfort between their homes and schools during holidays.

Government officers will be able to visit communities along the river and deliver services and programmes. Ticketing agents have been set up in Daru and Kiunga where passengers can purchase tickets to use the service. Tickets can also be purchased on the ship. Communities recently welcomed the ship when it made its maiden trip up the Fly River from Daru to Kiunga. People of South Fly gathered at the village of Waliama while those from the Middle Fly held a colourful welcome ceremony for the ship as it was led into the Aiambak station a traditional canoe last Saturday. Ok Tedi Development Foundation CEO Ian Middleton said river transportation had long been one of the greatest needs for the communities and the arrival of mv Fly Hope would address this. "This is really the first time communities of the Fly River will have a safe and reliable transportation," he said. "For too long, there has never been such service provided to the people."

Aima Bangoma, representing women and children of the CMCA regions, said for a long time, women had faced difficulties trying to travel to markets to sell their produce as well as bring their sick children to urban health centres in Daru and Kiunga. "We the women of CMCA are very happy. This ship will help us greatly," she said. The vessel has freezers for storing fish and other goods.
As part of an investment programme aimed at providing the mine-impacted communities more financial return and better access to services like health and transportation, OTDF will also take delivery of two more ships – a fuel and cargo carrier, and a research vessel – together with two new airplanes this year all funded under the community compensation funds. The ships will be used by OTML for transporting freight and conducting environmental samplings and community relations work along the river.

EL Maniel Inter Inc listed ML 153 roll out progress

Post-Courier 11.4.2012

EL MANIEL International Inc has to announce on Thursday that the Company is rolling out an aggressive field program to revisit and reassess the alluvial gold potential of Mining License (ML) 153 situated in the Kompiam District of Enga Province. "As announced previously, we are excited with our progress on ML153, and we are aggressively going ahead with our next phase of resource definition and mine development program on this gold property," according to Jamie Khoo, Chief Executive Officer of El Maniel International, Inc. "We are very excited with the exceptional potential of this gold property and we are putting together a team of geologists and technicians to identify and establish both lateral and in profile the most promising and prime alluvial targets within the 100 acres lease area through pitting and sampling program where extensive samples will be extracted and dispatched for analysis," added Jamie Khoo.

"We believe that the enormous potential of this property and escalating gold prices will contribute significantly to our top and bottom lines and quantum leap the value of the Company as well as shareholders value." Stay tuned to www.elmaniel.com for more updates. El Maniel International Inc is a publicly traded company currently focusing in the gold business domain including but not limited to trading, prospecting, developing and expanding the economic potential of its world class mining claims and the company is committed in creating shareholder's value by ensuring constant development of current and new resources in its global business domain. El Maniel is also venturing into lucrative oil and gas business initiative with high growth strategies of investing in underdeveloped oil and gas production assets with immediate revenue generating capabilities throughout the United States. For further information and updates, visit www.elmaniel.com

Aihi: Prepare for Ipi River mining project

The National, 11th April 2012

KAIRUKU-Hiri MP Paru Aihi has challenged entrepreneurs in Bereina station to raise their standards. Aihi said this last Thursday during the official opening of the Bereina district treasury building by Prime Minister Peter O'Neill. He said this amid announcement by O'Neill that a new gold and copper mine, which was expected to be bigger that Panguna, had been discovered up the Ipi River, in the Kairuku-Hiri electorate. O'Neill said the discovery of the gold mine would mean that Bereina station would turn into a "boom town". Aihi said O'Neill was correct in predicting a "boom town" because the mining exploration was true and entrepreneurs needed to raise their standards. He urged the entrepreneurs to look at providing and take a proactive approach in growing their business. "Let me give you an example, if you come to Bereina junction, the little shop there has an Eftpos machine but if you come into Bereina station itself there is hardly anything. These are some things you can work on," Aihi said. He said the recent discovery of the mine and the anticipated operational phase of the liquefied natural gas project would bring many opportunities that the local entrepreneurs must harness. Aihi said he had put a hold on the Kairuku rice project that would cover large portion of land from the Nara-Gabadi land right through to Roro villages because of recent complications arising from the project. He said the rice project should commence once all outstanding landowner issues were cleared.

Oxford Business Group: Property boom to ease

The National, 10th April 2012

RAPID expansion in Papua New Guinea's property market is set to be further heated by new foreign investment, according to Oxford Business Group. However, industry players reject fears of a bubble and predict that rising prices will soon stabilise. Malaysian firm Iris Land announced in February that it had entered into a US$53.4 million agreement with Kida Maru Holdings to develop a housing project in Port Moresby. Kida Maru, which owns 14.75ha of land in Granville, Port Moresby, says it will join Iris Land in the development of a project that includes 275 units. The agreement highlights a surge in property development that has been building momentum in the past decade, with factors such as urbanisation and investor confidence in the country's natural gas resources driving growth. Observers also point to reforms of the financial system that they say have led to a more flexible, consumer-focused lending regime.

Recently completed projects include the 20-storey Grand Papua Hotel and the three-storey Vision City Mega mall, as well as new buildings for ITC firm Datec and ANZ Bank. Major construction developments under way include apartment blocks being built for Steamships Property, a Bank South Pacific headquarters in Harbour City, preparations for the 2015 Pacific Games to be held in PNG, and the University of PNG's plans to build new housing for athletes and guests who will participate at the games. The swift re-drawing of the capital's low-set skyline has raised fears of a bubble. But, with the IMF is advising PNG's financial sector to be cautious of overheating in the property market, as real estate prices in the capital are already unsustainably high.

The IMF also noted last July that high real estate demand and market assessments of potential future constraints relating to the progress of the A$15.7 billion, ExxonMobil-backed, liquefied natural gas (LNG) project are expected to support property valuations in the short term. Meanwhile, major property player Nasfund – a superannuation fund – is forecasting a property glut by 2014. The firm believes that the current rate of construction will see demand dissipate as rental rates retreat, with the past 18 months witnessing rates for up market accommodation reach A$4,500 per week. "While growth has been phenomenal over the last decade, (2011) has seen stabilisation," Nasfund wrote last August. "Any correction in the property market will not be a bust, but more a consolidation with minimal impact on the economy. "The reason is that much of the major commercial and real estate holdings are held by large, well-capitalised institutions, and that in a downturn in property, the assets are generally held not sold by these institutions."

However, the issue of landownership is a substantial challenge to real estate investment. Critics say that confusion about ownership of land – whether it is communally owned or owned by a single person – is a problem for the economic development of the country, particularly in major mining projects. Around 15%, or some one million people, of PNG's six million population currently live in urban centres. By 2030, however, the country is expected to have around 3.5 million people living in towns and cities. The rapid urbanisation represents a potential opportunity for real estate firms but creates a significant challenge for the government. In February, Dr Billy Manoka, the chief executive officer of the Independent Consumer and Competition Commission (ICCC), said the government has identified a "critical" shortage of housing faced by Papua New Guineans and had requested the commission to conduct a comprehensive review of the housing and real estate industry in PNG.

Ramu leaders want government to pay up

The National, 10th April 2012

THE government has been urged to honour commitments it made to resources owners throughout the country. Community leaders in Ramu Valley, Madang, made the call after promises and commitments by various governments had failed to materialise. Community leader and landowner John Nakao said the Ramu Valley people were also promised royalty for the use of their land by various governments but they had received nothing. He claimed that the National Executive Council at one stage told them that all issues regarding agriculture development on their land would be settled in a one-off payment of K650 million but that never eventuated. Another community leader Saki Oburo said all colonial establishments such as schools, aid posts and feeders roads had deteriorated. He said the 12 clans in the area wanted the government to compensate them so that they could build their own health centres, schools and roads.

Oil Search seeks joint ventures for PNG LNG project

The National, 10th April 2012

OIL Search last Thursday said its massive drilling activities in the Gulf of Papua were drawing strong interest from major energy companies seeking to be a part of the project. One of Australia's largest oil and gas companies, Oil Search said it would spend more than A$2.05 billion this year on the largest drilling programme in its history, the A$15.7 billion PNG LNG development. Oil Search is a joint-venture partner in the project with ExxonMobil. Construction for the project will be well advanced by the end this year, and offshore drilling was scheduled to begin by December, Oil Search managing director Peter Botten said in the company's annual report, released last Thursday.

"As Oil Search does not have experience in operating highly complex LNG facilities, farm-in discussions are under way with a number of selected potential partners, all with world class LNG expertise," he said. "The company has received strong interest from companies wishing to consider this opportunity." Botten indicated in February that Talisman and Shell were prospective partners in the LNG project. The level of resources around the PNG LNG fields should be known after the first phase of drilling by early next year, he said in the report. Botten received US$4.4 million in remuneration for the 2011 calendar year, down from US$5.04 million in the previous year, the annual report showed. Oil Search said profit rose 9% to US$196.2 million last year, on an annual comparison. Shares in Oil Search last Thursday rose 1.16% at $7, as the benchmark S&P/ASX 200 index was down 0.3%.

Letter to the editor Post-Courier 10.4.2012

Improved Kina value is killing agriculture sector

WE appeal to the Governor of the Bank of PNG Loi Bakani over the status of the Kina in the two daily newspapers. Sir, the great improvement in Kina value, compared to the US dollar, is frightening to the agriculture sector, especially coffee, copra and cocoa for export. PNG competes with other tropical countries with these commodities and there is fixed market prices governed by supply and demand. With cocoa, current price is (5/4/12) US$ 2143.00 and exchange rate is US$ 0.4820 gives K4446 per ton or about K278 per bag. Smallholder farmers are paid between K190–K215 per bag. The same cocoa, when exchange rate was about 0.36 or .0.37, could give K5953 per tone or K312 per bag to farmers. The improved Kina value is killing us and we might as well stop producing and come to urban areas or come begging for Government support. We represent 70 per cent of the population. We all are not living in resource rich provinces to receive direct benefits. There are little changes to price of imported goods with improved exchange rate. Sir, with due respect, can you consider to devalue Kina to be between 30 or 40cent to US$ to keep us alive until the world market price improves, please? M.Wain, Madang

SPC PROPOSES REGIONAL DEEP SEA MINING COMMITTEE

Body to provide technical, policy advice to decision-makers

By Samisoni Nabilivalu
SUVA, Fiji (Fiji Times, April 9, 2012) – The Secretariat of the Pacific Community (SPC) recommends the formation of a committee to facilitate decision making in relation to the implementation of in-country deep sea minerals activities. SPC's Applied Geoscience and technology Division (SOPAC) raised the idea at a stakeholders' meeting earlier this year and adds it is able to offer funding for technical and policy advisory assistance to support the NOMC in-country activities. SPC's proposal for the formation of a National Offshore Mining Committee (NOMC) was given to participants at the meeting and listed essential information about the proposed NOMC. SPC believes the NOMC should provide a forum for informed discussions about marine mineral exploration and mining and spearhead and assist the development of national offshore minerals policy, legislation and regulations as other deep sea minerals related activities that are within the scope of the deep sea mining project.

NOMC, SPC adds, should also provide an accessible means for local communities and interest groups to raise concerns and queries, and to learn more about the opportunities and challenges that will be brought about by deep sea minerals exploration and mining. The proposal says the aim of establishing NOMC is to facilitate decision making in relation to the implementation of in country deep sea minerals activities. "The creation of a cross agency, multi-disciplinary and participatory committee like the NOMC should ensure that the Government has its disposal all relevant information for policy and operational decisions and should enhance public knowledge, understanding and awareness. "This should increase the likelihood that policies that policies and decisions related to deep sea minerals will be implemented with public consent and commitment. The NOMC may also serve to encourage trust and avoid conflicts, and to meet legal, policy, and good governance requirements."

PNG POLICE ACCUSED OF KILLING LNG PROTESTOR

Esso Highlands confirms death, investigation underway

WELLINGTON, New Zealand (Radio New Zealand International, April 6, 2012) – A worker in Papua New Guinea’s LNG Project says he witnessed police shooting one of his colleagues dead after a row at a project camp in the Southern Highlands region. The alleged Tuesday incident at the Tamadegi camp stemmed from a heated discussion between workers at the project and Mobile Squad officers attached to the project. The workers accused the police officers of assaulting local villagers linked to a landowner dispute with the project. One of the workers for Spiecapag Niugini, who are responsible for pipeline construction, known as Mike, says a fracas broke out after some of the local workers began throwing rocks.

"Then these police got up and then opened fire on all the employees who were unarmed. They didn’t even have any bushknives, they were just only throwing stones. They (police) started firing at an employee, I mean, they didn’t give a warning shot by shooting the bullets away, they just aimed straight at an employee that resulted in one of these employees got shot and then died." The LNG project operator, Esso Highlands Ltd, says it understands a man died but that the cause of death is not known. A spokesperson for Esso says it’s also unknown whether the death was related to a reported breach of security at the Tamadegi camp. An investigation is underway.

Bougainville landowners want equity on resources Post-Courier 5.4.2012
By PETERSON TSERAHA

VILLAGE chiefs and resource owners from Leulo and Tonolei in Buin south Bougainville have called on the member for North Fly Boka Kondra to amend his proposed Mining, oil and gas bills before presenting to the Parliament. Resource owners' representative Chris Bengko said landowners are happy with the proposed bills but section 6Aand 6B need more discussion from all stakeholders in PNG before any proposed benefit sharing can be legislated. Sections 6A and 6B outline how profits generated from the project under production sharing contract shall be distributed between various stake holders as follows: Investor 51%,resource owner 44% Provincial government 4% LLG 1%. But Leulo and Tonolei landowners say a more equitable distribution would be: Investor 40%, Resource owner 25%, Provincial Government 20%, LLGs in the province 10%, churches in the province 5%.

They further noted that Christian Charity and Social justice demands that wealth in this country is equitably distributed among all citizens of this country and paying 44% to a minority of resource owners is not justified and promotes selfish, sectoral minority interests. "Trillions of Kina have been expropriated out of this country, just because of unjust and draconian mineral and other resource legislations operating in this country, and we must put a stop to this nonsense." Mr.Bengko said. "No wonder all major investors are coming into PNG because all other mineral rich countries all over the world are now under production sharing contracts and PNG is an exception because of the current foreign introduced mineral legislations which do not recognise land owner rights." He said.

The resource owners further stated that all major projects such as in minerals, fishing, logging, agriculture sectors should all be under production sharing contracts where landowners, provincial governments LLGs and churches should share in the profits generated and not to be exploited and marginalised like they are now by mainly foreign multinational corporations in Papua New Guinea. Mr. Bengko further stated that the people of this Country owe the Bougainville people; Peter Donigi and Simon Ekanda from the Mama Papa graun party and Boka Kondra member for North fly great admiration for exposing this great injustice, by foreign countries and developers to our people and resources. "It seems our politicians and some of our very senior public servants, may have been bribed by those multinational corporations and that is why they never introduce new mineral rights and legislations to safe guard the collective interests of resource owners and people of this great country hugely blessed by God." "We have a lot of resources but we don't feel an inch of development and benefits from resources exported out." Mr.Bengko said.

Ekepa: Relocate Porgera villagers
The National, 5th April 2012

By JEFFREY ELAPA
THE deployment of troops to Porgera gold mine, in Enga province will not resolve the issue of illegal miners in the special mining lease area, a spokesman for landowners said. Porgera landowners association chairman Tony Mark Ekepa said the issue of illegal mining would continue until the State and Pogera Joint Venture addressed landowner issues. He said since the mine became operational 20 years ago, the landowners and the developer, PJV, "have been living and operating in the same SML area because the landowners have not been relocated". "We do not know who owns the SML areas. Under the mining Act we know that it is the developer but under the customary land act we, the landowners own the land because both parties are all within the SML area," Ekepa said. He said the best and long-term solution was to relocate legitimate landowners. Ekepa said the government should now take ownership and immediately review the memorandum of understanding.

If the memorandum review was not fast-tracked the issue would continue. He said under the review, the landowners could be moved from the lease area as that would allow security to monitor illegal miners and other intruders. He said presently it was difficult to control the movement of landowners and illegal miners. “In 2009, a similar call out was made and many homes and properties were destroyed by police. But that did not seem to address the issue,” Ekepa said. Hides landowners have condemned the military call-out to the province. Hides 4 landowner umbrella association chairman Chris Payabe said declaring a state of emergency would not address issues. He said the government had to take ownership as there was no law and order issues in the area. “This will be regarded as intimidation and the army’s presence may not provide a conducive environment for fruitful discussions, especially for the landowners,” he said. He said the respective authorities, including the Hela transitional authority, should take note that among the issues was the disbursement of infrastructure development grants.

Indochine finds gold at Mt Kare

The National, 5th April 2012

INDOCHINE Mining has found gold at its gold-and-silver project in Mt Kare, Enga. The drilling results from the first two holes of the planned 23 confirmed the presence of high grade gold/silver assays, the company said. With 21 holes still pending assays, results will be announced regularly as they become available over the coming weeks, into July. This was part of the pre-feasibility study scheduled for completion in August. These first two holes were designed to “twin” previous drill holes for metallurgical test work. Results were consistent with past holes with variations due to the nature of gold mineralisation, core size and core recoveries. Ongoing drilling was anticipated to increase the quantity and quality of the resource.

Located in a region known for large mines, 15km from the Porgera gold mine, the Mt Kare project was developing as one of the next major gold projects in PNG. Commenting on the results, Indochine’s chief executive Stephen Promnitz said: These assays highlight the outstanding potential of the project to become one of PNG’s next major gold/silver operations. Indochine is a gold-copper exploration and development company. In Cambodia, it had the largest mining property holding in a country with very limited modern exploration, and was within a region known for world-class gold and copper deposits. In PNG, also known for large gold and copper deposits, Indochine held an option over a major gold resource at Mt Kare. In Laos, potential exploration areas were being evaluated, the company said.

TPJ commence drilling in Manus Island

Post-Courier 5.4.2012

Triple Plate Junction (TPJ), the AIM listed gold and copper exploration company in joint ventures with three of the world’s top four gold miners in PNG, has received confirmation that its joint venture partner, Newcrest PNG Exploration, a subsidiary of Newcrest Mining, has commenced drilling at the Kisi prospect within the Manus Island Joint Venture. At the Kisi prospect, eight holes (1600 m) ranging in depths from 175m to 300m are planned to provide a broad spaced coverage of the more gold in soil anomalous parts of the prospect. The aim of the drilling is to demonstrate potential for a large low sulphidation epithermal system to exist which is capable of hosting a multi-million ounce gold deposit. TPJ currently holds 75.9% of the joint venture, which will reduce to 15.2% following completion of Newcrest’s ongoing earn-in. Chief Executive Officer Fraser McGee commented: “I am delighted to announce the commencement of drilling at our Manus Island joint venture with our partner, Newcrest Mining. The sampling and mapping work completed to date confirms the significant potential for large porphyry type deposits and the Kisi prospect is the first of a number of planned drill targets. “TPJ is currently involved in two active drilling programmes with two of the world's largest gold companies, Newcrest and Newmont, and a third with Gold Anomaly and I look forward to providing updates in due course.”

Petromin listed for Kula Gold project Post-Courier 5.4.2012

PNG’s nationally owned oil, gas and mineral company of Petromin PNG Holding Limited (Petromin) has been nominated by the State to participate in the Kula Gold Mining Project on Woodlark Island, Milne Bay Province. The Minister for Mining Byron Chan yesterday announced the Nomination of Petromin as the State Nominee Mining Project. Minister Chan said the early nomination would allow Petromin to carry out its own technical and financial due diligence before formally participating in the Project at the issuance of the Mining license which will also allow Petromin to have sufficient time to organise its financing. He said Petromin, through its wholly owned subsidiary Eda Minerals Kula Gold Limited will take up 25% direct equity while 5% is to be managed by the Mineral Resource Development Company (MRDC), on behalf of the project area landowners.

Woodlark Mining Limited, a company incorporated in PNG is 100% owned by Kula Gold Limited, an Australian listed company and owns Exploration Licences (ELs) 1279, 1172 and 1465. The advanced stage Woodlark Island Gold Project comprising of Kulumadau, Busai and Woodlark King/Boniavat deposits occur within EL 1279. The island is located 500 kilometres east of Port Moresby in the Milne Bay Province, Papua New Guinea and is accessible by air to Gusopa Airstrip or by sea to Kulumadau. In February 2012, Kula Gold reported a JORC resource base of 2.0 million ounces and 700,000 ounces reserves at 2.1g/t gold. Petromin has been nominated to take up 30 percent equity including the 5% for landowners in the venture under its subsidiary Eda Minerals (Kula Gold) Limited and this was gazetted on the 21st March, 2012. Mr. Chan said he look forward to assisting the Project in the licensing process, consistent with the developers work programme.

Water supply to improve in Daru Post-Courier 5.4.2012
By CARMEL PILOTTI

Daru Island will finally have its water supply system improved. This after being constructed more than 30 years ago without any maintenance since then. Vital components of the system have deteriorated making the quality of the water a health concern. The project should be underway immediately after the signing of a Memorandum of Understanding (MoU) between the PNG Sustainable Development Program (PNGSDP) and PNG Water yesterday at the PNG Water office in Boroko. Under the MoU, PNGSDP will provide funding to the tune of K52 million to improve water and sewerage systems. PNG Water will provide technical oversight for the project. Estimated cost is about K20m and will take about 12 months to complete.PNGSDP chief executive officer David Sode said: “Clean and safe water is fundamental to healthy living in any community and PNGSDP is happy to provide this support”.

He added that the PNGSDP is also developing a number of other major investment projects on Daru Island and surrounding areas and having clean water and sanitation is a priority or it will not be possible to attract investment there.Water PNG managing director Patrick Amini said that apart from the revenue they receive, they also provide a service to the people, and now they are improving it. They hope that it will not be taken for granted as there has been much vandalism of facilities. This has led to regular compensation claims by the locals.The improvement will involve increasing water supply based on current demand and projected future demands plus improving water quality to meet safety standards of the World Health Organisation.There is currently no treated sewerage system in Daru and the soil disposal system being used has serious health risks.

Petromin drills for gold at Ipi River Post-Courier 4.4.2012

PNG's national oil, gas and minerals company, Petromin Holdings Ltd (Petromin) yesterday announced that initial exploration drilling at its 100% owned Ipi River prospect in the Central Province has intersected excellent porphyry mineralization from 63 meters to current drill depth of 427 metres. In a media statement released yesterday, Petromin managing director Joshua Kalinoe said the mineralisation in the more than 300m intersection consists primarily of disseminated and veined chalcopyrite and molybdenite overprinted by later gold-bearing carbonate base metal veins. Mr Kalinoe said drilling is continuing and is expected to terminate at 500m in the potassic core or center of the mineralized system which was interpreted from the 64 Channel 3D IP survey conducted by the Company's exploration team in 2011. The Ipi River prospect at Exploration Licence (EL)-1352, is about 50 km North-West of the Company's current Tolukuma gold mine, on the foot hills of the Owen Stanley range, not far from Bereina on the coast.

The exploration program is being undertaken by Petromin's wholly owned upstream Exploration and Production (E&P) company, Eda Minerals Limited and is lead by Petromin's Chief Exploration Geologist, Dr. Wilfred Lus. Dr Lus was a senior exploration geologist with Barrick Gold before joining Petromin. He leads an all national geology and drilling crew, using Petromin's own 1300m capacity SC11 diamond drill rig. In making the announcement, Mr Kalinoe said the accelerated exploration and drilling program at the Ipi River prospect is part of Petromin's overall growth strategy, consistent with its mandate of meaningfully participating in the mining and petroleum industry for the collective gain of all Papua New Guineans.

He said geochemical sampling and 3D IP geophysical survey and interpretation carried out by Petromin exploration team in 2011, identified an initial porphyry target zone area of 1.63km by 1.27km and a depth of 0.6km. "The initial results from drill hole PDH001 are indeed very encouraging and confirm our computer modelling results generated from the 3D IP data that the Ipi River prospect is a genuine porphyry target. "What is even more exciting is that the occurrence of multiple porphyries is not limited to the target zone but also cover an area of more than five square kilometres within the prospect," Mr. Kalinoe said. He said the exploration drilling program in 2012 will target this anomaly to define the perimeters of the porphyry system and to form the basis of further drill targets, going forward. The drill core samples from the first drill hole are being processed for assay.

SOPAC tries to change the spin at Fiji's Deep Sea Minerals and Mining Workshop
PNG Mine Watch 3.4.2012

After heavy criticism from civil society groups for drafting laws to FACILITATE experimental sea bed mining and its cosy relationship with the mining industry, SOPAC has employed expensive media consultants to put out fancy spin like this that is full of lovely sounding rhetoric that hides SOPACs true intention which is to make the Pacific the testing ground for this new and untried technology that will profit Western mining companies at the expense of Pacific people and their environment:

The Director of Fiji's Mineral Resources Department, Mr. Malakai Finau told participants in a one day Fiji National Deep Sea Mineral Consultation Workshop held in Suva recently that "with deep sea mineral exploration being granted within the Fiji waters it is important to proceed with caution, to strike a balance between economic development and the protection of the environment." The workshop is part of in-country stakeholder consultation process organized by SOPAC Division of the Secretariat of the Pacific Community (SPC) through the European Union funded Deep Sea Mineral Project in fifteen Pacific ACP States. This consultation allows government officials as well as representatives of the private sector, academic institutions and civil society groups to explore issues relating to deep seabed minerals and mining. Similar meetings have already been held in Kiribati, Nauru, Tonga, Samoa and now Fiji. According to SPC-EU Deep Sea Mineral Project Team Leader, Akuila Tawake, there will be a further ten countries where the consultation workshops will be held in the next five months.

Mr. Finau said the Fiji government is in the process of granting exploration licences to two companies, Korea Ocean Resources and Development Institute (KORDI) of Korea, and Canadian Nautulis Minerals Inc. A third, Australian based Bluewater Metals' application is currently being processed. He said that Fiji's mining law is inadequate and needs to be amended to cover all mining issues including deep sea exploration and mining. With environmental issues and concerns identified in this workshop in anticipation of deep-sea mining interest in the country, the review of the mining law is necessary. Speaking at the workshop, the Director of the SOPAC Division of the SPC, Dr. Russell Howorth, said that he endorsed Mr. Finau's comments and "that with limited knowledge on deep sea ecosystems and environments derived from the ongoing studies in the last four decades, prudent decisions are necessary to ensure environmental impacts of deep sea mineral exploration and exploitation are minimised or avoided. " To this end, the application of the precautionary approach is crucial in ensuring this new industry addresses environmental issues appropriately," he said.

The SPC-EU Deep Sea Minerals Project was designed at the request of the Pacific ACP States, to have a multi-country regional cooperation, encouraging a multi-stakeholder consultative and participatory approach in the governance and management of deep-sea minerals in the region. "While deep sea minerals may present an alternative economic sector for development for countries in the region, much of the current commercial entity interests are to explore and evaluate the seabed mineral potential. Deep sea mineral exploration can take many years and any decision to mine or not to mine hinges on the results of extensive mineral exploration, environmental studies, and financial capabilities". "We must be careful that we do not create unnecessary fear on the one hand, and false hope on the other, in the minds of the general public" Dr. Howorth concluded.

Mining: Financial audit vital Post-Courier 3.4.2012

THE lack of ability and willingness by the national government and its agencies to collect, audit and disseminate information on the large amount of mining revenue has led to rumour and innuendo driving mining policy debate. Institutions such as landowner groups, statutory government agencies, and landowner companies are being run in an information vacuum, according to researcher Peter Johnson, a former National Research Institute economic program team leader and research fellow who did his case study on the economic benefits from the Porgera Gold mine on the communities, provincial and the National Government. Mr Johnson said this has created conditions under which the boards that are responsible for the money become unaccountable and large amounts of money become untraceable.

He said much of the financial benefits are thought to be consumed in Port Moresby in at a premier hotel named with only few individuals having access to a large slice of the wealth. "The Porgera Development Authority (PDA), the Porgera landowners association, the managers of the landowner portion of the equity stake and local level government officials have been unable or unwilling to explain where and how billions of kina are spent. This has led to distrust between landowners, the government and the company (developer)," he said. Mr Johnson suggested that to improve information and trust between the groups, all revenue should be audited and all reports tabled in Parliament. Reports should include how much money was given to various stakeholders, if money received is equal to that of required under the law or agreement, what the agreed use of that money was and whether the money was spent appropriately. "These reports should apply not only to Porgera but to all mining operations in PNG. As a tentative suggestion, the work of the auditor could be financed either by a levy placed on the mining industry or out of the revenues received by the government," he added.

Mr Johnson added that to further improve landowner benefits, a review should be undertaken of how well the equity arrangement functions. "The current structure has produced little in the way of returns to the Enga Provincial Government and landowners. A more transparent structure such as selling the equity stake and rolling the proceeds into future funds is likely to provide a better return. Ownership of equity and a financial fund could be equivalent in terms of benefits to landowners. However a fund offers the opportunity to diversify the income stream from gold mining to balanced portfolio and therefore reduces risk," Mr Johnson who is currently based in Canberra working with the Economic Division of the Australian Department of Prime Minister and Cabinet said, He highlighted that an information fault line exists between revenues paid from the mining dividends and the cost associated with running the Porgera mine. The researcher stressed that in order for these divides to be bridged, no matter which options are taken regarding the selling of equity, landowners must be fully informed on financial issues. "One way to facilitate the shift from owning a mine or owning a financial portfolio is to educate landowners in financial literacy," he added.

Porgera mining project plans just one deal

The National, 03rd April 2012

THE Porgera mining project will have only one memorandum of agreement (MoA) document as a result of the recent MoA review in Kokopo last week. In the past, there were four different MoA documents between the parties concerned, which comprised a tripartite MoA between the state, landowners and Enga provincial government and the fly-in fly-out (Fifo) agreement between the state, Porgera Joint Venture, Enga provincial government and landowners. In the revised MoA, the parties will be the state, Porgera landowners, Enga provincial government and the operator Barrick (PNG) Ltd. These parties incorporated the three MoAs and the Fifo agreement between each other into one single document. This MoA review was the last one where the state consulted with the parties based on four different MOA documents. Mineral Resources Authority's representative in the state team John Ipidari said although the MoA had not been successfully reviewed since 1989 until last week, the idea which the state team had was to review the four MoAs separately.

This however would have been a problem as it would have been difficult to get collective views of all parties on issues and agree immediately. "For instance, last week, the Paiam Hospital issue was discussed in the state and the Enga provincial government MOA review meeting," he said. "The same was discussed in the MoA review between the state and landowners and also between the Enga provincial government and landowners." He said the incorporation of all MoA documents into one, would allow for all parties to come together at once and comment on issues collectively. The state team comprised relevant agencies including MRA, Prime Ministers Department, State Solicitors Office, Labour and Employment, Commerce and Industry, Provincial Affairs and Local Level Government, Mineral Policy and Geohazards Management, National Planning and Monitoring, Lands and Physical Planning, National Airport Corporation, National Department of Health and Department of Police. The outcome of the meeting was very successful and supported by all parties. The next meeting will be at the end of this month where all parties would meet again and finalise the draft of the revised MOA before the actual signing.

Porgera mine resumes work Post-Courier 3.4.2012

Porgera Gold Mine has commenced operation after being suspended for a few days. The open pit mining activities at the mine in Enga Province recommenced over the weekend following a temporary halt to mining late last week after a large number of illegal miners entered the open pit and attacked mine workers and equipment in the early hours of Thursday, March 29. Mine managers said in the Porgera Joint Venture report that the mine had been relying on the use of ore stockpiles to maintain uninterrupted production as mining activities resumed in planned stages. One employee was injured on Thursday after being struck with a bush knife and three others were held and threatened by the trespassers before being released hours later. The mine reports that workers had been removed from the open pit area each evening since Thursday as a safety precaution. Pogera Joint Venture confirmed that the intruders damaged a large earthmoving machine, stole solar panels from the open pit high precision platform, destroyed one Toyota Landcruiser, damaged four others and damaged portable lighting equipment.

PJV has yet to confirm the likely cost of the event which will include the cost of repairs or replacement of damaged equipment and medical treatment for employees assaulted by the intruders. Mine general manager Greg Walker said yesterday that while mining activities had resumed, the mine remained concerned at the deterioration of law and order in the Porgera Valley, and the possibility of a repeat event. “We are concerned that when you have a sizeable group of people in the community who feel that they can act outside of the law for their own self interest, these kinds of events can occur again,” Mr Walker said. “We have seen a pattern in unlawful behaviour impacting our business over some time - this latest event, while very serious, is just another part of that pattern”. “We are encouraged by the recent Government announcements condemning the acts of those involved and the Government’s commitment to act quickly to address this type of lawless behaviour,” he said.

Simberi: Miner denies claims of leaks
The National, 03rd April 2012

SIMBERI gold mine developers Allied Gold say allegations of tailing leaks and environmental damage caused by operations are not true. Allied Gold managing director Frank Terranova said in a statement yesterday the company’s track record of environmental management this year had been exemplary, and wild allegations of tailings leaks earlier this year were completely wrong. “... there has been no tailings leak this year, no fish killed and no breach of environmental standards,” he said. New Ireland provincial government mining chairman Marius Stoait said last week that there had reportedly been dumping of toxic waste in a pond on Jan 24 when a pump failed. Stoait had said the provincial government wanted Allied Gold removed because it had failed to adhere to its responsibilities under the mining agreement and MoA.

Terranova said the company had paid K12.8 million in royalties to landowners on Simberi and neighbouring islands over the five years of mine operation and an additional K1.4 million of royalties had been paid directly to the local level government of Sentral Niu Ailan. It had invested about K450 million in the Simberi mine over the past five years. “We employ approximately 700 staff at Simberi, including 450 locals and 250 people from elsewhere in PNG,” Terranova said. “We pay a total of approximately K22 million in salaries to staff at Simberi each year. “In addition, many suppliers and business partners benefit from contracts and business associated with the mine.” Henry Salin, spokesperson of the ML136 landowner group within the Allied Gold mining lease, said that the vast majority of landowners on the island had a good relationship with the company. “Allied Gold has made a major contribution to Simberi and its people over the past five years, and it continues to invest in the development of the project.”

PNG DEFENSE TROOPS DEPLOYED TO LNG SITES

Illegal miners, aggressive landowners disrupting operations

By Jeffrey Elapa
PORT MORESBY, Papua New Guinea (The National, April 2, 2012) – Soldiers will be deployed to the resource-rich Southern Highlands and Enga provinces of Papua New Guinea (PNG) to help police maintain law and order. They will also help police deal with disruptions to mining activities by landowners. The National Executive Council made the decision after landowners disrupted early works associated with the PNG liquefied natural gas (LNG) project. Last week, a group of illegal miners also invaded the Porgera gold mine site injuring employees and damaging property. It halted operations at the open pit mine. A source at the mine told The National last night that "production at the open pit had been halted as the number of illegal miners had built up again to unsafe levels." Mine management will work closely with police to reduce the number of illegal miners. Mill production was continuing from stockpiles, the source said. It is not clear how many soldiers will be deployed.

PNG Defense Force (PNGDF) Commander Brigadier General Francis Agwi left for Mendi last Thursday, accompanied by senior officers, to assess the situation on the ground before the troops moved in. Porgera mine manager Greg Walker had called on the government to intervene after the open pit was raided by illegal miners - people who break into the mine site and independently mine its gold ore. "We are calling on them to act swiftly to restore law and order in Porgera," Walker said last Thursday. Chief Secretary Manasupe Zurenuoc met with PNGDF chief of operations Col. Walter Enuma and acting Deputy Police Commissioner Jim Wan yesterday to discuss the deployment of troops. Advance teams for Tari and Porgera will be dispatched today.

[*PIR editor's note: Prime Minister Peter O'Neill has said that 'hooligans' cannot be allowed 'to threaten normalcy and vital economic projects' in PNG. Enga Governor Peter Ipatas said more than a thousand illegal miners, 'who went on a violent rampage within the grounds of the mine,' must be brought to justice. Tension continues to escalate as landowners also factor into defense considerations after frustrations over payments and compensation for LNG land usage.*]

The highlands is considered volatile and police had observed a build-up of arms in the region ahead of the general election in June. Roadblocks were set up in the LNG project area after a landslide killed 29 villagers at the Tumbi quarry. ExxonMobil had said it closed operations there months before the landslide. The region is important because it has billions of kina worth of resources. "It is totally unacceptable that law and order has broken down in those areas," Prime Minister Peter O'Neill said while announcing the troops' call-out last Friday. "Such behavior has placed the lives of innocent people at risk, and disrupted work at the LNG project and operations at a mine that is a key contributor to the national economy," O'Neill said. "We cannot sit back and allow hooligans in our community to threaten and disrupt normalcy, and place vital economic projects at risk. "We must bring these situations under control quickly and reassure our citizens and investment partners of our ability and commitment to addressing law and order issues decisively. "No criminal behavior that threatens the well-being of the country will be tolerated."

Ramu landowners want land matters settled before signing of MoUs

The National, 02nd April 2012

By JAYNE SAFIHAO
DISPUTES over land matters in the Ramu nickel project area must be dealt with first before any agreements are signed, according to landowners. They are from the Ramu NiCo project sites including Kurumbukari in Usino Bundi, inland and coastal pipeline and Basamuk in the Raicoast area, Ma-

dang province. They were reacting to a media statement by mining minister Byron Chan regarding the review of memorandums of agreement in mining projects. Chan provided an update on the nine operational mines' memorandum of agreement reviews. He said there had been good progress on many of the reviews. Of the nine listed, Ramu had its initial memorandum of agreement signed in 2000 with its last review done last year, after almost a decade. Bundi spokesman Joe Koroma said the previous Somare government had failed to appoint any lands titles commission to hear landowner issues.

"The project was more or less given to the Chinese on a golden platter leaving landowners in the cold," he said. Those in dispute over Portions 109 and 110, the current refinery and wharf site in Basamuk, were told by the commission chairman Joe Gabut, Benedict Batata and Kutt Paonga that the portions could not be heard by them as they were under "government lease". The landowners of these portions want Chan to refrain from fast-tracking any MOA reviews as there were still outstanding issues and matters to be dealt with. They want Chan to defer the review planned for April 16-20 to a later date. They want him to respond to their petition. The first commission hearing for the Ramu NiCo project was in 2005 by the late Patrick Nasa. The current commission is now into its final stages of completing land disputes affecting Kurumbukari, Coastal and Inland Pipeline. The Basamuk portion 109 and 110 will be contested in court.

Siburan Resources gets two exploration permits

The National, 02nd April 2012

SIBURAN Resources is another step closer to expanding its presence into a highly mineralised region of Papua New Guinea, which contains world scale gold and copper mines. Siburan had now received the good news that two exploration licences have been granted to the joint venture with RH Resources (70%), (Siburan 30%). RH Resources is associated with Malaysia's Rimbunan Hijau Group, one of Malaysia's largest multi-industry companies. The licences were ELA2002 at Garaina, Morobe province and ELA1990 at Rigo, Central province – with the joint venture company registered in PNG as Viva No.39 Ltd. The Garaina project, which covers 697sqkm, is located within the eastern Morobe province. The project area was believed to be prospective for a range of precious metals, including gold and platinum, and for base metals, copper, zinc and nickel. In Garaina, a compilation of public domain data indicates the presence of an extensive fault zone, which is expected to be a conduit for mineralisation within the project area. The final exploration licence, known as the Rigo project, covers 1,355sqkm, 70km to the southeast of Port Moresby. Previous exploration had outlined anomalous copper zones which were prospective for porphyry style copper deposits.

Landowers approve of Allied Gold mine

Post-Courier 2.4.2012

LANDOWNERS at Simberi Island have come out strongly in support of the Simberi mine operator, Allied Gold, endorsing the company's operating track record and environmental management standards. Henry Salin, the spokesperson of the ML136 landowner group within the Allied Gold mining lease, said that the vast majority of landowners on the island were very pleased with Allied Gold. "We have a strong relationship with the company," said Mr Salin." Allied Gold has made a major contribution to Simberi and its people over the past five years, and it continues to invest in the development of the project. We want Allied to continue to operate the mine for many years into the future," he said. The company has paid approximately K12.8 million in royalties to landowners on Simberi and neighbouring islands over the five years of mine operation and an additional K1.4 million of royalties have been paid directly to the Local Level Government of Sentral Niu Ailan.

Allied Gold managing director Frank Terranova said the company had invested approximately K450 million in the Simberi mine over the past five years, and was currently well advanced in a major expansion of the plant that would lift production rates and increase royalty payments to the local community. “Our track record of environmental management this year has been exemplary, and wild allegations of tailings leaks earlier this year were completely wrong. “Let me state categorically, there has been no tailings leak this year, no fish killed and no breach of environmental standards,” he said.Allied Gold continues to make a significant contribution to the Simberi community.

Governor warns of high prices Post-Courier 2.4.2012
By PATRICK TALU

The increaing level of liquidity in the banking system poses a real threat to price stability, while soundness of the financial system could adversly affect business confidence. Bank of Papua New Guinea Governor Loi Bakani while announcing the bank’s monetary policy statement last Friday said the main issue that BPNG was confronted with was the increasing level of liquidity in recent years caused by the foreign exchange reserve build-up related largely to dollar-denominted mineral tax earning, high export earning, inflows related to the PNG LNG Project and other private direct investment. Mr Bakani said upside risks to the BPNG’s projection of 32.2% in monetary base would come from faster drawn of trust accounts from the BPNG; higher than budgeted overall expenditure by the governemnt; higher transaction demand for many during the national election and continued high inflows of foreign exchange.

“Some of these, if realised could potentially lead to price stability and adversaly affect business confidence,” Mr Bakani told bankers, business executives, governemnts interfaces and the media at a breakfast at the Yacht Club last Friday. He added that the upside risks to the BPNG’s inflation projection of around eight percent in 2012 include: significantly higher domestic demand and inflation expectation, any susbstantial increase in food and fuel prices, higher than exepected inflation on PNG’s major trading partners; any supply-side shocks associated with bad weather and impact of the European debts crisis and oil export embargo on Iran. Mr Bakani said as a result of this concern on high level of liquidity and potential impact on the price stability, the BPNG maintained a tight monetary policy stance by leaving the Kina Facility Rate unchanged at 7.7 per cent in the December quarter of 2011 and March quarter of 2012, he said to support the tight stance, the CRR was increased from six per cent to seven per cent in March, 2012.

“Given the projected strong economic growth and associated demands pressure in 2012, the Bank will continue to assess the trade-off between high economic growth and inflation. The Bank will therefore maintain this policy stance and may adjust it to ensure the high level of liquidity is managed appropriately so that inflation is at an acceptable level,” Mr Bakani said. Meanwhile, the real gross domestic product (GDP) growth is expected to remain buoyant in 2012 at around eight per cent, supported by strong domestic demand as construction activity for the PNG LNG project peaks, production at the Ramu Nickel/Cobalt mine commences, other private sector investments come online, and high public and private spending ensures in the lead up to the National Elections. All sectors are expected to grow, led by manufacturing, building and construction, and transportation/storage and communication. The BPNG also suggested that the Government should not compete with the LNG project construction phase by investing in new public infrastructure as it would add more pressure on the already high inflation rate.

Exxon behind Chinese upstart
The National, 30th March 2012

NEW YORK: A big shift is happening in Big Oil: an American giant now ranks behind a Chinese upstart. ExxonMobil is no longer the world's biggest publicly traded producer of oil. For the first time, that distinction belongs to a 13-year-old Chinese company called PetroChina. The Beijing company was created by the Chinese government to secure more oil for that nation's booming economy. PetroChina announced yesterday that it pumped 2.4 million barrels a day last year, surpassing Exxon by 100,000. The company had grown rapidly over the last decade by squeezing more from China's ageing oil fields and outspending Western companies to acquire more petroleum reserves in places like Canada, Iraq and Qatar. It's motivated by a need to lock up as much oil as possible. The company's output increased 3.3% last year while Exxon's fell 5%. Exxon's oil production also fell behind Rosneft, the Russian energy company. PetroChina's rise highlights a fundamental difference in how the largest petroleum companies plan to supply the world as new deposits become tougher to find and more expensive to produce. Every major oil company has aggressively pursued new finds to replace their current wells.

But analysts say Western oil firms like Exxon Mobil have been more conservative than the Chinese, mindful of their bottom line and investor returns. With oil prices up 19% last year, they still made money without increasing production. PetroChina Co Ltd has a different mission. The Chinese government owns 86 per cent of its stock and the nation uses nearly every drop of oil PetroChina pumps. Its appetite for petrol and other petroleum products is projected to double between 2010 and 2035. “There's a lot of anxiety in China about the energy question,” says energy historian Dan Yergin. “It's just growing so fast.” While PetroChina was sitting atop other publicly traded companies in oil production, it fell well short of national oil companies like Saudi Aramco, which produced nearly eight million barrels a day. And Exxon was still the biggest publicly traded energy company when counting combined output of oil and natural gas. PetroChina ranks third behind Exxon and BP in total output of oil and natural gas. PetroChina is looking to build on its momentum this year. - AP

MOBS RAID PORGERA MINE, OPERATIONS CEASE

PNG police, military called on to restore order

PORT MORESBY, Papua New Guinea (The National, March 30, 2012) – One of the country's biggest gold mines was yesterday raided by an unruly mob who went on a rampage injuring employees and damaging equipment. Porgera mine general manager Greg Walker and Enga province Governor Pater Ipatas have sent an urgent message to the government, police and the defence force in Port Moresby to provide security and address the deteriorating law and order problem in the area. Mine workers were injured and three were taken hostage as scores of illegal miners went on a rampage through the open pit early yesterday morning. The three workers were later freed, with one sustaining serious injuries.

Substantial damage was done to mine equipment although no estimated cost has been released. The Porgera Joint Venture (PJV) mining operations in the open pit had been halted until the safety of workers could be guaranteed. Walker said: "We have reported this serious incident to the government and to police. "We are calling on them to act swiftly to restore law and order in Porgera." "There is no excuse for the illegal and violent behaviour of these trespassers – they place our employees and themselves in grave danger when they act outside of the law in their attempts to steal gold from the mine," Walter said. "The behaviour of these illegal miners, virtually all of whom have migrated in from outside of Porgera, has also contributed to the steep decline of law and order in the Porgera valley, affecting the community at large. "This simply has to be stopped and I call on the government to undertake its responsibility to protect our legal right to peacefully conduct our business."

Ipatas condemned the actions of the illegal miners, which the mine management said numbered over a thousand, saying many of them were from outside Porgera. He has asked the police and soldiers in Port Moresby to come to Enga and help restore law and order. Ipatas said illegal miners in the area continued to be stubborn despite the number of them killed or maimed by mining explosions. The most recent case was on March 3 in which five men who had illegally entered the mine were killed during a routine blast underground. "They have not learned from the recent incident in which five people died, that they should not be in there," he said.

"They should know by know that the PJV has been given the lease to do the mining and exploration. They have the legal right. "The actions of these illegal miners have an impact on Porgera, Enga and PNG. We can't allow criminal to take control of the area. "I call on police to strengthen their presence in the Porgera Valley so that the interests of the country can be protected. "I wouldn't mind a call-out of the PNGDF soldiers to help police in the area. These are not locals doing this illegal mining. They are people from other areas. "I'm also mindful that there are people living on the special mining lease area. It's time that they are resettled so that the area is free from local people and illegal miners."

Porgera: Status of landowners' 2.5% equity unknown Post-Courier 30.3.2012

By PATRICK TALU

FINANCIAL information on the management of Porgera landowners' 2.5 per cent equity from the Porgera Gold mine has not been released to the landowners. It has been held secret for no reason and kept away for the last four years and the landowners are not aware of what's happening with their funds managed by Mineral Resources Development Company (MRDC), which manages all the mining and oil landowners' equity. Peter Johnson, former Economics Studies Program Team Leader and Senior Research Fellow with National Research Institute (NRI), during the launching of a case study yesterday at NRI titled Lode Shedding: A case study of the Economic Benefits to the Landowners, the Provincial Government, and the State from the Porgera Gold, said the status of the 2.5 per cent Porgera landowners equity is not known currently. “We could not obtain any financial information on the status of the Porega landowners' equity for the last four to five years, Mr Johnson told reporters in a press conference after the launch. “The landowners do not know the statues of their funds managed by MRDC. MRDC has displayed complete lack of willingness or ability to understand the revenue over which they are supposed to have control of,” he said.

When asked why MRDC is not able to release any financial information, Mr Johnson replied: “Maybe the financial date is non-existence.” Further asked whether this gives any indication of mismanagement of landowners funds by MRDC, Mr Johnson ruled out any perception of corruption or misuses of any landowners equities but assumed that that MRDC lacked capacity to account for and properly manage the landowners' funds. All in all, the reports discovered that the National Government lacks a credible, concise and explicit program to detail its payment from and stakeholders and track how stakeholders under its control operate. Details on how much of the revenues from the mining projects have been spent are difficult, if not impossible to access. Meanwhile, the President of the PNG Chamber of Mines and Petroleum Dr Ila Temu has suggested that the Government should create a special committee within the Auditor General Office to manage landowners' equity. While commenting on the MRDC' lack of landowners equity fund management Dr Temu said having established a special commitment would see the landowners funds managed well in a more transparent, a and accountable manner.

Chamber welcomes accountability plan

The National, 29th March 2012

THE PNG Chamber of Mines and Petroleum has welcome the implementation of the Extractive Industries Transparency Initiative (EITI). Chamber president Dr Ila Temu, in response to a report, said EITI was a reporting structure that had been designed for environments where there was little or no transparency in reporting of taxes and payments between company and the national government. “In PNG, the problem is not one of payments actually being made,” he said. “Our transparency issue is limited to the need to publicly report. “The bigger problem for PNG exists in flow of benefits at the sub-national level, particularly when payments are made to provincial governments and landowner entities. “This research suggests a domestic type EITI to ensure transparency and good governance. “If this can be done, well and good.” Dr Temu said other areas of intervention, which would yield results sooner, were timely auditing of landowner entities.

He suggested the setting up of a dedicated landowner benefits audit team within the Auditor General’s Office to deal specifically with this. “A similar function can also be outsourced to the private sector to overcome time issues and funding constraints,” Dr Temu said. “It is important to review the existing arrangements and make changes to improve the management and distribution of landowner benefits.” Last month, the World Bank and the Treasury Department organised a workshop for representatives of government, industry and civil society to learn about and discuss the benefits and possible challenges to implementing the EITI.
From this workshop, it was agreed that:

g The PNG government EITI State Working Group (SWG) would prepare a report on the outcomes of the workshop and circulate to all participants by mid February 2012;
g Industry players
(ExxonMobil, Oil Search, Barrick Gold, Ok Tedi Mining, Tolukuma Gold, Newcrest Mining and civil society would form EITI stakeholder working groups to promote EITI through communications and outreach efforts and direct engagement with the government EITI SWG.

Troops called to LNG sites

The National, 29th March 2012

A CALL-OUT order has been effected for PNG Defence Force troops to be deployed at LNG project sites in Southern Highlands. The National Executive Council gave the approval last night.
The soldiers would assist police restore law and order in the province. Prime Minister Peter O’Neill had indicated earlier that a state-of-emergency would be imposed in Southern Highlands but that had been downgraded to a call-out after receiving advice from the National Security Advisory Committee. O’Neill had said there were serious law and order issues in the province that needed to be addressed immediately and indicated declaring a state-of-emergency. But government sources said last night that cabinet had settled for a troops’ call-out instead. It is understood that the decision to downgrade came after landowner leaders advised government that the people would remove the blockade at the Hides 4 conditioning plant and allow work to go ahead. Hides 4 landowners yesterday called a media conference to announce their decision for work to resume at the conditioning plant and surrounding areas. However, the meeting was cancelled following arguments among certain factions. O’Neill is expected to announce details of the call-out orders today.

On-load test of Ramu Nico kicks off Post-Courier 29.3.2012

THE Ramu Nico project, a 61%-owned subsidiary of Metallurgical Corporation of China Ltd (MCC) has formally kicked off the single-series feeding trial run, which produced nickel cobalt mixed hydroxides on 19 March 2012. According to MMC, which holds 85% equity interest) in the Ramu Nico project, it was reported that except for the synthetic ammonia process, other processes have all undergone the trial-run, the purpose of which is to run through the entire process and collect key parameters to prepare for the upcoming official production. As one of the largest global nickel laterite mine projects in recent years, Ramu Nico mine is the main project for MCC's overseas resources development. The major construction of the project has been completed last year after a series of cold and hot water combined trial-runs.

MCC jointly owns 85% equity interest in the project with Jien Nickel Industry Co. Ltd, Jinchuan Group Ltd. and Jiuquan Iron & Steel (Group) Co Ltd whilst others include the State, landowners through equity as well as Highlands Pacific Ltd. The project's main product is nickel cobalt mixed hydroxides and the life of mine is 20 years. After commencing production, the annual output of nickel metal and cobalt metal will reach 33,000 tonnes and 3,300 tonnes, respectively. MCC is a large industrial group operating in various specialized fields, across different industries and in many countries, with engineering and construction, resources development, equipment manufacturing and property development as our principal businesses.

Simberi: Allied Gold Plc sees red Post-Courier 29.3.2012

THE New Ireland Provincial Government (NIPG) yesterday reiterated that it will not tolerate the continuous dishonouring and negligence by the Allied Gold Plc and the National Government in its dealings with the environmental and other problems at the Simberi Gold Mine. NIPG Mining Chairman Mr Marius Soiat said the landowners of Simberi and Tabar islands and the people of New Ireland are extremely upset over the reported dumping of toxic waste in a pond on January 24 this year when the tailing system pump was out. Mr Soiat said the alleged spill is the second in the waters of Simberi Island in a space of one year, following the cyanide spill last year. “This shows the reckless disregard of Allied Gold when it comes to safeguarding the environment and the health of the people of Simberi,” Mr Soiat said. The NIPG has made it clear that it wants Allied Gold removed as the operator of the mine since it has failed to adhere to its responsibilities under the Mining Agreement and the MOA, has brought in mercenaries from Fiji and has otherwise acted irresponsibly and in violation of national mining laws and regulations.

Mr Soiat said: “The LLG, landowners and NIPG must work together with the universal aim of terminating Allied's operations on Simberi as beneficial to the people of New Ireland and Papua New Guinea.” He further said NIPG was disappointed in the failure of the National Government to act decisively given the poor performance of Allied Gold. “The State should be showing the way in protecting the people of Simberi, New Ireland and PNG, instead they seem to be turning a blind eye to repeated violations of laws and regulations,” he added. In addition, there has been very little spin-off development in the islands. To date, tangible developments of infrastructure and capacity building are non-existent on the island. The people have not benefitted from the development, though the company has made many millions every year. NIPG, under the leadership of the New Ireland Governor Sir Julius Chan, has initiated a full revision of the Mining Act 1992, a motion which has been introduced to Parliament since 2009 and is still pending.

The current Act gives outright ownership of resources below six feet to the State, but the motion recommends the Act be amended to return ownership of those resources to those who originally owned them – the landowners. NIPG is also pushing for a substantial increase in revenues from the mine for the landowners, the LLG and the province as well as sharing benefits with other non-mining provinces. Mr Soiat is now appealing to the landowners to make it their responsibility to come to a common understanding giving the LLG and NIPG access to continuous dialogues so the focal aim of terminating the operations of the Allied is achieved immediately. Mr Soiat said landowners must clearly have a vision to increase beneficiary through royalties and developments that will be there for the generations to come and not be blinded by the acute allure of money for today and tomorrow only.

He is also calling on the Minister for Mining Byron Chan to terminate Allied's license immediately and substantially increase ownership of the mine to the landowners. The NIPG is also aware of the formation and erection of external barricades at the mine's main gate premises and the continuous threatening of employees of the mine to be sacked if found to be leaking information on the improper practices of the company to concerned authorities. Mr Soiat said that NIPG will not stand to see the company disobey the Constitution of this country and more over disrespect the people of New Ireland. We will take every step to put an end to the unwarranted operations of Allied Gold Plc." Mr Soiat said that the people have consistently taken their concerns to the State, but have never been taken seriously. "It is time for the State to protect the people. It is time for the State to take care of its own citizens. It is time for the Mining Minister to intervene now or the people will continue to suffer today and in the generations to come. "We have been very patient, maybe too patient, but let me warn the National Government not to take that for granted. We are going for autonomy and we will protect our people from further intimidation and bullying tactics by Allied Gold and the MRA."

BOUGAINVILLE PROMOTES HISTORICAL SITES FOR TOURISM

Traveler interest in WWII sites to balance mining revenues

WELLINGTON, New Zealand (Radio New Zealand International, March 28, 2012) – The president of the autonomous Papua New Guinea province of Bougainville says it can exploit its unique history to attract tourists. This follows a trip to south Bougainville last week by the Japanese Ambassador to Papua New Guinea, Hiroharu Iwasaki, to visit the remains of the wreckage of the plane in which Japan's World War Two hero Admiral Yamamoto died. President John Momis says Bougainville was one of the main theatres in World War Two. He says historical tourism has real potential rather than the province relying solely on the re-opening of the Panguna mine. "But that means the people changing their mindset to accept outsiders and being friendly to them. Before the crisis Bougainvilleans were very friendly. It is amazing what the crisis has done to us. We have to work hard to try to regain the old spirit and the old positive attitude of friendship and mutual commitment to help one another."

LNG: Leaders warn against State of Emergency

The National, 28th March 2012

THREE landowner leaders in the PNG liquefied natural gas area warn that a proposed state-of-emergency (SoE) by the government will not solve their problems. Prime Minister Peter O'Neill had last Sunday mooted the idea after project developer Esso Highlands demobilised its workers at Hides 4 in Komo, Southern Highlands, following interruptions by the landowners at the site forcing the stoppage of work. He said it was to protect the multi-billion kina PNG LNG project. The national executive council is expected to meet today to decide on the state-of-emergency issue in the Southern Highlands province. PDL 7 landowners Henry Parillia from the Taguali Kamia clan, Tom Ekanda, from the Tukuba Takopali and Ega Ango from Kele Takaya clan said there was no need for a state-of-emergency. The landowners said their demands had been given to the relevant authorities and a state-of-emergency would only be seen as intimidating. They said it would not be in the best interest of the people as the government should have addressed their grievances. They claimed the government was protecting the interests of foreign investors. They wanted O'Neill to sack the petroleum and energy minister for his lack of direction.

Government has no records of Porgera funds Post-Courier 28.3.2012

By PATRICK TALU

AUDITED payments made by Porgera Gold Mine to the Government and various stakeholders can be tracked, but not after they had reached the Government. There remains a critical lack of transparency at both the National and sub-national government levels where the impacted communities who are supposed to be the ultimate beneficiaries of PNG's mining and mineral wealth are let out. Peter Johnson, former Economics Studies Program Team Leader and Senior Research Fellow with National Research Institute said: "Observing the details of how much of the revenues from the mining project that are spent are difficult if not impossible to access." He was speaking at the launch of a case study yesterday at NRI titled, Lode Shedding: A case study of the Economics Benefits to the Landowners, the Provincial Government, and the State from the Porgera Gold.

Mr Johnson said it was easy to track funds coming from the mine and going into the National and the provincial Government but how and where it ended up from the provincial government to the local level government and the development authorities in this case, the Enga Provincial Government (EPG), Porgera Development Authority) PDA) and Porgera Local Level Government (LLG) respectively were untraceable. The report has indicated that to date over a billion kina in cash and benefits have gone out of Porgera mine yet not being translated to real developments. He said the amount of funds held in trust accounts was more difficult to estimate as well as investment made by Kupiane Investments. This, he said, was even more difficult to trace except for an initial endowment of K9 million in 1997 while the study could not find information on the current state of the benefits or how those payment were distributed. The reports indicated that from the start of the mine in 1990 till 2009, the National Government received over K3.4 billion in income tax, company tax, customs, fuel levy, business contracts, education and other measures.

Porgera: EITI to probe flaws in mine payouts Post-Courier 28.3.2012

A new NRI report based on a case study on the Porgera Gold Mine has highlighted the need for a probe into the current payment system. The report by Peter Johnson recommends the need for EITI (Extractive Industries Transparency Initiative) to look at the flaws in the current payment system and pave way for transparency. Mr Johnson also believes that there is a need for the education of landowners and women especially in finacial literacy so they may be able to positively care for their families. The report looks at Relations between the Memorandum of Agreement, financial benefit from the mine, institutional structures and development outcomes which could answer the question of why Papua New Guinea is resource rich yet its citizens are poor. The report is titled 0'Lode Shedding: A Case Study of the Economic Benefits to the Landowners, Provincial Government and the State from the Pogera Gold Mine.'

The report also suggests a model on how to approach landowners and development issues in future resource ventures such as the LNG Project. It also looks at the original Pogera mine agreements and over a period of twenty years of commercial activities; how well these agreements were implemented. NRI Director, Thomas Webster also highlighted the need for a probe, illustrating some of the issues in Pogera and other mining townships. He brought to light the mentality of the people and their carelessness towards handling huge amounts of money without investing them for the future despite receiving regular handouts from mining companies. The report emphasises that PNG has the expertise and resources to develop strong policies to ensure transparency and accountability. Dr Ila Temu, President of the Chamber of Mines and Petroleum thanked NRI for pointing out these issues and then going on to conduct a case study that will be able to improve them. Temu ended with a challenge saying, ‘now that we know what is going wrong, what are we going to do about it?’

Nautilus solid year Post-Courier 28.3.2012

NAUTILUS Minerals Inc (Nautilus) has ended 2011 in a solid financial position with $US149.4 million (K309.9 million) in cash and cash equivalents, after a milestone year which saw the company granted the first deep sea “hard rock” Mining Lease for its Solwara 1 project in the Bismarck Sea in PNG. This is according to the Company’s 2011 full year financial results and annual information form released yesterday. Also highlighted were several key achievements during the year, with the highlights being:Mining Lease ML154 (the area containing Solwara 1) granted by the PNG government for subsea production in the Bismarck Sea; agreement to form a mining joint venture with the State for the Solwara 1 project; agreement to form a vessel joint venture with Harren and Partner to own and operate a production support vessel; the award of exploration tenements in the Eastern Pacific and Fiji and increased mineral resources at Solwara 1 and a declared maiden inferred resource at nearby Solwara 12.

The company reported a loss of $US34 million (K70 million), with total expenses of $US35.0m, including $US14.2 million (K29 million) in exploration costs, and general and administrative expenses of $US17.2 million (K35 million). Total assets increased to $US282.6 million (K586.9 million) with the capitalisation of expenditure for mineral properties following the grant of the mining lease and the increase in assets under construction. Since the year end, the Company has continued to work Petromin PNG Holdings (Petromin), a company wholly owned by the State, to finalise contracts and financing arrangements for Petromin’s 30% holding in the Solwara 1 project. The cash and cash equivalents balance was also positively impacted by the receipt of funds from the private placement in Q4 2011. “Nautilus achieved several milestones in 2011 that has positioned the Company well to reach its production target in Q4 2013,” said Nautilus Chief Executive Officer Stephen Rogers. 2012 is going to be another productive year as equipment takes shape on the project, the treatment and marketing route is finalised and we continue our exploration work in the Bismarck Sea and other areas to build the production pipeline,” he added.

Lihir review proposed Post-Courier 28.3.2012

LANDOWNER representatives of the Lihir mining area, New Ireland province are pushing for a swift process for the upcoming review of the Integrated Benefits Package (IBP) and the encompassing memorandum of agreement (MOA) that was reached between the then developer, Lihir Gold Limited in 1995 and the Lihir Mining Area Landowners Association (LMALA). The landowners who form the LMALA have proposed that the review on the IBP/MOA for affected landowners and Lihirians is to be conducted in less than 6 months in order to increase the benefits for people during the course of mining operations on the island. LMALA Chairman Deputy Chairman Sopiang Mark proposed a 3-month review period from March 20th to June 20th as the time frame for which the negotiation process, including agreement on the terms and conditions set out in the IBP/MOA must take place.

LMALA released its position last Wednesday in a letter presented to the independent IBP Review Chairman, Brown Bai and later during a meeting held with Newcrest Mining Limited (NML) and other stakeholders, pertaining to the review process on the IBP and MOA. The association recently met with NML and representatives of various stakeholders including Nimamar Rural Local Level

Government (NRLLG), New Ireland Provincial Government (NIPG) and the state, to present their position on the benefits package review. The IBP/MOA is a benefits package as set out by the Mining Action section 164 of 1992. The negotiations are between the developer (NML), Lihir landowners, NIPG and LLG. The IBP is reviewed after every five years and covers 5 chapters: Lihir Destiny, Destruction, Development, Security and Rehabilitation. The first IBP review took place in 2007 and the second review is due this year. The royalties are distributed via the Lihir Treasury for disbursement to projects using the Provincial Government Accounting System (PGAS). LMALA was established under the Association Incorporation Act to represent landowners from the areas affected by the Lihir mine. The LMALA also has the responsibility of ensuring that landowners from non-mining areas including all Lihir islanders benefit from the agreement.

LMALA Chairman Peter Suar said, as the body responsible for the welfare of landowners in the mining area, LMALA is well prepared for the second review. The association is focused on seeing that the financial and sustainability plans address the needs of affected landowners and provide the opportunity and support for Lihirians to obtain maximum benefits from the review. “We want a fresh new agreement reached between the developer and landowners on the IBP. We also want the stakeholders to work closely with LMALA to ensure that the dream we have for Lihirians to become self reliant and financially stable is acheived,” Mr Suar said. He explained that unlike the previous agreement, the 2nd IBP/MOA should be fully aligned to a financial plan targeted toward the Lihir Destiny - the journey toward economic viability and freedom for more than 15 000 islanders after the mine closes. “Our people have lost their traditional land, their fishing grounds, and their cultural heritage. We are taking this seriously because we want to urgently address areas of concern that have frustrated implementation of the LSDP,” Mr Suar added.

Ramu mine employees fight over wages

The National March 27th, 2012

By JAYNE SAFIHAO

A FIGHT over wages between employees at the Kurumbukari mine site resulted in four being airlifted by helicopter to hospital because of their injuries. It followed a week of talks between employee representatives and company executives on employment conditions. In their petition to the company, local employees want equal or reasonable hourly rates comparable to their Chinese counterparts. Locals are paid K2.33 an hour, with those serving more than five years getting K3.50 a hour. The employees said they wanted K5 per hour. The MCC management confirmed yesterday they were still negotiating on the pay rate when the attacks started. Ramu NiCo’s Mathew Yakai said a rumour that the company was not willing to consider workers demands had provoked a landowner employed by the company who then hit a Chinese co-worker. “That provoked the other Chinese to come to the aid of their countryman, resulting in the fight,” he said.

Provincial police commander Supt Anthony Wagambie Jr said properties including vehicles and buildings were damaged as a result of the fight. Three injured Chinese and a local worker were flown by helicopter to the Modilon General Hospital in Madang. Meanwhile, the Department of Labour and Industrial Relations has condemned treatment of their officer by the employees. The Labour office said in a statement: “The so-called ‘Industrial Action’ taken by those employees was illegal, by the fact that there is no registered industrial organisation representing this group of employees. “Despite the technical circumstances, a provincial labour officer in Madang, agreed to accept the invitation of the company to attempt a resolution to the 12th March 2012 industrial dispute. “For his efforts however, he was verbally and physically abused and was held captive for a few hours by the workers concerned, in demand for a hearing from other various government agencies.” The department demands a public apology from these workers.

Ok Tedi: K76 mil for licences Post-Courier 27.3.2012

OK Tedi Mining Ltd (OTML) has planned to invest more than K76 million in five exploration licences with its joint venture Frontier Resources Ltd (Frontier). In a statement yesterday, Frontier said OTML has budgeted approximately US$13.5 million (K28 MILLION) on exploration relating to the alliances' two Joint Ventures ('JVs'), covering five Exploration Licences in Western Province for 2012. In addition, OTML anticipates budgets of approximately $US12 million (K24 million) per annum for both JVs for 2013 and 2014. Chairman and Managing Director Peter McNeil commented: Ok Tedi Mining are now exploring in earnest on four of Frontier's five Joint Venture Exploration Licences in PNG, with the current programme of more than 21,000m of drilling having commenced from late 2011 extending through 2012.

The total budget is estimated to be about $US13.5 million for 2012 and about $US24 million for 2013 and 2014. This high level of exploration activity should ultimately be very beneficial to Frontier and its shareholders," Mr McNeil said. Frontier said it has an excellent strategic alliance consisting of two earn-in joint ventures with OTML on five highly prospective tenements. OTML's total earn-in requirement is $US60 million over 6 years, consisting of $US12 million for each project. Frontier is then deferred carried to completion of a Bankable Feasibility Study on each tenement, repayable from 50% of future cash flow. OTML has the option to purchase an additional 14% of the Bulago and Leonard Schultz ELs (EL 1595 and 1597) for 14% of a future Feasibility Study's Net Present Value. The JVs cover a total area of 2,690 km2.21, 200m of drilling is planned on 4 ELs in 2012; it commenced at EL 1595 in late 2011 and at EL 1597 early 2012.

OTML has completed large and detailed aeromagnetic and radiometric programs at the Bulago, Leonard Schultz, Likuruanga and Central New Britain (recently) ELs, to discriminate and rank targets for follow up exploration. OTML is a major producer of copper concentrate from the Ok Tedi mine that started operations in 1984 and has become the single largest business contributor to the economy of PNG. For the years 2010 and 2011, OTML's export earnings were K4.7 billion and 4.2 billion, representing 30% and 25% of PNG's total export earnings respectively. The contributions of the mine to PNG are wide reaching improving opportunities for employment, education and health services. OTML holds its interests in the JVs on behalf of its largest shareholder, PNG Sustainable Development Program Limited, but has an option to acquire that interest. However, OTML personnel manage the JVs and associated exploration activities.

PNG ESSO HIGHLANDS WORK TO CONTINUE IN HIDES AREA

No work stoppage, but some workers 'demobilized' from sites

By Patrick Talu

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 27, 2012) – Esso Highlands Ltd. (EHL), the ExxonMobil Corps' subsidiary operator of the PNG liquefied natural gas (LNG) project had denied any pull out of the Hides projects sites and maintained that the project is on schedule for the first LNG export in 2014. "The Project has not evacuated workers from the Hides area. Work in the Hides area has been stopped for some time now by this unlawful activity, and some workers have been demobilised from the area because they are unable to work," Rebecca Arnold, lead media communication advisor for EHL told the Post-Courier yesterday in response to a front page story on The National yesterday. When specifically asked to deny or admit whether EHL has evacuated its workers, she replied, "No, we have not evacuated workers, but some workers have been demobilised from the area because they are unable to work."

Ms Arnold said what has been reported on The National was not true as she had not released any information stating any evacuation when she was contacted at 7 pm on Sunday. "While work stoppage actions are disruptive, we remain on track for first gas in 2014. The benefits that flow from the Project will have a broad, positive impact on the country, and it is important that the project is completed on time. “EHL confirms that work remains temporarily suspended in the Hides area due to unlawful activities undertaken by some members of the local community. Work is continuing in other areas of the PNG LNG Project,” she said. Ms Arnold reiterated that the Government and EHL are engaged with the community leaders to understand and attempt to resolve the issues so that construction can recommence.

She said the project encourages continued dialogue between communities, the Government and the project to address issues as they arise, without impact to ongoing Project activities. Ms Arnold stressed that EHL, with the Government, has taken steps to engage with the group in question to understand their issues. She said EHL is disappointed that the group continues to halt work on the Project. EHL further said that every stakeholder needs to take ownership of the project and not to destroy it and work must restart soon. The developer expressed concerns that the shutdown of the activities at the gas conditioning plant has now been going on for two weeks and it was not acceptable to the project. EHL said the shutdown is illegal and should there be any grievances, the landowners should work with the establish process to solve their grievances and allow work to continue.

Sumitomo eyes New Caledonia, Philippines for nickel

Reuters, Mar 26 2012

By Yuko Inoue and Yuka Obayashi

TOKYO (Reuters) - Sumitomo Metal Mining Co (5713.T: Quote, Profile, Research, Stock Buzz) is looking to increase nickel supplies from New Caledonia, the Philippines and the Solomon Islands to make up for a shortage expected to hit Japan once Indonesia bans unprocessed nickel exports from 2014. Japan gets more than half its nickel supply from Indonesia and its top two ferro-nickel producers, Sumitomo Metal Mining and unlisted Pacific Metals Co, are expected to take a major hit from Indonesia's new 2014 export law. "We are talking with the Indonesian government if it's possible to export what it cannot process at home," Nobu Kemori, president of Sumitomo Metal Mining, told Reuters in an interview. "We believe that possibility is not low given a lack of smelter capacity in Indonesia, costs and time involved in building new smelters, including facilities such as power plants. But at the same time we are looking to increase supply from New Caledonia, the Philippines and the Solomons."

Indonesia has said it will ban shipments of some unprocessed metals - copper, gold, tin, nickel, among others - from 2014 to improve domestic metal production capacity, boost supplies of refined products to the domestic market and increase government revenue. Indonesia's ban on exports could lead to a scramble by global consumers for minerals from elsewhere, with the shrinking supply outlook ultimately supporting benchmark prices. Kemori said the firm's 62.5 percent-owned Taganito nickel project in the Philippines will start production in July or August 2013, with output in 2014 seen reaching at least 27,000 metric tonnes (29,762 tons), or 90 percent of its capacity. An attack by Maoist rebels late last year has pushed back the launch of the project valued at more than $1 billion by a couple of months and raised the cost by some $100 million, he said.

In 2010, Japan imported 40,000 metric tonnes (44,092 tons) of nickel from Indonesia out of a total of 77,000 metric tonnes (84,878 tons), according to customs-cleared statistics. Indonesia, home to the world's largest copper and gold mine, accounted for 20 percent of Japan's total copper imports of 1.3 million metric tonnes (1.43 million tons) in 2010. Sumitomo Mining, Japan's No. 2 copper smelter, is boosting investment in upstream assets of copper, nickel and gold to raise its self-sufficiency in these raw materials, with a view that an increase in demand from emerging markets will outstrip supply, particularly in copper. "A slowdown of the Chinese economy is a concern, but its huge supply shortage of copper, estimated at 2.6 million tonnes a year, won't vanish soon," he said. Sumitomo now sells about half of its about 400,000 metric tonnes (440,925 tons) copper cathode output in overseas markets, he said. ($1 = 82.35 Japanese yen)(Editing by Himani Sarkar)

APRIL DECISION EXPECTED FOR FIJI'S NAMOSI MINE

Environmental issues trump other concerns in review process

By Mereani Gonedua
SUVA, Fiji (Fijilive, March 26, 2012) – A decision on the proposed Namosi mine is expected next month. Permanent Secretary for Lands and Mineral Resources Filimone Kau said the decision will be made after reports from the Director of Mineral Resources Malakai Finau and Director of Environment Jope Davetanivalu on the outcome of the rehabilitation work are reviewed. "This report is coordinated by everyone including the landowners and the Namosi Joint Venture which holds the mine development license," said Kau. He said the corrective measures were to have addressed the environmental issues raised by landowners, but will be thoroughly reviewed before any decision is made. He said Namosi Joint Venture (NJV) will be helping government officials review any other landowners' grievances.

MEKAMUI SAYS RECONCILIATION NEEDED FOR BOUGAINVILLE PEACE

Disarmament, independence referendum to come later

PORT MORESBY, Papua New Guinea (The National, March 26, 2012) – Disarmament, referendum and independence on Bougainville are not possible until lasting peace is established in the autonomous region, a leader said. Lasting peace will not be established until all factions involved – women, youths, churches, chiefs, ex-combatants and the self-styled Mekamui government – reconciled, president of the Mekamui government of unity Philip Miriori said. The groups met in Buka last week. Disarmament, the second pillar of the Bougainville Peace Agreement, and the reopening of the Bougainville copper mine, which is vital to spurring economic recovery and growth in the autonomous region, are equally dependent on this process. They will all have to wait, it would seem from the Panguna landowners' and Mekamui government perspective, for a further five years.

That is the timeframe given for the completion of the reconciliation and peace-building effort. Panguna Landowners Association deputy chairman Michael Pariu told The National: "We have many factions – landowners, ex-combatants, youths, churches, Mekamui defence forces, women and chiefs. Each has its own leader, its own concerns, its own hurt from the crisis. We want to unite these groups to create peace and unity. "Only through this process will we pave the way to create lasting peace. This program has a time frame of five years. Everything else will have to wait until this program is completed. Ours is a model that will be extended to other districts of the region. "The crisis started in Panguna. Now peace must have its beginning in Panguna. We are taking ownership of what happened in Panguna. "We must put our people in the right frame of mind because economic recovery and the Autonomous Region of Bougainville (ABG) are dependent on the Panguna mine reopening."

The group is conscious that peace on its own will not be lasting. "Peace on its own will not work," Miriori said. "There are the issues of compensation. There is the issue of referendum and independence. There are the development issues of health, education and transport infrastructure. All of these will issues not work if the mine does not re-open. And the mine will not reopen unless we unite the factions." This process all requires resources, which is presently unavailable to the Panguna management consultative committee, the entity created by the various groups to advance the effort. The group is calling on the ABG, donor agencies and PNG government to take a deep interest in this process.

ESSO WITHDRAWS WORKERS FROM EMBATTLED LNG SITE

O'Neill promises 'tough measures' to regain control

By Jeffrey Elapa And Isaac Nicholas
PORT MORESBY, Papua New Guinea (The National, March 26, 2012) – The government last night vowed to implement tough measures – including the declaration of a state of emergency in a province – as a PNG liquefied natural gas (LNG) project developer Esso Highlands began withdrawing workers from its site. Prime Minister Peter O'Neill will call a National Executive Council meeting today to discuss the measures to be taken as the developer of the PNG LNG project in Southern Highlands started pulling its workers from the Hides 4 area. Landowners had stopped work at the site over compensation demands which the developer, Esso Highlands, had been trying to resolve. A source said the developer began evacuating its workers from the project sites in three chartered aircraft yesterday. The source predicted it would be the end of the project if the closure continued this week. It could not be confirmed last night how many employees had left. Company spokeswoman Rebecca Arnold will issue a statement today.

O'Neill told The National last night tough measures were needed to protect the LNG project.
"I am calling a special cabinet meeting (today) to make tough decisions to protect workers on site and to protect the interest of the nation," he said. The landowners had stopped all LNG-related activities at Hides 4 in the Southern Highlands. Vehicles hired by Esso Highlands and the contractors had been returned to their owners because the companies could not continue to pay when they are lying idle. O'Neill said: "I am aware of the landowner issues around the project area and concerns have been expressed to the government about the security of the project as a result of certain groups putting in demands that are outside the UBSA (umbrella benefits sharing agreement) and LBBSA (licensed-based benefits sharing agreement)."

He said some of the measures the council would consider today included the declaration of a state of emergency in the Southern Highlands, the deployment of PNG Defence Force troops there, additional police manpower and additional funding for the exercise. "The demands are unreasonable and unfair to the nation. I appeal to landowners to reconsider their actions which are undermining the project," O'Neill said. He said the government had already made the decision for a call-out of the PNGDF and troops should be deployed immediately. "We will ensure the security of the project is protected," he said. The source said officials from the department of petroleum and energy and ExxonMobil had been sent to the site but could not resolve the landowners' grievances. The landowners have demanded K99 million from Esso Highlands as compensation for the different projects activities in the area.

Other demands include the upgrading of the Para Health Centre to a referral hospital; and Para Community School building; Hides-Komo road to start immediately. They also wanted employment and contracts be given to locals plus a permanent water supply for the people. Hides 4 Landowner Umbrella Association Inc chairman Chris Payabe had said landowners wanted the government to immediately take ownership of the project and address their concerns. He maintained that the project would remain closed if their demands were not addressed.

Porgera mining deal under review
The National, 26th March 2012

A WEEK-LONG review of the Porgera mine memorandum of agreement (MoA) between the state and the Enga provincial government begins today in Kokopo, East New Britain. In the review, the Enga provincial government will present its positions on various issues including benefits such as tax credit schemes, royalties and social and economic issues. The state team comprises Mineral Resources Authority, Department of Mineral Policy and Geohazards Management , Health, Commerce and Industry, Prime Minister and NEC, Labour and Employment and State Solicitor's office. MRA's acting managing director Kepas Wali said each of these state agencies would respond to issues relevant to them which the Enga province might raise. "For example, one of the issues that will be discussed woulc be the situation of the Porgera district hospital," he said. "This is where the national Health Department would come in to respond to any queries relating to the hospital."

This review meeting was part of a series of reviews that would happen throughout the year between state, the provincial government, landowners and Porgera Joint Venture. The next meeting would be between state and landowners in June, followed by a meeting between the provincial government and landowners in July and a meeting between state, EPG, landowners and PJV in September. This meeting would discuss specific issues relating to the fly-in fly-out system currently used by PJV for its employees. Around October/November this year, state team would propose to consolidate resolutions from all the meetings in one revised MoA and have it signed in Porgera. 'A number of attempts to review the MoA were made in the 1990s and in 2000 but were unsuccessful for various reasons. In 2010 and 2011, state and the provincial government recommenced the review process. However, the provincial government pulled out on both occasions for internal reasons.

LNG: landowner group wants K2.5m Post-Courier 22.3.2012
By ANDREW ALPHONSE

THE Kia clan, one of the principal landowner groups that own the land at which the Tari airport is located, wants K2.5 million of the K10 million given for the airport last Tuesday in Tari by Prime Minister Peter O'Neill. The Kias live at the southern end of the airport runway made this known during their meeting last Friday in Tari. Led by clan chief Malaya Lembo, Alois Mindipi, Paul Laiya, Paul Malingi, Marago Tagoba and Anneta Malingi, the Kia clan thanked Mr O'Neill and Tari Pori MP and Hela Transitional Authority (HTA) chairman James Marape for facilitating the payment publicly in Tari. The Kia clan said they missed out on the first K10 million paid under controversial circumstances by then Treasurer Don Polye to some Port Moresby based paper landowners last Christmas Eve in Port Moresby. The group said they own more than 8.6 hectares of land at the existing airport runway which was about 30 hectares big. The Kia clan also own the newly developed LNG air cargo terminal and lay-down used by ExxonMobil.

ExxonMobil has contracted Alaska based Lynden Brothers Aviation to fly in its LNG cargoes and supplies from Nadzab in Lae to Tari via three huge Hercules 100 aircrafts that make nine flights each day to Tari. The Kia group which has a membership of over 500 people said they should be categorised as 'facility owners' in the LNG project as their land was used as transit point and laydown for cargoes bound for the LNG projects in Hides, Nogoli, Komo and Hides 4 project sites. However, they said this did not happen for them and they had become mere spectators in their own land and had missed out on all business opportunities, including spin-off economic activities, local subcontracts, employment, trainings among others. The group said for far long they had been waiting patiently for opportunities to participate and their patience was fast running out when con artists, paper landowners and foreigners were benefitting from the project while they became spectators.

Mining: PNG ranks poorly Post-Courier 22.3.2012
By PATRICK TALU

PAPUA New Guinea has been ranked the worst country for mining projects with political risk out of 25 counties, according to Denver-based mining business consultants, Behre Dolbear. Behre Dolbear also ranked the United States as the worst nation in terms of mining permitting delays, while South Africa mining projects may encounter more corruption and social risk factors. Ironically, according a copy of the survey which the Post Courier sighted yesterday, Behre Dolbear found that the U.S. tied with PNG for the country with the most numerous permitting delays. The countries having the fewest permitting delays are Australia, Mexico, and Tanzania. In its annual ranking of countries in terms of political risks for mining investment, Behre Dolbear, has ranked Australia, Canada, Chile, Brazil and Mexico as the top five nations in which to locate mining projects.

The five lowest-scoring nations were Russia, Bolivia, the Democratic Republic of Congo and Kazakhstan with PNG bringing up the rear as the worst in terms of political risk for mining projects. The 25 nations considered in this year's survey were ranked on seven criteria: economic system, political system, degree of social issues affecting mining, delays in receiving permits, degree of corruption, stability of the country's currency, and the competitiveness of the nation's tax policy. Each criterion was rated on a qualitative scale from 1 (worst) to 10 (best) with a maximum attainable score of 70 points. For PNG, it was ranked 22 out of 70 for the total points from 2010 through to 2012. In this report, Behre Dolbear advised clients to exercise notable caution when considering investments in these countries.

In terms of corruption, Australia and Canada continue to rate at 10, the highest rating in Behre Dolbear survey in this criterion. The countries with least corruption are Australia, Canada and the United States. Those with the greatest incidence of corruption are Kazakhstan, Russia, DRC, South Africa and PNG. Australia and Canada continue to rate at 10, the highest rating in Behre Dolbear survey in this criterion. The countries with least corruption are Australia, Canada and the United States. Those with the greatest incidence of corruption are Kazakhstan, Russia, DRC, South Africa and PNG. Also, the countries ranked most effective at managing social issues are Australia, Chile and Columbia, while Bolivia, PNG, India and South Africa were ranked the least effective in the survey. A phone call and an email sent to PNG Chambers of Mines and Petroleum for comments particularly on the mining investment risk did not get any feedback.

PNG „the worst country“ for mining project political risk – Behre Dolbear
PNG Mine Watch 21.3.2012

The United States is the worst ranked nation in terms of mining permitting delays, while South Africa mining projects may encounter more corruption and social risk factors.

Dorothy Kosich

In its annual ranking of countries in terms of political risks for mining investment, Denver-based mining business consultants, Behre Dolbear, has ranked Australia, Canada, Chile, Brazil and Mexico as the top five nations in which to locate mining projects.
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The 25 nations considered in this year's survey were ranked on seven criteria: economic system, political system, degree of social issues affecting mining, delays in receiving permits, degree of corruption, stability of the country's currency, and the competitiveness of the nation's tax policy.

Each criterion was rated on a qualitative scale from 1 (worst) to 10 (best) with a maximum attainable score of 70 points.
"Due to their inherently low ranking", Behre Dolbear did not even bother to rank Venezuela and Zimbabwe on the list although both contain significant mineral wealth.
"Behre Dolbear advises clients to exercise notable caution when considering investments in these countries. The political and social situation in Zimbabwe continues to warrant exceptional consideration in risk mitigation while in Venezuela, Hugo Chavez's nationalization of gold mines and other mineral resource assets severely limits investment return potential. Significant political reform must occur in both countries prior to the restoration of investor confidence."
In their analysis, Behre Dolbear noted State-owned enterprises (SOE) and sovereign wealth funds (China, Korea, Russia, India, Singapore, Saudi Arabica, and elsewhere) are continuing to invest in mineral resource development and production as their parent countries consume more mineral products correlated to economic growth.
In China, SOE accounts for 80% of the Chinese stock market capitalization, 60% of Russia's and 35% of Brazil's.
Behre Dolbear observed that North America's "well-defined mineral endowment continues to attract significant capital investment despite regulatory hindrances due to its competitive standing relative to the quality of its resources, the capability of its existing infrastructure enabling products to access markets, and through the capacity of its human capital resources."
Capital available to many African projects continues to increase with more money from mineral development going into infrastructure, social services and better governments, the study observed. "Sub-Saharan Africa continues to be relatively stable by avoiding despotic or totalitarian regimes." Nevertheless, Zimbabwe and South Africa "prove challenging to foreign and domestic investor alike as an uncertain political atmosphere detracts from mineral development."
Low-cost energy in the Middle East region is continuing to promote the development of energy intensive industries such as fertilizers, aluminum and steel. These sectors consume aggregates, ferro and specialty alloys.
In Central and South America, the recent decline in mineral prices "combined with increased inflation and renewed nationalism is causing concern as producer's margins are squeezed," the survey noted. "Many countries throughout the region are increasing mineral taxes and imposing other requirements on mining operations."
In Asia, China's sphere of influence on its neighbors and their resources, such as Australia, although initially welcomed, "is coming under increasing scrutiny resulting in foreign ownership and export restrictions."

ECONOMIC SYSTEMS

In the economic system portion of the survey, Australia, Canada and Chile were the highest-rated countries, while the lowest-rated countries were Russia, Bolivia, DRC, Kazakhstan and South Africa. There were no improved ratings in this year's survey, as the ratings for five countries (United States, Mexico, Mongolia, China and India) declined.

POLITICAL SYSTEMS

No nation improved its ranking in the political system portion of the Behre Dolbear survey. Previously, the United States led in this category, but has now fallen one point "due to the continued stalemate in its Congress; the influence of powerful lobbying organizations and NGOs tilting the playing field." The highest rated political systems are Canada, Chile, the US, Australia and Brazil, while the lowest-rated are Bolivia, China and Russia.

SOCIAL ISSUES

Behre Dolbear stressed, "Social issues continue to be one of the highest risk factors affecting the development of mining projects all around the world." Industry watchwords, such as sustainable development, indigenous rights and social license "have often been used by opponents to delay or completely halt mining development not to mention, adversely impact established operations."
The NIMBY syndrome remains a persistent issue among the social issues considered in the survey, along with poverty levels, incidence of terrorism or guerilla activity, and disease, such as AIDS. "These issues affect the well-being and health of a country and affect mining economics in a country," observed Behre Dolbear.
The countries ranked most effective at managing social issues are Australia, Chile and Columbia, while Bolivia, PNG, India and South Africa were ranked the least effective in the survey.

PERMITTING DELAYS

Behre Dolbear found permitting delays to be "the most significant risk to mining projects in the United States. A few mining friendly states (Nevada, Utah, Kentucky, West Virginia, and Arizona) are an exception to this rule but are negatively impacted by federal rules that they are bound to enforce resulting in a 7- to 10-year waiting period before mine development can begin."
Ironically, the U.S. tied with PNG for the country with the most numerous permitting delays. The countries having the fewest permitting delays are Australia, Mexico, and Tanzania.

CORRUPTION

Australia and Canada continue to rate at 10, the highest rating in Behre Dolbear survey in this criterion. The countries with least corruption are Australia, Canada and the United States. Those with the greatest incidence of corruption are Kazakhstan, Russia, DRC, South Africa and PNG.
However, three African countries (Ghana, Namibia and Zambia) saw their corruption ratings improve in the survey through stable governments and improved transparency.
"Facilitation fees" often tied to local business practices in many countries are more prevalent in Africa, Asia and Latin America, Behre Dolbear observed. "Investors must be mindful of and monitor corruption from the early stages of exploration and throughout project development and operation."

CURRENCY STABILITY

"History has shown that countries with depreciating or devalued currencies inhibit new investment in their country," said Behre Dolbear. "As investment, money has focused on mineral-rich emerging countries, this trend has led to higher inflation within these countries."
"High levels of inflation have historically created political turmoil and civil unrest. Although central banks may attempt to intervene and governments may alter policies, strong global demand for commodities and rising prices can overwhelm such efforts."
Zambia was the only country in this year's survey to see its currency stability rating increase.
The highest-rated countries for currency stability are Canada, Australia and Brazil, while the lowest-rated countries are DRC, Russia, Zambia, Bolivia and Indonesia.

TAX REGIME

The total taxes applicable to a mining project-duties and imposts, income taxes, royalty and severance and excise taxes were considered in this section of the survey. "Behre Dolbear's experience is that once the total ‘government take' from combined taxes reaches 50%, a mining project's economic viability, during periods of normal commodity pricing, is threatened. Stable and predictable tax policies are essential in evaluating a mining project's perceived risks and viability."

Behre Dolbear did not reducing the ratings of any countries in this survey while two counties-US and South Africa-rose in this year's survey.
The highest-rated countries for tax regime are Mexico and Canada. The lowest rated countries are South Africa, Bolivia and Zambia.
To download the free survey report, "2012 Ranking of Countries for Mining Investment Where '*Not to Invest*'", go to http://www.dolbear.com/news-resources/documents

Department of Environment documents expose Hidden Valley miners deceit
PNG Mine Watch 20.2.2012

A leaked document from the Department of Environment and Conservation reveals how Hidden Valley miners, Harmony Gold and Newcrest, were allowed to increase the levels of toxic waste pumped into the Watut river and allowable cyanide concentrations were increased by more than four-times there previous limit in December last year. This all occurred two months before villagers living downstream of the mine started complaining of dead fish floating in the water. The DEC Briefing paper describes the situation at the Hidden Valley mine as an "emergency", but neither Harmony Gold or Newcrest Mining have ever made any public statement about the matter or how it was managed. see DEC Brief on the Tailings Storage Facility Emergency

Ok Tedi Mining posts windfall Post-Courier 21.3.2012
By PATRICK TALU

Ok Tedi Mining Ltd (OTML), PNG's 100% nationally owned mining company has reported a net profit after tax of K2,030 million (K2 billion) or $US732 million in its 2010 year ending, an increase of 27% compared to 2009 net profit. Former OTML Managing Director Alan Breen in its annual review released in which the Post Courier sighted a copy yesterday said the result reflected the dramatic increase in the copper price in the second half of 2010 closing the year at a record high $US4.42 per lb. Additionally, Mr Breen said the sales revenue for 2012 was K5. 086 billion ($US1, 873 billion) and shareholders received dividends totalling K1.687 billion. He said mining royalties paid to the Fly River Provincial Government and the mining area landowners totalled K94 million while total taxes paid were close to K929 million.

The review indicated that concentrate sales were 616, 080 tonnes, 9% higher than the previous year. Metal contained in concentrates totalled 158, 692 tonnes per copper, 482, 000 ounces of gold and 1, 500 000 ounces of silver. The lower output as reported was the result of mine and plant disruption due to the restriction on the Pit Crusher facility and the Mine Waste Tailings Project. It was stated that an illegal seventeen days strike by OTML workers also resulted in a concentrate shortfall of equivalent to 1870 tonnes of copper and 5830 ounces of gold. Meanwhile, OTML's operating cost increased by three percent to a total of K1.2 billion. The bulk of the increased cost arose due Licence-to-Operate cost comprising increased community compensations packages and environmental management cost. Other contributors to cost increase were attributed to the impact of a strong Australian Dollar on supplies. Meanwhile the 2011 full year sales revenue was K4.5 billion, 14 percent lower than 2010 mainly impacted by lower shipments and appreciation of PNG kina against the USD dollar.

Copper concentrate shipments were 10% below the corresponding period for 2010 due to lower head grades, production suspensions and Japanese customers declaring force majeure after the tsunami. Total copper production of 130,456 tonnes and gold production of 13 tonnes (417,236 ounces) was 18% percent and 14% percent below 2010 production respectively due to a month shutdown brought about by the Pyrite Concentrate pipeline rupture in May 2011. Despite, OTML remained within the top three PNG gold producers, according to a summary of key results in the annual report. The Company realised an average copper price for the period of $US3.73 per pound, compared to $US3.68 for 2010 while net cash generated, before dividends and share buyback, was down by 33% compared to the previous year, mainly due to lower shipments and foreign exchange impact of a stronger PNG kina against the US dollar. Dividends paid were K 774 million exclusively for PNG interests and K 881 million to Inmet Mining Ltd's 18% shares pre buy back of Inmet's equity in January 2011. Mining royalties were 8% lower than 2010, with the Fly River Provincial Government and mine area landowners each receiving K42.9 million.

Bougainville: Reopening of mine will pay off shareholders Post-Courier 21.3.2012

PAPUA New Guinea must change into a "land of the expected" European Shareholders of Bougainville Copper Ltd (BCL) president Axel Sturm said yesterday. And he unsurprisingly believes significant government investment into reopening the Panguna mine will pay off. While there has been uncertainty over whether the Panguna mine will ever reopen since it closed down in 1989 before the subsequent civil war, ESBC is concerned that BCL shares are becoming prey to short sellers due to the recent political instability in PNG. "It has a new Prime Minister (Peter O'Neill) elected by an overwhelming majority in Parliament while an old stubborn prime minister [Sir Michael Somare] cannot accept having been ousted," Sturm said. "Unfortunately, the new prime minister's Deputy (Belden Namah) contributes to this situation by making irritating statements from time to time.

"This fires foreign investors' confusion." PNG's parliament has passed the long-heralded sovereign wealth fund designed to safely manage windfall government revenues from the PNG LNG project, especially through offshore investments to avoid causing even more local inflation. But Sturm said that Sovereign Wealth Fund investment into PNG industries would be a great signal to investors worldwide. In what would also lift his own share portfolio, Mr Sturm would like to see the PNG government increase its stake in BCL (about 19%) and even buy more shares to give the Autonomous Bougainville government its first stake. "I imagine if PNG/ABG hold up to 25 % or even more in BCL, both would be keen to increase their stake's value by fast-tracking the reopening [of] the Panguna mine," Mr Sturm said.

"A strong investment in BCL shares by PNG would be understood by investors as PNG's commitment to a better economic future. "Investors are watching out for security of their investment – uncertainty is poison. "Certainty is strongly needed now," he added. The Frankfurt Stock Exchange has become the leading stock market for trading BCL shares which are also Australian Securities Exchange-listed. A key and longstanding hurdle to reopening the Panguna mine is gathering the support of community landowners. There were around 600 landowners or landowner representatives of the 1980 compensation agreement for the mine, providing plenty of scope for differences of opinion. Panguna was the world's fourth-largest copper mine in the months before it closed in 1989 and had produced 9 million ounces of gold and 3 million tonnes of copper from 1972.
Rio Tinto owns around 54% of BCL.

Porgera: K7billion claim against State thrown out Post-Courier 21.3.2012

By TODAGIA KELOLA

A MASSIVE K7 billion claim against the State by landowners from Pogera Gold Mine for alleged environmental damage has been thrown out by the National Court. The landowners from Lower Pogera and their association, the Pogera River Alluvial Miners Association, had taken Pogera Gold Mine, Barrick (Niugini) Limited, Secretaries for Environment and Mining, Mineral Resource Authority and the State for alleged failure in controlling mine waste disposal system and its monitoring and reporting system at the Gold Mine which has resulted in the plaintiffs suffering grave environmental damages and that its effects will last for a long time within the next 100 – 1000 years.

The plaintiffs in their writ of summons claim that such pollution amounts to unreasonable interference or denial of their peaceful use and enjoyment of the Porgera River system, they claim that the mine has totally polluted their water in that it has become poisonous, unclean, dangerous and that such conduct is an interference in their livelihood since its commencements and shall be for many years. Last Tuesday, lawyers acting for Mineral Resource Authority, Namani and Associate Lawyers through Hubert Namani made an application to dismiss the claim in its entirety. The application was supported by Pogera Joint Venture and all parties were heard on the application. Justice Derek Hartshorne, who presided over the matter, adjourned to Wednesday and he ruled that the proceedings is dismissed and awarded costs against the plaintiffs. Observers outside the court stated that it was a relief that the application was made because if it would have gone the plaintiff's way the State will have to fork out the amount.

Government handles LNG issues poorly: HGDC chairman Post-Courier 21.3.2012

CHAIRMAN of Hides Gas Development Company (HGDC) Ltd Tuguyawini Libe Parindlai said today that he was "bitterly upset and frustrated with the way the National Government is handling the landowner issues in the upstream section of the PNG LNG Project''. He said as a landowner leader and Chairman of the Umbrella Landowner Company representing Hides Petroleum Development Licence (PDL)-1,Hides PDL-7, Angore PDL-8, Juha PDL-9, Komo Airfield Development and Benaria Pipeline, he sees that the National Government had not taken ownership of the project and its (Government) presence was "literally lacking" on the ground. Mr Parindali said ExxonMobil Corporation was in PNG with a $US20 billion investment and it came at the invitation of the Government of PNG and its people, however, the Government had left the project to the company and to-date the Government had failed to effectively attend to the project and manage the ongoing landowner issues.

"We have professional men and women from the USA, Australia, the Middle East, Europe, Asia and our own Papua New Guineans employed on the project who are scared and frustrated because of ongoing issues between the landowners and the Government," Mr Parindali said. "The police are just driving around and not doing anything to protect the project and the employees. "The Government has not taken ownership of the project and it has failed miserably to provide leadership that we the landowners expect." He said the Project was run by human beings and when they had had enough, "they will pull the plug". "They have been patient and their patience is running out. Frequently stopping and starting work is not good," Mr Parindali said.

"If ExxonMobil pulls the plug on the project, all spin-off businesses will go with it and we have vehicle owners from Southern Highlands, Western Highlands, Chimbu and other parts of the country who will miss out on the revenue they are receiving now. "We will have transport companies, shipping companies, property owners and so on who will lose business. "Many people who have borrowed money from the banks to start their businesses will miss out. He said the Government had created a "cargo cult" mentality among the landowners whereby it hands out cash whenever there were issues on the ground. This has recreated a lazy population in the project area.

Chan urged to explain status of Simberi Mine Post-Courier 21.3.2012
By Grace Tiden

A landowner spokesman has called on Mining Minister and Namatanai MP Byron Chan to tell the truth about his involvement to replace the current developer of the Simberi Gold Mine in New Ireland Province. Simberi Mining Lease 136 clan spokesman Henry Salin said Mr Chan had gone on public record where he refuted claims that he (Mr Chan) was involved in trying to replace Allied Gold with a new developer on Simberi which he (Mr Chan) said "is a lie, baseless argument and lacks truth" and assured the people that there was none and no need for alarm. Mr Salin said he was appalled at Mr Byron Chan for misleading the people of PNG but more so the people of New Ireland and Simberi that he was not directly involved with the Simberi Mining Area Association, big Tabar and Tatau Landowner Associations to replace Allied Gold. Mr Salin said Mr Chan should go on public record to explain the letter dated January 16, 2012 to Allied Gold where copies were also sent to a number of government ministers and departmental heads.

The letter was addressed to Allied Gold managing director Frank Teranova. In the letter, Mr Chan, as the Mining Minister, raised a number of concerns registered over the past years including the hire of the Fijian Mercenaries in 2010 as well as a review of the operations of the mining company. Mr Chan said in the letter that as a result of the review, he was putting the company on notice and that he was denying the company's request for extension of Exploration Licence 609 and declaring Allied Gold Mining PLC and its 24 identified corporations unfit for consideration for future resource licensure. He also said he was immediately suspending their authorization to conduct any mining activity whatsoever as defined under the 1992 Mining Act as a result of the violations of the laws of PNG. Mr Salin said Mr Chan must apologise to the people for not telling the truth. He further called on Mr Chan to stop branding the Mining Licence 136 clan leader's group as faction group and that the clan leaders were true and legitimate clan leaders and represent the land owning clans within the ML 136. Mr Chan refused to comment on the issue.


Australian Prime Minister Julia Gillard.
DANIEL MUNOZ/REUTERS

Australia imposes mining tax after two-year battle
James GruBel, CANBERRA
Published Monday, Mar. 19, 2012 8:22AM EDT
Last updated Monday, Mar. 19, 2012 8:26AM EDT

Australia’s parliament passed laws for a new 30 per cent tax on iron ore and coal mine profits on Monday after a bruising two-year battle with mining companies, in a major victory for Prime Minister Julia Gillard and her struggling minority government. The tax will affect about 30 companies, including global miners BHP Billiton Ltd. BHP-N, Rio Tinto Ltd. RIO-N and Xstrata PLC , and aims to raise about A$10.6-billion ($11.2-billion U.S.) in its first three years. “This is indeed an historic day for economic reform, and an historic day for a fair go in Australia,” Treasurer Wayne Swan told parliament. The tax, which is being closely watched by other resource-rich countries, is designed to spread the benefits of Australia’s resources boom to other sections of the economy by funding a cut in the company tax rate, higher payments into pension funds, and A$6-billion of infrastructure spending.

The bills also include measures to lift gradually compulsory employer payments into worker pension funds from nine per cent to 12 per cent by mid-2019. The laws passed through the upper house Senate with support from the Greens, who unsuccessfully tried to increase the tax rate to 40 per cent and extend it to gold and uranium miners. The Association of Mining and Exploration Companies, which represents small and mid-tier miners, condemned the tax. “The tax is simply unfair to smaller emerging miners, and is so complex that the administrative and compliance burden on industry and government will be extreme,” association chief executive Simon Bennison said. “The introduction of this anti-competitive legislation in Australia will only further push investment capital offshore, and change our reputation as a safe place in which to invest.” The government announced the original mining tax in May 2010, sparking an angry reaction from miners who ran an advertising campaign against it.

Opposition to the original 40 per cent mining tax played a key role in the ruling Labor Party’s June 2010 decision to dump Kevin Rudd as prime minister and replace him with Ms. Gillard. Ms. Gillard negotiated the 30 per cent mining tax with BHP Billiton, Rio Tinto and Xstrata, but without agreement from Australian miners such as Forestcue Metals Group, Atlas Iron and BC Iron. Ms. Gillard then almost lost the 2010 national elections, but held on to power by one seat by forming a minority government with support from the Greens and two independent members of parliament. The next election is due in late 2013, but opinion polls show Gillard’s government well behind the opposition, which has promised to scrap the tax if it wins office. But Treasurer Swan, who has run a campaign criticizing Australia’s biggest mining magnates, has said Australians support the mining tax. The mining tax policy victory follows parliament’s endorsement of a controversial carbon tax, and laws to force global tobacco companies to use plain packages for cigarettes.

Australia: Rio Tinto application re-assessed Post-Courier 19.3.2012

THE federal government will re-assess an application by Rio Tinto for a mine expansion near the Great Barrier Reef on environmental grounds. Environment Minister Tony Burke has decided to reconsider the application based on “significant new information” about proposed shipping activities in the reef marine park. Mr Burke said he revoked the original referral decision and “substituted it with one that takes the reef into account”. “These new provisions will ensure we continue our commitment to sustainable development that ensures the outstanding universal value of the Great Barrier Reef is protected,” he said in a statement yesterday. The tougher review could delay the project for more than 12 months, The Australian said on yesterday. In September 2010, Rio Tinto Weipa Pty Ltd submitted a proposal for federal assessment under the Environment Protection and Biodiversity Conservation (EPBC) Act to extend its existing bauxite mining operations south of the Embley River near Weipa on western Cape York. The proposal for bauxite mining includes construction and operation of two new bauxite processing plants and infrastructure associated with the mining operations.

Fiji gains from PNG boom

Post-Courier 19.3.2012

FIJI is gaining from the economic boom in Papua New Guinea supplying the PNG economy with a wide range of goods and services mostly foodstuff and construction materials, Fiji Times online reported yesterday. “PNG is in the middle of an LNG project induced construction boom, which is straining capacity whilst pushing both GDP growth and inflation toward double-digit levels.
The Lae (PNG’s commercial capital) port is congested and the cost of getting goods from there to Port Moresby (PNG's capital and most populous city) has risen substantially,” ANZ chief economist Dr Paul Gruenwald said in the Fiji Times. He said Fiji enjoyed a substantial cost advantage over Australia in filling this gap. He also noted the reactivation of the Fiji-PNG Business Council, which was launched on Thursday night. "Our last piece of evidence of an upturn is the unexpected (at least to us) spillover from the boom in Papua New Guinea to Fiji,” he said.

Dr Gruenwald said there was a genuine, though still apparently modest, upturn taking place in Fiji although these were still early days. “Indeed, there was a widely-held view amongst people that we met that it is the best it has been in a number of years. “The three pillars of Pacific growth are agriculture and fisheries, tourism, and hard-industrial commodities. If we add to this the growing links to Asia (consistent with one of our big themes of deepening trade and financial integration cross the Asia-Pacific region) then we have an increasingly compelling growth story. “Our 2.4 per cent GDP growth forecast for 2012 is arguably aggressive compared with Fiji’s recent performance and with forecasts of the multi-nationals. But we are comfortable with this above consensus view given what we have seen and heard on the ground.

“Furthermore, we are only calling for a return to trend growth so can hardly be accused of being wildly optimistic. Despite the positive trends noted above, we would note that Fiji is not out of the woods. “The political factors that led to a cut-off of lending and some aid from key trading partners as well as the multilaterals have not been resolved, although elections are scheduled for 2014.
But the changing geopolitical landscape in the region has led Fiji to benefit from new, Asian sources of external financing to supplement its traditional heavy reliance on the Antipodean countries. “Even assuming that the political situation is resolved, it would appear to us that increasing linkages with the fast growing Asia region constitute a positive structural break in Fiji’s growth model. It remains to be seen whether this opportunity is effectively grasped and whether growth can be move to a higher plane on a sustainable basis,” he added.

Miners observe safety week

Post-Courier 19.3.2012

By EVAH KUAMIN

HIDDEN Valley mine employees in Morobe last week joined their other colleagues from other mining operations throughout the country to observe the first National Mining Safety Week.
The National Mining Safety Week is the initiative of the office of the chief inspectorate of the Mineral Resources Authority as a lead up to the second National Emergency Response Challenge 2012 which will be held in September. The weeklong activities started on March 5 and ended on the 11.
Hidden Valley’s deputy general manager Mr Peter Hannigan said the event provided an opportunity for all employees to reflect on what is important to their lives. Mr Hannigan said the National Safety Week was also an opportunity to celebrate all the things workers did to stay safe and healthy.

“For me this starts with education and health care for our children, better living conditions, support for extended family. Being safe and staying healthy is the way we make sure that we can continue to work and provide a better life for our families,” Mr Hannigan said. He said safety week was a celebration of what people do every day, a celebration of all the workers who do not put themselves at risk (the vast majority of our employees), a celebration for their families when they returned home from work. He urged the employees to stand up and speak out when they saw things that were being done wrongly or could be improved. Mr Hanningan also encouraged them to work with each other to solve their problems and most importantly if they were not sure if they could do a job safely; then they should stop the job and seek help in solving the problem. “I applaud all of our employees for their ongoing efforts in eventually making HiddenValley the safest mine in PNG,” said Mr Hannigan.

The safety week activities at Hidden Valley included promoting healthy eating habits, an activity headed by the National Catering Services; walking race to promote the need for a healthy lifestyle; a poster competition on how to communicate Safety; The Safety initiative is promoting the changes we are making to make a safe work environment; The Hazard hunt is promoting our daily need to be observant of the risks that surround us every day; Daily health promotions reflect the care that we must take in lifestyle choices; The Safety Quiz reinforced that we need a level of knowledge before we can make good decisions. In a message to all the mining operations in PNG, Chief Inspector of Mines, Mr Mohan Singh said the Mining Industry in PNG witnessed a new era in the promotion of safety, health and wellbeing of their workforce who is garlanding the economic landscape of this wonderful nation with beads of their sweat, day in and day out.

Ramu mine production gets closer
PNG Mine Watch 17.3.2012

Junior partner and Australian nickel miner Highlands Pacific has announced the A$1.5-billion Ramu nickel project in Papua New Guinea has started load commissioning and is currently treating material through one of three autoclave circuits. A mixed nickel-cobalt hydroxide concentrate from the treatment plant was imminent, the miner says, with the first of three high pressure autoclaves having started load commissioning. It is estimated that ramp-up to full production could take between 12 and 18 months. Once in full production, by mid-2013, the Ramu project will produce about 31,150 tonnes per year of nickel and 3,300 tonnes per year of cobalt, placing it as one of the world’s top 15 nickel producers.

“This is a very important milestone after the many delays that have been experienced by the project, and it is the culmination of much hard work,” Highlands Pacific managing director John Gooding said. Last December, the PNG Supreme Court rejected an appeal to overturn the decision by the National Court to allow the Ramu project to continue with its plan to dump toxic mine wastes into the sea. The decision brought to a close two years of attempts by parties to prevent the construction, commissioning and operation of the project, and in particular the DPST system, which had been approved by the government when the project was granted its mining lease.

ESSO HIGHLANDS SUSPENDS LNG PREPARATION WORK IN PNG

Landowner ‘stop-work activities’ in Hides causes stoppage

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 16, 2012) – Esso Highlands Limited (EHL), the operator of the multibillion kina PNG LNG Project has suspended its early works at the Hides Gas Conditioning Plant (HGCP) site. EHL media and communication adviser Rebecca Arnold yesterday confirmed the suspension and said EHL has requested a group of people in the Hides area to cease the illegal stop-work activities they are undertaking. "Work has been temporarily suspended in the Hides area, but is continuing throughout the rest of the Project area. The matter has been referred to the police," Ms Arnold in an email when asked to confirm the stop work and suspension of early works.

EHL also maintained that the PNG LNG Project encourages continued co-operation between communities, the Government and the Project to constructively address issues as they arise, without impact to ongoing Project activities. "We have taken steps to engage with the group to understand their concerns, and it is disappointing that they have taken these actions. The community is also being impacted, as people are unable to work due to threats made to our workforce. The group is aware that there is a formal grievance process with respect to land access, where adjudication can be made by a Chief Warden. "The benefits that flow from the Project will have a broad, positive impact on the country, and it is important that the Project is completed on time," she added. Landowner leaders from the Hides yesterday confirmed that the early works at the Hides 4 PDL7 and PDL1 areas have been interrupted on Monday. Landowners spokespersons Henry Parilia and Hides 4 Gigira Joint Venture Chairman Willie Ayule respectively told the Post Courier yesterday that the reason for shutting down the early work were mainly to do with the Government payout of the IDGs to Hela Transitional Authority (HTA). "The payment was hijacked by HTA and we are not sure if the money allocated for PDL 1 and PDL 7 will ever reach us.

We know elections are around the corner and because of local politics, this money will not build any schools and health centres at the project areas," Mr Parilia said." Mr Ayule added that HTA was not a signatory to the LNG agreement and was total stranger to receive affected areas' funds. They said at Hides that every time, landowners want payments for outstanding commitments by Government and EHL, impacted landowners are left out of the payments and people who do not understand the needs of the landowners receive the money and do not implement infrastructure projects in the impacted areas. They said that the project was forced to shut down because EHL had not delivered on its promise to deliver temporary water tanks for villagers affected by contaminated water living near the HGCP at Hides 4. They stressed that 250ha of land has been developed for the project and the environment consequences of the development had not been properly addressed.

Bainimarama wary Newcrest could cause another Bougainville in Fiji

Bainimarama "I have been to Bougainville and I don't want to see what happened there to occur here in Namosi."

By Ross Louthean, PNG Mine Watch 16.3.2012
Plans by Australian gold giant Newcrest Mining Ltd to expand its Pacific mining profile with a copper/gold development in Fiji has hit been halted after local landowners agitated against it. The agitation has prompted Fiji's self-imposed Prime Minister Commodore Frank Bainimarama to put a hold on all exploration activity in a mountainous region where Newcrest and two Japanese partners – Mitsubishi Materials and Nittetsu Mining – were advancing gold and copper deposits. The magazine Islands News said the military regime has also suspended an environmental impact study on a mine proposed by Newcrest that has been underway for almost a year. The proposed mine in the province of Namosi is about one hour's west from Fiji's capital city, Suva.

According to reports landowners had made demands in two meetings with the Prime Minister in January, claiming work by Newcrest and its partners in the Namosi Joint Venture (NJV) had caused havoc on their agricultural land, native forests and rivers. Islands News said Bainimarama now wants the NJV to clean up the proposed mine site first, before any further talks of mining the area are held. Newcrest's chief executive Greg Robinson reportedly said discussions about the Namosi project were taking longer than expected and Newcrest's country manager has been meeting Bainimarama and local community representatives. In Melbourne last month Robinson told journalists discussions had been "very productive." However, Bainimarama said: "I have been to Bougainville and I don't want to see what happened there to occur here in Namosi."

Newmont has said the Namosi project should have a life span of 25 years during which 16 million tonnes of ore would be extracted from two open cut mines in the Waisoi Valley. The Namosi tenement, which is located about 30 kilometres west of Fiji's capital city, Suva, has been periodically explored over the past 40 years. The potential for gold and base metals was established in the 1960s, and exploration led to the eventual discovery of the Waisoi deposits. Between 1991 and 1995, Placer Pacific defined the large, low grade, porphyry copper-gold deposit at Waisoi as an open pit copper gold resource in excess of 900 million tonnes (a figure yet to be confirmed by Newcrest's own work on the project) grading 0.43 percent copper and 0.14 grams per tonne gold.

Hides gas plant shut Post-Courier 16.3.2012

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LNG: State wants re-financing Post-Courier 16.3.2012

THE O'Neill-Namah government wants to free up some of the tight restrictions imposed on the management of revenue derived from liquefied natural gas (LNG) windfalls. And it plans to do this through possible re-financing of the A$1.68 billion (K3.66 billion) secured from the International

Petroleum Investment Company (IPIC) to finance the State's 19 per cent stake in the ExxonMobil led US$16 billion (K33 billion) PNG LNG project on less-imposing terms. IPIC is an international financing house owned by the government of Middle-East rich Abu Dhabi. Mooting the re-financing is State Enterprises Minister, Sir Mekere Morauta, citing wastage, non-transparency and inappropriateness in addition to having not explored other options as reasons. Sir Mekere singled out his predecessor, Arthur Somare, and previous Independent Public Business Corporation (IPBC) management being responsible for what he called a "bad transaction for PNG."

"Independent experts have audited the transaction, under which PNG, through IPBC, borrowed A$1.68 billion (K3.66 billion) from the Abu Dhabi Government's International Petroleum Investment Company," Sir Mekere said. "The independent audit has revealed just how bad the transaction is for PNG. "The audit found that the transaction was neither transparent nor appropriate, and that other options had not been explored. "The initial borrowing was enormously wasteful. "The funds became available to IPBC eight months before they were needed, resulting in IPBC having to pay interest of A$56 million (K122 million) for absolutely nothing. "Then the Australian dollars had to be converted to US dollars, leading to another loss of A$300 million (K622 million). "The result of this financial incompetence is that the National Government has had to borrow a further K900 million to ensure that PNG can retain the level of equity that it wants in the LNG project.

"Finally, the audit and other investigations have found that the transaction imposes many restrictions on how the State's revenues can be managed, and how public enterprises are administered." Sir Mekere said the National Executive Council (NEC) had now decided to explore the possibility of re-financing. "This does not mean that it will automatically be refinanced, but this is one option that should be looked at," he said. "Refinancing could provide an opportunity to obtain more affordable and fairer finance and remove restrictions on the Government's ability to manage its own revenue and its own public enterprises. "It is essential that we maintain our level of equity in the LNG Project, but at the same time ensure that we get the best deal for the people of PNG."

Resource rich provinces lack government services Post-Courier 16.3.2012
By ANDREW ALPHONSE

DESPITE resources have been developed in Tari and Southern Highlands provinces for the past 20 years, there is lack of effective Government services and infrastructure to showcase for the millions of kina landowners and the provincial governments receive through various grants and benefits from these projects. Respected Tari businessman and former mayor George Tagobe said this at a packed Andaija Oval in Tari on Tuesday to more than 5000 plus people. Mr Tagobe was speaking in the presence of Prime Minister Peter O'Neill, Tari Pori MP and Hela Transitional Authority chairman James Marape, Chief Secretary Manasupe Zurenoc and other dignitaries during the presentation by Mr O'Neill of a massive K120 million of infrastructure development grants (IDG) and a further K25 million in projects in Tari Pori electorate to the Hela Transitional Authority (HTA).

Mr Tagobe said the legendary and spiritual Gigira Laitepo (Hela Gas) had been there for the benefit of 'all Helas, Southern Highlands and Papua New Guinea as foretold by Helas forefathers'. He said currently and in the last 20 years, only landowners from Hides, Komo, Angore, Juha, Moran, Komo and Kutubu were benefiting through equities, royalties, memorandum of agreement (MOA) funds, ministerial commitments, business development grants (BDG) and others. Mr Tagobe told Mr O'Neill that he could see for himself in Tari town and Hela Province that there was nothing tangible in terms of infrastructure and developments to showcase for the millions of kina paid to con artists, landowners and ghost landowner companies over the years in the name of these projects. Mr Tagobe said few selfish and greedy landowner leaders had over the years conspired with Government ministers to steal these funds to live extravaganza lifestyles in Port Moresby on flashy cars, womanising, beer, pokies, airfares and hotels accommodations.

Mr Tagobe said this money could have been put to good use to develop schools, hospitals, roads, bridges and other government and civil services. He said the majority of destitute people throughout the Hela region and Southern Highlands Province who were supposed to benefit from the proceeds of this project funds through developments and services were suffering in silence as they had been deprived of these benefits and services over the past 20 years. Mr Tagobe commended Mr O'Neill for making a bold move to ensure that all landowner payments, including IDGs were paid at the project sites in Tari, Hela and Southern Highlands and not in Port Moresby anymore. Mr Tagobe said when payments were made transparently in Tari and in project sites, money would be publicly scrutinised to ensure that it was used for the purposes and projects for which they were earmarked and not go to wrong hands. He also called on the HTA to ensure that the K120 million was paid to competent and reputable companies like Lae Builders and Constructions (LBC) to ensure that projects were delivered at money's worth.

PNG: Rise of retail Post-Courier 16.3.2012

With confidence in Papua New Guinea's economy rising due to the prospects of gas and mining wealth, the country's retail market is expected to see significant expansion in the next few years. Rising incomes and urbanisation suggest the retail and industry sector will gradually evolve away from its traditional focus on informal markets to new trends such as luxury goods and modern shopping malls and supermarkets. Spurring on this growth is the PNG Liquefied Natural Gas (LNG) project, a gas production and processing facility in the Southern Highlands, Western Region and Port Moresby. Currently employing some 5000-6000 workers, the LNG project has stimulated strong demand in the retail sector which could be curtailed significantly when the construction phase of the project is over and the workforce is slashed to a permanent workforce of 500 to 600.

Despite the concern over the impending elimination of these jobs, optimism remains that the revenue derived from subsequent energy exports will soften the blow. "Sure it will have an impact, but PNG will continue to get money from the sale of the gas, which should trickle down to the retail sector," Kevin Kelly, the group logistics manager for BNG Trading Company, told OBG. In addition to the LNG revenue streams, there are numerous large-scale, multi-billion dollar resource investments in the pipeline that should continue to bring both crucial foreign investment funds as well as new sources of longer-term income for the country. Because of this optimism, retailers are betting heavily that recent growth trends will continue and that there is still enough room in the market for further retail stores despite the addition of the newer large-scale shopping centers.

Retailer operator CPL, for instance, told OBG that it intends to build on its existing chain of supermarkets by constructing at least two new larger outlets in the coming years. These new stores will also reflect the sector-wide recent trend of building larger outlets offering a greater variety of goods, as the company's existing stores average around 500 sq metres and the two newer ventures will both measure in excess of 2000 sq metres. Another example of this trend can be seen in the country's largest mall, Vision City Waigani, which recently opened its doors, though several entertainment options such as a cinema and nightclub are still being built. The mall's anchor, Vision City RH Hypermarket, opened for business in October 2011.

At 31,435-sq-metres, the PGK1bn ($466m) Vision City Waigani project comprises 52 units of retail lots with a rental area of between 110 and 390 sq metres, according to Rimbunan Hijau PNG, a group of companies with interests in forestry, timber processing, palm oil, media, retail and property development. Its subsidiary company, Dynasty Development, was the main developer of the project. Driving the growth in retail is an emerging middle class: GNP per capita rose from $1500 in 2004 to $2420 in 2010. As a result, consumers are increasingly eyeing aspirational purchases, such as cars and luxury goods. “The middle class in PNG were not buying vehicles just three years ago. Now this new segment is starting to buy family or used vehicles, while the growing expatriate population and business class is boosting the demand for luxury and work vehicles,” said David Purcell, the CEO of Ela Motors, PNG’s leading automotive distributor.

The country is also gradually shifting towards shopping in modern supermarkets, with domestic wholesale and retail firms Super Value Store (SVS), TE (PNG) and RH Hypermarket increasing their branches and supply throughout the country. Home furnishings are also increasingly in demand, as evidenced by the growing popularity of stores such as Home Centre and Seeto Kui. As more modern shopping trends take shape, the government is still focused on improving the profitability and standards of the informal market, which supports some 85% of the population. A National Informal Economy Policy was launched in 2011 to promote “the informal economy as the ‘grassroots expression’ of the private sector and a partner in the formal economic system”. Recognising the policy as an attempt to absorb micro-scale economic activities of the poor into the formal, regulated and tax-paying part of the economy, researcher John Conroy wrote on the Development Policy Blog that “further growth of the informal economy is a necessary step towards the emergence of a class of vigorous national entrepreneurs in (PNG’s) small and medium enterprise sector.”

However, for the sector to continue to evolve, rules on foreign investment in retail, which thus far have limited growth, will have to be loosened. A report on the PNG wholesale and retail industry, prepared by the Independent Consumer and Competition Commission in 2009, found that the government should review business registration procedures and remove restrictions on foreign investment into the retail sector. It also criticised Port Moresby for placing tariffs on imported goods that PNG wholesalers are unable to source domestically. To ensure that the retail sector rides the wave of the country’s resource-related wealth, the proper infrastructure will need to be in place to encourage foreign investors. As this develops, along with a growing middle class and rising incomes, both the informal and formal retail economy stand to benefit.

Local investors lured to invest in Cairns property market

Post-Courier 16.3.2012

THE Far Northern lifestyle, attractive property prices and the prospects of a future resource boom is drawing investors from Papua New Guinea, Western Australia and Darwin who are snapping up prestige waterfront homes and vacant blocks of land in the elite Bluewater estate, The Cairns Post reported on Tuesday. One Cairns agent’s confidence has been boosted after he sold 16 properties in the master planned community last year and last month settled a Harbour Drive waterfront home — sold for $1 million — that had only been on the market for less than a month. “Investors from PNG called me at about 9am in the morning from the airport so I got them straight out on my boat and took them through the property and by 4pm that afternoon the contract had been signed,” FNQ Hot Property principal Nathan Shingles, who specialises in Bluewater, said as quoted by The Cairns Post.

“It’s certainly the quickest sale we’ve had in Bluewater and the owner got asking price for it so it was a confidence booster. “We’re experiencing more investors coming through and they’re looking at the longer term prospects. “They’ve realised that Cairns is sitting in a good position to capitalise on the emerging mining, gas and oil markets. “There’s no other place in Cairns that you can live right on the water, have your boat parked out the front and you can be on the Reef in a matter of minutes.’’ Mr Shingles said his agency had launched a campaign targeting investors in mining areas in an effort to lure them to Cairns’ property market. “We’ve been directly marketing to these potential clients via letter box drops, ads on television and social media in areas such as PNG, WA and

Darwin," he said. "It's reaching into these areas and showing them the potential Cairns has to offer."

ADB PREDICTS NO MAJOR GAS REVENUES IN PNG FOR DECADE

Early LNG income 'quite small' due to financing, tax breaks

By Malum Nalu
PORT MORESBY, Papua New Guinea (The National, March 15, 2012) – Earnings from the LNG project are not expected to be significant until after 2023, according to Asian Development Bank's Papua New Guinea country economist, Aaron Batten. He told The National yesterday, after the release of the latest edition of ADB's Pacific Economic Monitor, that this had to do with financing agreements of the project. "For the first five to 10 years of LNG production, revenues will be quite small," Batten said. "This has to do with financing agreements of the project." Batten said: "This is accelerated depreciation (to do with tax benefits to the project). "LNG revenues for the first five to 10 years of the project will only replace the decline in other mineral revenues government receives. In the long term, things will get better, but over the medium term, government will face a growing fiscal challenge."

Batten said government must ensure that enough funding was allocated to key service delivery priorities such as health, education and infrastructure. "At one level, this will require an increasing prioritization of these areas (health, education and infrastructure) within the budget," he said. "It will also require them to manage public expectations for improved service delivery as a result of LNG revenues, which are not expected to be large until after 2023." Batten said the major challenge facing the government right now was the declining revenue over the next two to three years, mainly because of the winding down of LNG construction, declining output from mines and oil fields, and agriculture exporters to face loss of competitiveness as a result of the high kina exchange rate.

IRISH MINER BUYS INTO NEW CALEDONIA NICKEL VENTURE

Roadbridge holds 70 percent stake in Vale project

WELLINGTON, New Zealand (Radio New Zealand International, March 15, 2012) – A joint venture company has been set up in New Caledonia as part of work related to the giant Vale nickel project. The arrangement between Goro Mines and Ireland's Roadbridge is aimed at carrying out earthworks near the Vale plant in the territory's south. Roadbridge is to have a 70 percent stake in the venture, with the contract estimated to be worth 160 million U.S. dollars. According to the local newspaper, the joint venture will employ 240 people, among them 35 Irishmen. It says the work will involve the removal of four million cubic meters of soil at the Goro mine site.

NEW CALEDONIA MINE STRIKE CALLED FOR SAFETY ISSUES

Conditions at *Societe Le Nickel company called unsafe*

WELLINGTON, New Zealand (Radio New Zealand International, March 14, 2012) – The main union at New Caledonia's *Societe Le Nickel* (SLN) nickel company has issued a strike notice. The Syndicat des Ouvriers et Employes de Nouvelle-Caledonie (SOENC) branch at the smelter says the strike threat is over the lack of safety and the pollution at the Noumea plant. It says the premises are old and there is a feeling that the French parent company Eramet doesn't want to invest into an upgrade of the facilities. The union has accused the management of being irresponsible, leaving the site in a filthy state. This comes only weeks after one worker was seriously injured in a furnace explosion.

ADB PREDICTS PACIFIC ECONOMIC GROWTH OVER NEXT 2-YEARS

PNG, Vanuatu lead the region with long-term growth

WELLINGTON, New Zealand (Radio New Zealand International, March 13, 2012) – The Asian Development Bank (ADB) says several Pacific economies are expected to keep growing in the next two years. Papua New Guinea has had ten consecutive years of growth, although the ADB says in its latest report that this will fall back from 7.5 percent this year to 4.5 percent next year. The Bank also notes Vanuatu has now had nine consecutive years of growth. The ADB says these achievements are impressive but if the rest of the Pacific is to see similar success, there needs to be more investment in public infrastructure, improved government fiscal management and public sector efficiency. The ADB projects the Marshall Islands economy will grow by 5.4 percent this year, up from five percent last year, but drop back to 2.6 percent in 2013. It says tourist arrivals, particularly in the Cook Islands, Fiji, Palau and Samoa, reached record levels in 2011, and the outlook for this year is positive. It also says on the back of resumed phosphate exports Nauru should sustain relatively strong growth this year and next.

[*PIR editor's note: Larger Pacific countries, such as Papua New Guinea, Timor Leste and the Solomon Islands have seen increases based on natural resource industries. Smaller countries, according to the ADB, "are the ones that really need to lift growth and sustain higher levels of growth to redress some of the negative impacts of inflation, and also to help address the growing population issues and to keep the gross national income relatively high."*]

MINING ACTIVITIES RESUME AT WEST PAPUA'S FREEPORT

No details released on negotiations after two-week stoppage

WELLINGTON, New Zealand (Radio New Zealand International, March 13, 2012) – Work has restarted at the Freeport mine in Indonesia's Papua after a two-week suspension caused by fighting among workers. Operations were halted last month after employees complained that a deal struck in December - which ended a three-month strike over wages and conditions - was not being implemented properly by management, with some strikers not being paid. Three workers were reportedly arrested by police over the violence. The news agency AFP reports an agreement has been reached allowing work to resume. Freeport did not give details on what led to the latest agreement.

Nautilus eyes up to $100 mil for project

Post-Courier 13.3.2012

WHILE Nautilus Minerals, operator of Solwara 1 Project in the waters of New Britain and New Ireland provinces, aiming to become the first deep-sea metals producer by the end of next year, still needs to raise $90-million to $100-million to fully fund the project, it has about two years to do so, CEO Steve Rogers said on Thursday. According to miningweekly.com on Friday, the Toronto Stock Exchange listed company last year completed a near-$100 million (K207 million) private placement, with Oman's Mawarid Mining, a unit of oil and gas producer MB Holdings, taking up a 10% stake for $50.1million (K103 million). "The $100-million that we raised last year was a big step forward," Rogers told Mining Weekly Online.

Mining Weekly reported that Anglo American subscribed for shares in that deal to keep its ownership of Nautlius at 11%, and Russia's Metalloinvest did the same to maintain its 21% interest. The funding allowed the firm to recommence the build of its seafloor mining system at the flagship Solwara 1 project in the Bismarck Sea, off the New Britain Island coastline. The government of that country will stump up about $150 million (K311 million) of the capital costs as a joint venture partner, but Nautilus will still be looking to raise additional financing. "We will need to find probably another $90 million to $100 million (K180 to K207 million) to fully fund the project. We have the next two years to raise it, so we're not in a desperate rush right now," said Rogers, adding that it had alternatives to selling additional stock."It's not a given that we will come back to the equity markets," he commented.

The statement said Solwara 1 is on track to start producing in the last quarter of 2013, after the global financial crisis delayed it by about two years, and will be the first deep-sea mining operation to come on stream, as mining companies scour the world for near frontiers to dig up. While Nautilus is ahead of a growing pack, China, Russia, Korea and Japan all have permits to scour the seabed for potential high-grade deposits of copper and gold. "There will be a deliberate and significant move into marine-based mining operations," Rogers said. He compares the shift to what occurred in the oil and gas industry, where negligible production came from offshore sources in the 1950s. Now, over 30% of the world's oil and nearly 25% of its gas output comes from offshore production. "I can see that same trend here occurring with regards to metals. I don't anticipate a gold rush, but it will be a slow steady growth," said Rogers. One of the benefits to building mines on the bottom of the ocean are lower capital costs than comparable operations on land. Where Nautilus is building Solwara 1 for about $400-million, porphyry mines that produce similar amounts of metals cost in the range of $1-billion to $1.2-billion.

Allied Gold accused of bullying tactics to cover up toxic spill

PNG Mine Watch 13.3.2012

Simeon Lavaso Aisoli Topu
The news on Allied Gold's toxic waste overflow in the Simberi Gold Mine that was reported in the National and Sunday Chronicle papers last week has alerted and created a major awareness for the New Ireland people and the country. The Provincial Radio Station also aired a live talk show by concern citizens criticizing Allied Gold's poor safety record in the mine and other breaches and non-compliance to PNG Laws and policies. The company has not come out to defend itself but it has been reported to have made counter attack actions including obtaining a restraining order through O' Brien Lawyers. The company (Allied Gold) has quietly rallied with full force and huge funding to support the ML 136 Landowners to launch an attack on Simberi Mining Area Association (SMAA), The Minister for Mining and landowner Mr Aisoli Topu who spilled the information to the public on discharge of waste by illegal means when the pump was down and did not pump the toxic waste through the normal DSTP system.

At the time the pump was down on January 24, 2012, Allied Gold diverted the toxic waste by discharging it into a pond which overflowed causing a scare and threat to lives while the company still allowed production to continue. This was not reported within 24 hours to the Department of Environment and Conservation as the Law requires. For this reason Mr. Aisoli Topu a concern Landowner and the Simberi Mining Area Association (SMAA) raised the matter for Government and the public to know and at the same time exposed the company's lack of care and due diligence in its Simberi mine operation. This then prompted the New Ireland Provincial Government Team to do a site visit a few days ago. The Department of Environment has yet to send a team to Simberi to verify the issue. Another Landowner Mr. Simeon Lavaso said, I am sure that when a government Team is sent to Simberi mine it will be too late to see a trace of the toxic waste spill because weeks have passed and there is nothing to see and report to Government. So I say that the company is running around scotch free and enjoying a lack of government scrutiny and enforcement of its laws because there is no one in Simberi to do this for Government on a spot on basis in this remote island. I think this is the failure of government and it is definitely signing a death warrant for the people of Simberi and Tabar if it continues to treat the matter as an issue of peculiarity and not life threatening, said Mr. Lavaso.

It is alleged that Allied Gold Plc funded the ML 136 Landowners who got a Lawyer from O Brien's Law Firm to Tabar on 8th March 2012. The Lawyer assisted the pro company Landowners (ML 136 Landowners) to sign affidavits which the Lawyer collected and flew back with to Port Moresby on Friday 9th March 2012 to prepare restraining orders against making statement against Allied Gold Plc which contravenes one's freedom of expression and speech as enshrined in the constitution. The company and the ML 136 Landowners are exposed now in their partnership to curtail the constitutionally guaranteed rights of people to express themselves in a democratic country as Papua New Guinea against the so called multinational corporation acting like they are above the law of this country. In a telephone communication with the mine Manager Mr. Peter Du Plessis on Friday 10th March he confirmed that he is working closely with the ML 136 Landowners and not the Legitimate and Mandated Association – SMAA, said Mr Topu. The ML 136 Landowners, it is alleged have been in full support of Allied Gold Plc operation in Simberi in return for favours such as contracts, free office space and other incentives.

Lavaso said, "the only spin off contract in the mine is operated by a single Simberi Landowner Company called Sunamait Holding. The rest of the contracts are owned by the twenty five corporations of Allied Gold based overseas. I hope the ML 136 Landowners know this and are supposed to be concerned about it and ask Allied Gold to give more contracts to them and the Tabar people". "Ninety nine percent of spin off contracts are owned by the twenty five corporations of Allied Gold Plc and this system of creating corporations by Allied Gold has effectively cut off participation by potential Landowner business men and women of Tabar and New Ireland and concentrating wealth in the hands of a few and perpetuating their lot while Simberi and Tabar have nothing in the K500 million worth of assets and gold reserves worth millions of kina to date", said Lavaso.

Lavaso further stressed that "there is virtually no asset owned by a Simberian or Tabarian in this mine so I do not understand what the ML 136 Landowners stand for and why they are so much in support of Allied Gold Plc? Sometimes I think my fellow relatives and Landowners are been given patronage to an extent they cannot tell the difference between tangible and intangible development from the mine or what is right and what is wrong with Allied Gold Plc. I have to come out in the media to show that I am concerned about the majority of our people in Simberi and Tabar who are just mere spectators in the Simberi mine while extraction of gold happens and their land, river and sea environment is polluted on a daily basis leaving nothing for the future children.

Mr. Topu supported his fellow landowner saying that, "I cannot comprehend why the ML 136 Landowners' stand firm with Allied Gold Plc given the fact all their good flowing rivers we used for washing and drinking in the past have been turned into murky, mud laden and toxically contaminated rivers including the sea our fishing grounds and yet there has not been any real compensation for this loss and so where do they stand on this issue? Further to that there is no community development taking place, there is nothing for women, there is nothing for youth, there is no informal training and there is no sponsorship for Tabar children to College and Tertiary Training and specialized training in place. There is no proper public relation in place and the rest of the Tabar Community are not informed on what is really happening in Simberi. So what do they support Allied Gold Plc for? There is more not done to expectation by Simberi Mine.

Another very serious allegation is that the ML 136 have been given free thousands of shares by Allied Gold Plc in 2010 so could this be the reason why they tag along with Allied Gold Plc all this time? The company has not even invited Tabar people to buy and own shares in it. Allied Gold Plc and the ML 136 Landowners must come out and tell the truth about their special relationship and how they benefit from each other? I want to be counted as one of our many Tabarians to stand for the majority and tell Allied Gold to perform to international standards or to ship out if it cannot because it is ruining its reputation every day it stays in Simberi. I cannot keep quite on these pressing issues because if I do I am doing injustice to my people who are not well informed on the issue at hand.

K15 billion trade beefs Australian and PNG ties Post-Courier 12.3.2012

THE two way trade between Australia and Papua New Guinea today stands at $7billion (K15 billion). In the PNG LNG project alone it is estimated that there will be $3 billion worth of projects that will be undertaken by Australian companies, said Richard Marles MP Parliamentary Secretary for Pacific Island Affairs at the Australia week luncheon last Friday. Mr Marles said PNG is also changing economically, emerging in this second decade of the 21st century as one of the fastest developing economies not only in our region but indeed across the globe. He said according to International Monetary Fund forecasts, PNG was the seventh fastest growing economy in 2011. “If the right decisions are taken PNG stands on the cup of a very prosperous economic future. “This is something we in Australia welcome wholeheartedly. “Much of its current prosperity, like Australia’s, comes from its wealth in natural resources, such as in minerals, oil, gas, timber agriculture and fish,” Mr Marles added.

The MP highlighted that the Exxon-led PNG LNG project really exemplifies the current confidence that the foreign investment community has in Papua New Guinea.He said with estimates suggesting that the project could boost PNG’s GDP by 15 to 20 per cent per annum, it really does spell enormous opportunities for all Papua New Guineans. Mr Marles also commented that the establishment of a Sovereign Wealth Fund is a key part of the PNG Government’s strategy to manage the boom and make sure that all Papua New Guineans benefit from it which has just been completed its passage through Parliament is an achievement that PNG leaders should be proud of.

He said Australia has supported it with this difficult task, sharing our experience, for example, particularly in relation to our own Future Fund. “It’s an exciting prospect. Money from PNG’s natural resources flowing through well-governed sovereign wealth funds to ensure basic services to all Papua New Guineans. “We also need to start thinking about how this will affect the change in the relationship between our two countries, and change that relationship for the better. “It is a country whose population is fifty percent bigger than New Zealand’s, and it is growing. And that fact I think, combined in a sense with the military history, points to the security significance that PNG has for Australia. The business community could also be put off by signs of an uncertain political environment,” Mr Marles added.

Panguna landowners warn Autonomous Government Post-Courier 12.3.2012

PANGUNA landowners have warned the Autonomous Bougainville Government and international and donor agencies not to use the Panguna Mine issue to make money. The interim deputy chairman of Panguna Landowners Association Michael Pariu expressed his deepest concern over the way in which ABG and some of the international and donor agencies and their consultants are using the Panguna issue to drive the hidden agenda of their respective governments on Bougainville, especially in respect to mining and making money out of it. Mr Pariu has decided to issue this statement following a one day meeting of the Panguna Management Consultative Committee (PMCC) which is the body responsible for overseeing the current Panguna Unification Process at Tunuru Catholic Mission recently. Mr Pariu said that the Committee held extensive discussions at the way in which some of the donor agencies and their consultants are treating the Panguna issue to make their money on the sufferings and the blood of the people. “During our meeting at Tunuru the members of the committee expressed very strong views and sentiments over the kind of attitude which certain foreign interest groups have been going about conducting their business.

They have been doing this with almost complete disregard for the people who have survived by attending to issues through their customary practices," he said. "Our people are completely disgusted by this type of colonial attitude from foreigners who simply want to make their money on the blood of our people, '' Mr Pariu said. "We are sick and tired of this type of so called experts and advisors who not only are being used as agents and spies by their governments, but they also personally benefited immensely over the years from the Bougainville situation." "We simply don't want to see so called experts who also act as double agents acting for their governments while under the pretext of rendering their services as neutral advisors to the people. "These agencies cannot continue to wave their dollars in front of our people so that we can easily submit to their hidden motives because of the colour of their monies". Our people have gone through so much suffering and pain already, and foreigners should not therefore come back again to continue exploiting us" Mr Pariu said.

Seafloor mining companies must invest in protecting the environment

Radio Australia, 9 March 2012

The region's peak environment organistion says companies wanting to explore or mine the Pacific seafloor should be required to make a significant investment in protecting the underwater environment. Seafloor mining companies must invest in protecting the environment: SP (Credit: ABC) The Pacific has become world's hotspot for exploration and looks set to be the first region of the world to embark on commercial exploitation of seabed minerals when the Canadian company, Nautilus, begins mining in Papua New Guinea. The key to good environmental manangement is having good baseline data ...but the potential seafloor mining sites have been little studied.

Presenter: Jemima Garrett
Speaker: David Sheppard, Director General of the Pacific Regional Environment Program.
SHEPPARD: When you consider the amount of investment that will go into the mining operations the allocation of a percentage of that for a better understanding the marine biodiversity and resources is considered necessary from the viewpoint of SPREP.
GARRETT: Many people are concerned about the risks of seafloor mining at the stage what do you see as the main risks?
SHEPPARD: Well, I guess it's a new territory. We are not sure but clearly from SPREPs perspective it is important to identify and protect important marine ecosystems. So we know that the deep seabed mining is interested, for example, in three categories of resources, one of which is the cobalt rich crusts, often found on the flanks of submerged islands. Now, these are also the important areas for marine biodiversity so there is a need for great caution in relation to that, as one issue. There is clearly a need for care on the management of tailings that are associated with the deep seabed mining and the issue of spills is less apparent than for oil spills, for example, but still is also an issue. There are quite a few unknowns. The environmental factors are important, they do need to be considered, they do need to be factored in to any decisions relating to deep seabed mining.
GARRETT: These can be very different environments, very deep, sometimes hot and with different chemical composition. What sort of biological riches could be down there?
SHEPPARD: That is the million dollar question. From what we understand the resources are very unique and very important and that really underlines the importance of increased attention to the gathering of information on the resources. The marine biodiversity resources at these depths.
GARRETT: The sites being looked at by seafloor mineral companies are away from public scrutiny. What sort of problems does that pose in finding out the extent of the natural environment down there and in protecting it, if mining goes ahead?
SHEPPARD: Well, I think there should be an obligation on the companies that are involved. The responsibility for deep sea mining is under the jurisdiction of all of the sovereign states. There is a need to ensure that any mining that is undertaken is subject to an appropriate legal, regulatory framework. There is work at the moment, with funding from the European Union, with funding im-

plemented through the Secretariat of the Pacific community, which is looking at these issues in more depth, so to speak, and is developing a regional legal framework for deep seabed mining and exploration.
GARRETT: To what extent is that framework taking into account the environemtnal issus and what is SPREP doing to make sure that the process will include the collection of adequate data and enforceable environmental protection measures?
SHEPPARD: This is a project which is led through SPC on behalf of member governments. SPREP has been invited to participate. We are participating. We are raising and we will continue to raise issues relating to the need for environmental protection, particularly the protection of important marine habitats, improvement of data on marine biodiversity, particularly on the deep seabed and ensuring that appropriate environmental impact assessment and monitoring protocols are in any operation that takes place.
GARRETT: What sort of independent verification will Pacific governments need to make sure that their environmental standards are met?
SHEPPARD: Well, that is a very good question. When we are talking about see we are talking about the United Nations Law of the Sea, UNCLOS. There are particular consideration within that that relate to high seas mining that is beyond the exclusive economic zones, so in fact there is an international seabed Authority and it is important that they are involved, that the standards being directed are being applied and they also need to be applied within the exclusive economic zone of each country.
GARRETT: As this affects countries right around the Pacific - on the Pacific Rim as well as in the Pacific Islands - is there a potential to draw on scientific resources and funding bodies from those countries to ensure that this is scrutinised properly?
SHEPPARD: I think they could play a very important role. Obviously, the developed countries around the Rim, including Australia and the United States, have considerably more resources than pacific Island countries to carry out these types of monitoring, these types of assessment s I think their involvement would be very important. For SPREP and these countries are members of SPREP, to the extent possible and relevant we would encourage their involvement in these activities as we move forward.
GARRETT: This sort of seafloor mining could provide enormous revenue to Pacific governments and Pacific governments are quite enthusiastic about the idea. What should they be considering as they move into this new area?
SHEPPARD: I think they need to consider appropriate national legislation. They need to ensure activities are appropriately managed and monitored. They need to ensure environmental factors are built into the operation, that wherever possible costs are included within the overall costs of the mining operation. Also, obviously in this region the leaders have developed a Pacific Islands regional oceans policy, PIROP, so that provides a broad framework for the management of the oceans and Pacific leaders have also initiated an Oceanscape initiative, which has similar objectives, which is allowing sustainable development but not at the cost of the environment, So ensuring that that is considered. So these are the types of issues that need to be considered. Organisations like SPC and SPREP will provide assistance as much as we can.
GARRETT: NGO groups say the Pacific should not be the world's guinea-pig for seafloor mining. What do you say to that?
SHEPPARD: Well, I think that is a valid concern. The issue of deep seabed mining is largely an unknown. Many groups have suggested that we apply the precautionary principle, that if we are in doubt we be very cautious in how we move forward. I think the reality is, Jemima, is that this will happen in the Pacific. We need to ensure that, if it does, important considerations such as the environmental considerations I've outlined and also social considerations, particularly the need for benefits to come back to countries and local communities are applied.

Call for protection in Pacific deep sea mining projects

Post-Courier 9.3.2012

The region's peak environment organistion says companies wanting to explore or mine the Pacific seafloor should be required to make a significant investment in protecting the underwater environment. The Pacific has become global hotspot for exploration and looks set to be the first region of the world to embark on commercial exploitation of seabed minerals when the Canadian company, Nautilus, begins mining in Papua New Guinea. But there has been very little scientific work done on the delicate environments at potential mining sites. David Sheppard, Director General of SPREP, the Secretariat of the Pacific Regional Environment Program has told Radio Australia's Pacific Beat important marine ecosystems need to be identified and protected. "We know that the deep seabed mining is interested, for example, in three categories of resources, one of which is the cobalt rich crusts, often found on the flanks of submerged islands," he said.

"Now, these are also the important areas for marine biodiversity, so there is a need for great caution in relation to that. "There is clearly a need for care on the management of tailings that are associated with the deep seabed mining and the issue of spills is less apparent than for oil spills, for example, but still is also an issue. There are quite a few unknowns. The environmental factors are important, they do need to be considered, they do need to be factored in to any decisions relating to deep seabed mining." Mr Sheppard says mining companies should allocate a percentage of their investment to obtain baseline data and meet environmental standards. And he says its important that Pacific countries coordinate their approach because of the potential impact across multiple countries. "When we are talking about sea, we are talking about the United Nations Law of the Sea, UNCLOS," he said.

"There are particular consideration within that that relate to high seas mining that is beyond the exclusive economic zones, so in fact there is an international seabed Authority and it is important that they are involved, that the standards being directed are being applied and they also need to be applied within the exclusive economic zone of each country." Mr Sheppard says SPREP will provide as much assistance as it can to help Pacific countries develop effective seafloor mining laws. "Many groups have suggested that we apply the precautionary principle, that if we are in doubt we be very cautious in how we move forward," he said. "I think the reality is, is that this will happen in the Pacific. We need to ensure that, if it does, important considerations such as the environmental considerations I've outlined and also social considerations, particularly the need for benefits to come back to countries and local communities, are applied." - ABC

Experimental seabed mining moratorium makes room for science

PNG Mine Watch 9.3.2012

By Liz Trevaskis

The ocean floor could be the next frontier for Australian mining, but seabed mining won't begin for at least another three years in the Northern Territory. Yesterday, the Northern Territory Government announced a moratorium on seabed mining. It's a move that's been welcomed by Aboriginal land councils, but has come as a shock to some in the mining industry. But a CSIRO scientist says its a good window of opportunity to learn more about what lies deep beneath the ocean surface. Earth science and resource engineer Dr Chris Yeats says there's not a lot of seabed mining happening around the world at the moment. And he says the operations that are occurring are generally in shallow waters.

"In terms of Australia there's only a couple of seabed mining operations, and they're both sand mining operations. "There's also quite a lot of exploration of the deep ocean floor in the South Pacific, they're actually looking primarily for metals, things like copper, zinc, gold, silver." "We know more

about the surface of Mars and Venus than we know about the deep ocean floor, broadly speaking it is a great unknown."

However he concedes when it comes to seabed mining, it's not a question of if, but when. *"Obviously we want to do this in the most environmentally responsible way possible. "And I guess these are the questions the Northern Territory Government is trying to have answered through their moratorium. "We don't really know enough about the ocean floor to make an informed decision as to whether mining the sea bed in Australia is a good idea."*

LNG can boost PNG's GDP by 20% PC 9.3.2012

By KONOPA KANA

THE Multi-billion Kina Liquefied Natural Gas (LNG) Project presents unprecedented opportunities to change the economic landscape by boosting PNG's gross domestic products (GDPs) to a potential estimation of 15-20 per cent a year. Parliamentary Secretary for Pacific Island Affairs Richards Charles said that reports from International Monetary Fund (IMF) shows projections that PNG growth rates could reach double digit figures in 2011, and making PNG economic power to be the same as China. Mr Charles said that the Exxon-led LNG project stands as a testament to the confidence the foreign investment community has for the country and is a great achievement given the fact that PNG will be considered as one of the big players in the international arena. He said that its business and not the government that drives genuine sustainable economic growth.

He stressed that its business that generates genuine, sustainable wealth and prosperity because business is not entirely about making money but improving the lives of ordinary Papua New Guineans. "Trade between our two countries was worth AUS$7 billion (K14 billion) last financial year and our investment relationship is growing strongly and PNG today is a very different compared to 36 years ago. According to Mr Charles, 6.5 million people account for 70 per cent of the entire population of the Pacific Islands and 9 years of conservative economic growth. A PNG's Economic Partnership with Australia-Harnessing the Opportunity report, having a resource rich economy can be a blessing but without proper management it can be a curse. The report stated that economic prosperity can enrich the few and leave the majority out and we can't deny that this is a challenge here in PNG like the uncertainly of the up coming elections election and the landowner issues surround the LNG project.

More life at Ok Tedi Post-Courier 8.3.2012

THE life of Ok Tedi gold and copper mine looks set to be extended again. Ok Tedi Limited (OTML) is working on a detailed mine extension plan, that must be put to government for approval, before mining can extend beyond 2013, according to reports. An unanimous executive of OTML has reportedly told PNG Industry News and other Australian media last Friday that design work has identified that the life of the giant Ok Tedi copper-gold mine could be extended for an additional four years up to 2025. The feasibility study design for the Mine Life Extension project is expected to be complete by midyear for approval by the board of OTML. "An opportunity exists to extend the life of mine to 2025 beyond the previously stated MLE of 2021," OTML told PNGIndustryNews.net. "However, OTML will only do so when studies confirm that MLE is environmentally and socially acceptable and technically and financially feasible."

The mine aims to deliver a mine extension plan which is environmentally and socially acceptable and has already made tough decisions in this regard. "OTML has chosen to pursue a plan that has lower environment impact and is feasible over one that is best in terms of commercial terms," the miner reportedly said. Under the extension project, OTML plans to continue existing open cut mining, starting with developing an open pit cutback which is subject to government and community approval. OTLM when asked to confirm and verify the reports acknowledged the report which a copy of the PNG Industry news was sent to Post-Courier yesterday. PNG Industry News reported however, the extension project is also likely to involve underground mining, especially around the Gold Coast zone of the pit boundary. Several key changes to earlier MLE project designs have caused some delays. Of the significant changes, OTML said pit water would be drained into a tunnel which bypassed the Harvey Creek waste dump to the south and this dump in the creek valley was planned to hold up to 500 million tonnes of waste rock. The dump will also be engineered to withstand most earthquake conditions, according to independent experts.

Production under the extended mining plans is expected to vary by either matching the current rate – which amounted to 130,456 tonnes of copper and 419,249 ounces of gold in 2011 – or to reach 60% of this output, according to OTML estimates. “In the years 2016-2020, OTML expects only modest revenues compared with revenues generated under current operations,” OTML said. There have been four revisions on the modelling for the MLE project so far and OTML is working on a subsequent revised mining plan which will go through more environmental scrutiny. “Further studies are required to confirm the erosion rate results and silt loads to the river,” OTML said. OTML has received government feedback for its mine closure plan which needs approvals from Papua New Guinea’s mining and environment departments. The next update to the mine closure plan is expected to be submitted around the end of 2013. The PNG government has a 36.6% stake of the Ok Tedi mine and it is a major source of government revenue. Questions for further details were not answered till press time yesterday.

Goverment must probe Hotel Casino
Post-Courier Editorial 7.3.2012

A Chinese company has been awarded the contract to redevelop the Lae Port at a cost of K700 million. The company, Chinese Harbour, won the bid to work on Phase 1 of the Lae Tide Terminal Project. Chinese Harbour becomes the latest company from Asia to win major contracts in this country and it will not be the last. It is with companies like CMSS PNG Limited that we are very concern about. We are reliable informed that the investor injected a small amount of money into the Port Moresby Hotel Casino project, took over a very prime parcel of land in the middle of the nation’s capital, invited very reputable businesses and landowners from the gas rich region of Gobe and Moran to invest some K33 million in the project – the first of its class in the country. Just how this “investor” managed to convince the Government, the Mineral Resources Authority, which is managing the landowners money and companies like Papindo, is a wonder.

The construction of the hotel has come to a standstill, and the developer is unable to raise the capital to complete the building. While the local investors were waiting, the foreign investor wants to off load its shares in the venture to another company. We know that selling and buying shares in companies is a normal business transaction. What may be happening is perfectly legitimate, but we share the concern the local shareholders have and that is the CMSS PNG Ltd did not contribute any money, although its PNG manager claims, the investor spent K31 million already as opposed to the K33 million spent by the local investors. We applaud the decision by the Minister for Commerce, Trade and Industry to probe the controversial Port Moresby Hotel Casino. The investigation is underway and we urge the probe team to look into how this company, managed to acquire such a prime parcel of land, and convince the local investors to put up a lot of money into a failed project.

We also want the investigation team to probe into the role certain Parliamentarians played at that time the company put the proposal to the Government for the hotel casino project. Are there any links between the investor and the political leader(s), then and now in this proposed sale of the shares? We urged the investigation team to also probe this company. We are sure the people of this country would want to know if it was involved with any other projects worth millions in kina in PNG in the past, and if it was, then how did it win those contracts and if it had completed the projects. Such issues must be addressed and if there was any foul play, those involved must be dealt with properly under the law of this land. We all know that the Asian investment in this country is huge and this country appreciates the contributions that Asian companies and investors make to the economy. We do not need bad investors to damage this relationship between the Asian people and business with PNG.

Panguna Mine issue vital Post-Courier 6.3.2012
By PETERSON TSERAHA

CENTRAL Bougainville MP and Minister for Communications in the National Government, Jimmy Miringtoro says Panguna Mine issues are still important and landowners must be prepared to take negotiations to the next level. Panguna Mine issues has always become a topic of interest for the international community, the media, and the people of Papua New Guinea (PNG) and Bougainville have been encouraged and assured by the MP, that negotiations have to change tactics now so that, Bougainvilleans would benefit from the mines spin-offs. “The Panguna Mine alone contributed a lot in the development of PNG as a whole, and the revenue from the mine built bridges schools airports and roads.” Mr Miringtoro said. “It even contributed in building the parliament house in Waigani.” he said. He said leaders in that time were quite ignorant of the mining impacts to the environment, and if they were cautious enough the Bougainville crisis could not have eventuated.

“PNG is on a brink of coming to a standstill, because we have a lot of mines now but we are not feeling an impact, and no major development is taking place, to prove that these mines are making profit and revenue they are not even improving the standard of living for us Papua New Guineans. Mr Miringtoro said. Panguna was forced to close because leaders that time and the company (BCL) were not able to listen to peoples grievances and that are a lesson to us all both leaders and people that we need to listen to each other.” Mr Miringtoro said. Mr Miringtoro said Panguna land owners and National Government must critically talk and consider everyone’s opinion if they are thinking of reopening the mine. “People in Panguna were not given good water supply housing and health facilities but their land was taken out forcefully from them.” Mr Miringtoro said. “When the NEC comes to Arawa next month for the meeting that will be an opportunity for landowners to talk face to face with the National government.” he said.

LANDOWNER ASSEMBLIES IN PORT MORESBY DECLARED ILLEGAL
‘Unruly landowners’ dispersed with tear gas, gunfire

PORT MORESBY, Papua New Guinea (The National, March 7, 2012) – Police will now treat all landowner gatherings as unlawful assemblies and participants will face arrest, National Capital District (NCD)-Central police commander Francis Tokura said. NCD police had to fire several gunshots into the air to disperse unruly landowners who had gathered to protest the non-payment of grants at Morauta House yesterday. "Police were forced to use minimum force to disperse angry protestors who broke tree branches and threatened to cause violence at Morauta House today (yesterday)," Tokura said. The landowners had became agitated and the situation had threatened to spill over into violence when chief secretary Manasupe Zurenuoc delivered a message on behalf of the Prime Minister Peter O’Neill that all payments for the LNG projects would be paid in various locations in Hela and Southern Highlands. "City residents are fed up. Government workers who were terrorized for the past few days as well as business houses are fed up with the behavior of the disgruntled landowners. They will no longer be tolerated and orders have been issued to make arrests for any unlawful assembly," Tokura said.

[*PIR editor's note: Landowners outside the prime minister's office were allegedly demanding that the government pay millions of dollars from development and resource project grants immediately. Tear gas and gunfire were used to clear the area of protesters. Meanwhile, in light of the declaration, leaders in PNG have applauded the prime minister's decision to stop any and all cash payments to individual owners over land resource usage. Putting a stop to "the cash handout mentality in Waigani and the Vulpindi Haus" has been lauded as a means of instituting systems of paying out landowner benefits.*]

Allied Gold lifts production Post-Courier 6.3.2012

Allied Gold Mining Plc (Allied), owner and operator of the Simberi gold mine in Papua New Guinea's New Ireland Province and the Gold Ridge gold mine in the Solomon Islands, has reported a 55 percent increase in production to 108,338 ounces of gold in the year to December 2011. The increase was primarily due to the inclusion of production from the Gold Ridge project, which was acquired in March 2010, and resumed operations in March 2011 following a A$150 million (K336 million) refurbishment program. In a statement at the weekend indicated that Gold Ridge contributed 51,054 ounces in the year to December 2011, and Simberi produced 57,284 ounces. While significantly higher than the prior year, production in 2011 was impacted by mechanical issues and wet weather at Simberi and restricted access to high grade ore at Gold Ridge. Higher group production, together with a 33 percent rise in the average realised gold price to $1620/oz (K3926.00), led to an 81 percent increase in revenue to $146 million (K327 million) for the year.

However, costs also increased, driven by higher throughput and rising input costs, leaving the company with a loss of $6 million (K13 million) in 2011 as Allied ramped up its operations. Allied Gold Managing Director and Chief Executive Officer Frank Terranova said Allied had made strong progress in the development of its two operations in 2011. "We were able to commission the refurbished Gold Ridge operation early in the year and we ramped up production consistently. We are now starting to see the operation achieving its nameplate capacity. At Simberi, we commenced construction of the plant expansion that will see production increase in 2012. "The bottom line loss reflected the fact that we were rebuilding and reinvesting in our operations in 2011. It is important that we remain vigilant on costs to ensure we have a vibrant business, producing profits and driving business and employment opportunities in PNG and the Solomon Islands," he said. Allied Gold is aiming to lift production in the current year to approximately 180,000 ounces, with Simberi to produce 75,000 ounces, and Gold Ridge 105,000 ounces.

Casino backers oppose shares 'sale' Post-Courier 6.3.2012
By PATRICK TALU

PAPUA New Guinean shareholders of the controversial CMSS PNG Ltd Port Moresby Hotel Casino are opposing the move to transfer 80 percent of the investments to new investor Aus PNG Ltd. The shareholders especially the LNG project areas landowners from Moran, Gobe and Papindo Trading Company, who have invested more than K33 million in the K220 million project, are crying foul over the move. They have already raised concern saying the CMSS Ltd Managing Director Jimmy Kim, who acted for chairman Sheng Soo Choi, is not entitled to 80 percent shares equivalent to K167 million out of the K220m million investment. Philip Kende, chairman and the trustee shareholder for the Petroleum Resources Gobe (PRG), Sir Soekandar Tjandra and directors of Petroleum Resources Moran (PRM), Pacific Agro Commodities, Shorncliff PNG Ltd, Hyper

Construction Ltd and Jin Hua Zheng Import & Export Co Ltd are opposing the move.

The shareholders claim that Mr Choi has just 200 shares in the project and cannot claim to own or have any power to transfer any shares. Sir Tjandra through his counsel, Justine Haiara of Steele Lawyers has written to the Registerer of Company Alex Tongayu opposing the move. Mr Haiara in his letter to Mr Tongayu stated, “My clients and other shareholder investors have expressed grave concern with that sale and opposed this sale because they have invested a total of over K33 million in the project whilst there is no evidence of any contribution of any finance by Mr Choi. “My clients and other PNG investors believe that the current assets of CMSS consist of K33 million invested by them and the land in which was leased by the State to the company, Mr Choi had contributed nil finance in the company so he is not entitled to hold and sell 80 percent of the shares of the company and enrich himself using our clients finance and the State property,” he wrote.

During a meeting facilitated by the Commerce and Industry Secretary Stephen Mera on February 28, Mr Haiara, the senior partner of Steele Lawyers, said Mr Choi couldn’t disclose how much he had invested in the project to date when demanded by shareholders. He said the meeting was attended by shareholders including Mineral Resource Development Company Managing Director Augustine Mano, Mr Mera, Sir Tjandra and representative of each shareholders and Aus PNG Ltd. Without disclosing Mr Choi’s contribution in CMSS PNG Ltd, it was revealed that Mr Choi had entered into an agreement with Aus PNG Ltd to sell 80 percent of the issued shares in CMSS PNG Ltd. The counsel said Share Transfer Instrument states a figure of some K80,000 as the consideration for the transfer of those shares.

The Post-Courier confirmed with Mr Kim that the he had entered an agreement with Aus PNG Ltd to transfer the 80 percent to the new investor stating “it has the financial capacity to complete the project. When asked how much Mr Choi had contributed, he said the CMSS contributed K31 million while the PNG shareholders contributed over K33 million.Also when this reporter requested to verify his claim opposed to the records with that of the investment promotion record, he said he has all the documents pertaining to this deals but would not disclose it. The shareholders opposed that a shareholder cannot not claim to own K220 million investments and transfer majority of the shares as his own. “This is cheating at its best,” Sir Tjandra told the Post -Courier last Friday. “This is Papua New Guinean investment which a foreigner has come and cheated us and taken our money offshore and hid,” he said. Sir Tjandra said that according to Share registry at IPA, only 200 shares were registered in which 190 is owned by Mr Choi while 10 are owned by PRG which is questionable.

“How about us who put in millions of kina? We are told by Mr Mera that our shares are cash contributions. “We are not running a charity organisation to have cash contributions. There is no such thing as cash contribution,” he said. Several text messages and phone calls to Mr Mera’s office were not answered. Former Commerce and Industry Minister Gabriel Kapris when asked to comment on this issue denied any knowledge of the current deals. “I am an ordinary MP now. I cannot comment on the commercial deals,” Mr Kapris said. He said it was his initiative to see the project become reality however it has been stalled. He said the government, is duty bound to protect foreign investments in the country. Mr Kim admitted that he didn’t have any money but it would be good for all shareholders to sell off the 80 per cent so that the new investor can proceed with the investment. The shareholders as per records are: PRG – K11 million, PRM – K11 million, Papindo Group K8, 726 588.31; Pacific Agro Commodities – K3 million; Shorncliff PNG Ltd – K129, 761; Hyper Construction Ltd - K2, 270 985 and Jin Hua Zheng Import & Export Co Ltd - K3, 575 841.77

Five locals killed in Porgera gold mine

PNG Mine Watch 6.3.2012

Five alleged trespassers were found dead in the underground workings of the Porgera gold mine on Saturday, March 3 after a routine blast underground. Managers of the mine,Barrick Niugini Limited, report that following a scheduled blast at 5.25am an injured man alerted mine staff that other people who had been with him in the underground mine complex were missing. A subsequent search and rescue operation by mine staff led to the discovery of five deceased persons. “We deeply regret this loss of life – it tragically demonstrates that the mine is not a safe place to be for unauthorised persons,” executive general manager of Barrick Niugini Limited,Greg Walker, said. “Our thoughts are with the community after this tragic loss. We must work together to prevent this happening again.” The deceased were transferred to Porgera’s Paiam Hospital, where efforts are being made to identify the five people involved. It is believed the men were part of a group of eight people who had ventured into mine workings to find gold. Barrick says that the other persons located in the vicinity of the incident have been arrested and charged by local police. Barrick also says it has commenced an investigation into the incident and the matter was immediately reported to the PNG Mines Inspectorate.

LNG-landowners to sue State

Post-Courier 5.3.2012

By PATRICK TALU

THE State through the Officer of Attorney General Dr Allan Marat has been issued a notice of intention to sue for breach of its undertakings in the LNG agreement especially business spinoffs for local landowner companies as per the Kokopo Umbrella benefit sharing agreement (UBSA) and Gobe licence based benefit sharing agreement (LBBSA). Justin Haira, senior the partner of Steel Lawyers acting on behalf of the Gobe petroleum development licence (PDL4) landowner companies (Landcos) in his notice of intention to sue the State for breach its undertaking stated, “ the purpose of this letter is to bring to your (State) attention your blatant and persistent refusal and failure on the part of the Esso Highlands Ltd (EHL) and its and its (engineering procurement construction) EPC contractors to give effect to Section 129 of the Oil and Gas Act, Clause 17 of the LNG Agreement dated 22th of May 2008 and Clause 10(b) of Gobe LBBSA by giving the spin of business activities reserved under the ExxonMobil’s National Content Plan to the three zones of the Gobe PDL 4 area,”

The notice further stated, “pursuant to Clause 6.5 of the Gobe LBBSA, the State and the landowners parties agreed that the Business Development Grant (BDG) of K8 million will be paid directly to the representatives of Zone landowner companies (Landcos). There is no dispute that our clients are the only three recognised Landcos representing the three zones within Gobe PDL4. Accordingly, our clients were paid the BDG in proposition agreed in the Gobe LBBSA.” Mr Haira also told the Post Courier EHL and its EPCs haven’t given any major contracts and businesses to the Lancos as per the UBSA and LBBSA. The counsel said the umbrella company for Gobe landowners Gobe Fiedl Enginnering (GFE) had signed various agreements with EPC and EHL such as catering, security, camp maintenance, manpowers and light duty vehicles but to date nothing of these agreements were effected.

“This is not realistic for such a huge project. Where have all the millions of kina earmarked for the Landcos under this billion kina project gone? Mr Haiara asked. “To date and according to the facts provided, there are 30 security personnel provided by GFE, only eight light vehicles. “our clients appreciates your clients concerns but maintain and reiterates that the issues raised ought to be appropriately raised with GFE and all zones Landcos ought to resolves their differences and work with GFE to ensure they benefit from the project,” he added.The three zones that Mr Haiara represents are SEG Development Company Ltd (Zone 3, South East Gobe Project affected landowners), KOBS Engineering Ltd (Zone1, landowners from the Project facility area) and Kiki Resources Ltd (Zone 2, Gobe Main project area landowners). The counsel said the EPC contractor, SPIECAPAG, EHL and the Government have been blatantly refused to address this issues and he had to give notice to sue the State which has the mandatory requirement to honor its undertaking. Mr Haiara said the Attorney General Office had confirmed receipt of his notice to sue.

Landowners applaud Namah for his stand over resource sharing Post-Courier 5.3.2012
By KOLOPU WAIMA

THE Papua New Guinea Landowners Federation has commended Deputy Prime Minister Belden Namah for his stand to embrace the proposed amendment to the Mining and Oil and Gas Act in order to give greater equity participation and control to the landowners over the extraction of their resources. Federation boss John Endemongo Kua said in a statement last Friday that the undertaking by Mr Namah was encouraging as no other senior government minister in the past governments had demonstrated willingness to give the amendments a fair hearing at various forums. “It is the first time for such a senior government minister to pledge support and is very encouraging to see such a leader in the midst of our PNG politicians,” Mr Kua said. He said that in the last 50 years, landowners were discouraged by the operation of various legislative framework which provided leverage to the foreign companies in pursuant of developing hydrocarbon and mineral resources. He said the industry was technically complex and required to be explored properly so there was a break even and equal gains were shared between the State, landowner and developer of the resources.

PNG GOVERNMENT VOWS TO RESOLVE LNG LANDOWNER ISSUES
Review of current compensation policies promised

By Peter Korugl
PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 5, 2012) – The Papua New Guinea Government (PNG) is going to deal with landowner issues related to the PNG liquefied natural gas (LNG) project once and for all. The new policy will cover all monies paid under various agreements and commitments to the impacted landowners and provinces, as the O’Neill Government moves to bring to an end all landowner issues relating to the PNG LNG Project. Prime Minister Peter O’Neill said the existing structure and the role of the Expenditure Implementation Committee – the body tasked to deal with all Infrastructure Development Grants for impacted provinces – were under review. "I will be meeting with the impacted landowner leaders on tomorrow to find a way forward to resolve these issues.

The National Executive Council will meet on Wednesday and an announcement will be made after that meeting," Prime Minister Peter O’Neill said yesterday. Mr. O’Neill said the meetings will look at a proposed method and structure to make the payments which must conform to the Oil and Gas Act. "We are reviewing the existing policy and the arrangement in place. We are also reviewing the role of the Expenditure Implementation Committee," Mr. O’Neill said. The Expenditure Implementation Committee is the authority, tasked to screen and approve all applications submitted by impacted provinces, local level governments and landowner companies for funds from the Infrastructure Development Grants. "There are no cash benefits. The landowners and the Government signed the agreements related to the funds. We will deal with them according to the Oil and Gas Act," he said. Mr. O’Neill said the Expenditure Implementation Committee is being reviewed and a new structure will be set up because the continuous complaints that it was not working properly.

[*PIR editor's note: Meanwhile, O'Neill officially announced that the government would stop cash payments to beneficiary landowners, and if payments were to be doled out, they would be given under strict regulations. Policy changes to the compensatory body is claimed to help streamline procedures to ensure landowners receive appropriate benefits.*]

The landowner issues relating to the PNG LNG project has claimed two ministers. The first time was Mr. William Duma, the current Minister for Petroleum and Energy who was sacked from this portfolio by the former Somare Government. Acting Prime Minister then, Sam Abal sacked him, claiming Mr. Duma did not handle the issues well. Last week, Mr. O'Neill removed the finance powers from Treasurer Don Pomb Polye, claiming the Kandep MP did not handle the landowner issues well. Mr. O'Neill said when the new policy and structure was put in place, landowners who threaten, harass or disrupt work at the LNG site or public servants in Port Moresby will be dealt with by police. "These will be treated as law and order issues," Mr. O'Neill said.

LIFE OF PNG'S OK TEDI MINE MAY BE EXTENDED
High prices for gold, copper push new end date to 2025

By Jemima Garrett
MELBOURNE, Australia (Radio Australia, March 4, 2012) – The life of Papua New Guinea's giant Ok Tedi gold and copper mine looks set to be extended again. Ok Tedi Limited is working on a detailed mine extension plan, that must be put to government for approval, before mining can extend beyond 2013. The initial plan was to mining to cease in 2022 but Managing Director, Nigel Parker, says with gold and copper prices high that date has now been pushed out to 2025. More exploration on the pit floor is planned. Mr. Parker says the company is on track for approval of the mine extension plan in September.

[*PIR editor's note: Parker also says that the mine is "an important element of the Papua New Guinea economy, and, of course, until the LNG project comes into full fruition and other major mines that are in train come in, Ok Tedi will continue to be a major contributor to the PNG economy." In addition to continued mining operations, a proposed 500 million ton waste dump for rock and debris material is being planned.*]

New Guinea Gold to wind down Post-Courier 2.3.2012
By PATRICK TALU

CANADIAN miner New Guinea Gold Corporation (NGG) has announced that it will cease its ore mining operations at the Sinivit Mine in East New Province. While providing an update on the Sinivit Mine phase one of mining, NGG said, "Consistent with the recently published 43-101 technical report and associated phase one mine plant it is currently forecast that ore mining operation at Sinivit will cease mining in second quarter of 2012 and that leaching operations will wind down over the following months. "Operations on site will scale down in two phases following the cessation of mining and processing respectively. "The mine and equipment will be placed on care and maintenance pending the outcome of the DFS. "The company's equipment on site is suitable for building the supporting infrastructure for a CIL or CIP plant and will be used for such if the DFS results in a positive economic outlook," NGG said.

Reporting on its cash position, the company said as a result of the recent occupation of the mine by the local landowners the mine was unable to produce for a period of two months. It said whilst the mine is now back in production, the ramp up of gold production has been slower than anticipated and gold production remains well below those being achieved prior to the suspension of operations.

"As a consequence of the lost production the company is facing a critical and immediate cash shortfall ahead of its previous forecasts. "The Board has been assessing options for the funding of the business moving forwards and is close to finalizing arrangements which will not compromise the negotiations with PNG Gold Corporation (PNG) for a potential business combination; however, there can be no assurance that such arrangements will be finalized in time, in which case, the Company will have to commence selling its share holdings in its Investment portfolio," the statement said.

As previously announced the company has engaged GR Engineering Services Limited to conduct definitive feasibility study (DFS) into the economic viability of retreating the partially leached crushed ore remaining on site, the in-situ high-gold high-copper Ore remaining on site and the extraction of Tellurium. The DFS is continuing on track with materials currently being subject to metallurgical test-work. The company said it believes that if the DFS returns a positive economic result it will extend the life of the existing mine at Sinivit. NGG further stated that discussion is continuing for potential business combination with PNG in a positive manner with PNG regarding the potential business combination; however, there can be no assurance that the transaction will be consummated in a timely manner, or at all.

BCL landowners slam 'state ownership' stance

PNG Mine Watch 2.3.2012

By Malum Nalu

PANGUNA Landowners' Association – comprising traditional landowners of the Bougainville copper mine – have hit back at the PNG Chamber of Mines and Petroleum for supporting state ownership of resources in the country. Association secretary Lawrence Daveona said in Tuesday's article in The National detailed "very shallow reasons to justify its support for state ownership as opposed to landowners having full or controlling ownership of resources in their respective regions of PNG". "This is a very narrow view that the Chamber of Mines and Petroleum has been sounding out to illiterate Papua New Guineans, government bureaucrats and more so us the landowners," he said.

"PNG Chamber of Mines and Petroleum has to state all these as it is funded or supported in many ways by most of the foreign investors operating in this country. "We the people of Panguna mine have suffered under the Bougainville Copper Agreement (BCA) and we have, over the past 23-odd years, researched the whole arrangement that has cost us many lives. "In our view, many of the agreements from Panguna mine to date are flawed," Daveona said. He said the association, in its review of Bougainville copper agreements and others in PNG, had noted that:

- Mining operators had consistently underreported measured and indicated resources at the time of negotiating agreements with the national government, provincial governments, landowners and local level governments, resulting in reductions or waivers of economic interest and royalties;
- Mining operators had, in each instance, separated benefits derived from asset sales, economic benefits from financial instruments, and the trading value of public equities on international stock exchanges from the legal corporate shell company set up to enter into agreements (including royalty and equity agreements) with provincial and landowner interests;
- Provincial governments and landowners had been universally excluded from any benefit on the speculative appreciation of equity value derived from public market announcements of measured and indicated reserves on their lands by having no exposure to benefit from public market stock trading; and

- Economic benefit agreements had been focused on percentage of employment and percentage of contracting in number (a percentage of employees rather than a percentage of gross compensation), rather than in gross economic value (total percentage of all corporate payroll; procurement.;
- No use of trade credit offsets had been leveraged for the companies supplying mining supplies or heavy equipment meaning that over 30% of international par equivalents were being lost for the economic benefit of the provinces or the national economy;
- Visibility on the corporate activities surrounding the mines and land use promoted to international investors had, in no instance, matched the statements made to PNG interests and no mechanism for such discrepancy resolution has been put in place; and,
- No adequate controls had been in place to insure that royalties, taxes, environmental law compliance, human rights, and international standards on the enforcement of intellectual property rights (particularly in the undersea mining technologies) were held to a standard commensurate with the rest of the world.

Daveona said revisions to the Mining Act of 1992 must take into account each of the deficiencies listed above and should not be forwarded for consideration until they are all explicitly addressed.

Skepticism from the Daily Log on government plans for Frieda mine

The National editorial, 2.3.2012

THE full impact of Prime Minister Peter O'Neill's announcement yesterday on Frieda Copper was lost on many people. He told people in Vanimo, West Sepik, that their provincial headquarters would become the export/import centre for all Frieda copper mine activities. Until now, it has been thought that neighbouring Wewak, not Vanimo, would play host to the mine. Such a commitment, should it bear fruit, will change the face of this border town which, until now, has been much neglected despite its excellent harbour and its idyllic location. It would be safe to say that there are more Indonesian merchandise traded in this town than PNG's own products – a further sign of neglect.

The idea has wider national bearing. So many provinces provide the resources but are themselves destitute. The prime minister's own Southern Highlands and Hela provinces bear witness to this. Since 1989, Southern Highlands has been exporting oil out of the Kutubu fields. The fields were soon joined by Moran, Gobe, Southeast Mananda and Juha. That is 23 years of exporting oil. Surely, there ought to be some substantial infrastructure in the province. About a decade after first oil, O'Neill himself, in a private capacity, was involved in a proposal to drive a super highway from Southern Highlands right down to the Gulf of Papua. At the Gulf of Papua was to be developed a major port, a second Lae giving the resource-rich highlands provinces a second sea access to the south of the country.

Today, more than a decade on and with O'Neill at the helm, the road has not yet reached the Gulf. There is no Gulf port. If the people of that province today clamour for their dues in cash, it is because they have no trust in their government to deliver the goods. Seen in that perspective those of us who are piqued by their incessant clamoring can sympathise with them. In that time, the Southern Highlands and now Hela, have contributed some 50% of PNG's total annual export earnings. Truth be told Southern Highlands and Hela are not alone, the rest of PNG have not seen much of the money. Still owners of resources must at least see some development. And now the two provinces are to play host to ExxonMobil's largest LNG project in the world. What will the story be? The story is similar in neighbouring Enga. Porgera gold mine started exporting gold in 1984. Twenty-eight years later, murder, rape and tribal fights rage around the mine. The road from the mine to the provincial headquarters, Porgera, is yet to be sealed. Most of the other districts rank in the least developed stages.

And, yet, Porgera has contributed handsomely to the national coffers. Only the Enga children's fund, the brain child of Governor Peter Ipatas in 1997 is a saving grace and now has investments worth K100 million for the future generation of that province. That has been the pattern of development from the days of Bulolo-Wau in the 1930s to Bougainville Copper in the 1970s and now all the major resources in PNG. They say gold from Bulolo-Wau built Brisbane and Sydney. We have no concrete evidence but they must have because we have seen no evidence of them in Bulolo or Wau or Lae for that matter. Bougainville Copper Ltd brought in 19% of all export earnings for the country when it was around but the majority of people of Bougainville were sustained by their cocoa and copra.

Today, Gulf is among the poorest provinces in the country. Yet, it has the capacity to become quite wealthy. Through much of its territory passes the pipeline for the oil and soon the gas pipeline as well. If the refinery or the LNG were to be stopped in Gulf, the province would do well indeed. But it is Central and the National Capital District, where much development is concentrated already, that are going to benefit. Gulf, like its brothers Hela, Southern Highlands and Enga, will just lend its space and be content with the bones thrown at it. Government policy and law if needed, but there must be legislation that a certain minimum amount of development in the host province is a prerequisite for resource development. The minimum unconditional grant principle must be applied on a larger scale to cover infrastructure development. And it must not just be law and policy. It must be implemented. Let that be the path into the future.

PNG LANDOWNERS CALL FOR POLYE'S REINSTATEMENT

Hundreds protest as landowners 'just want to be paid'

By Gorethy Kenneth and John Pangkatana
PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 1, 2012) – Papua New Guinea Liquefied Natural Gas (LNG) Project landowners want Treasurer Don Polye back as Finance Minister to deal with their demands. And the disgruntled landowners demand to be paid all outstanding commitments by this Friday. There were two separate landowners that made a big scene yesterday in the nation's capital, Port Moresby. A combination of upstream resource landowners came together to demand the immediate re-instatement of Mr. Polye, who they say is the only one who can 'fast-track' their payments. Landowner spokesman Lepani Kuyali said the Prime Minister was coming in with another team who they claimed may have their self interests as well. "This is only going to delay the process, we don't want to be caught up in the politics mess, we just want to be paid," he added.

In another scene yesterday more than 1,000 landowners, who stomped Morauta Haus from 2pm to 6pm demanding an answer from Prime Minister Peter O'Neill on the payments, also said that they wanted Polye back as the Finance Minister so that he could deal with the issues at hand. This is specifically because they had dealt with Mr. Polye and wanted him to complete the process. Their leaders met with Mr. O'Neill who advised that he would meet with all the landowner leaders on Tuesday next week. The further delay almost had Morauta Haus under siege but police contained the matter. In a petition prepared, the landowners and their executives have warned that "enough is enough" and their demands have already been given to Mr. Polye.

They have been claiming more than K290 million [US$137.2 million], a payout they want immediately and that they claim has been given to Mr. Polye to fast track. They said they were weary of other MPs that had other motives in hand as they claimed "too many hands handling the landowner payments would spoil it." "We want Polye back, and we want to get paid by Friday," the landowners demanded. "Our justification of Prime Minister (Peter O'Neill) bringing Don Pomb Polye back is because we have already been dealing with him, and we wanted him to complete our task. Our biggest fear is once every other hand is put on our claims, there are risks involved," they said.

Morobe Mining has community obligations Post-Courier 1.3.2012

By PATRICK TALU

OPERATOR of the Hidden valley mine, Morobe Mining Joint Venture (MMJV) says the company has a corporate and social responsibility and will continue to discharge its responsibilities. Commenting on the recent dead fish at the Markham River and alleged cyanide spillage, general manger for sustainability and external relationship David Wissinks said the joint venture miner is responsible in its activities and working in partnership with the mine affected communities and the government to address any socioeconomic issues that arise from the mine related activities. “We are responsible and also concern about the issues arises from the mine. We are very much committed to the project, the government and the communities that are impacted by the project, Mr Wissink told the Post-Courier last week in a brief interview.

He said people and groups with ulterior motives have blown the issues out of proportion without having any credible information to verify and substantiate the real of cause of death to the fish along the Markam River as alleged by villagers. “We stand by the Department of Environment and Conservation (DEC) reports,” Mr Wissink said. He also refuted claims by villagers that a truck loaded with chemical which ran off the road was responsible for the dead fish. “These are two isolated incidents. The report on the death fish was informed on 15th of February while the incident for the truck happened a month earlier.,” he said.

“To be specific, there is no river or bridge close to the location where the truck capsized. It’s about 162 kilometres from where the mine is located and no spillage of chemical or anything that could possibly caused any death as perceived. The quality of water sample is monitored on weekly and monthly basis and reports are sent to DEC.” Mr Wassink admitted that the truck was loaded with cyanide but it was not spilled. The chemical was sealed inside the container and there was no basis to say that the death of the fish was the result of any alleged spillage as there is not link between the two incidents. The MMJV project is joint venture between South African Harmony Gold and Australian largest miner Newcrest Mining Ltd.

European BCL shareholders to stop short-selling of shares Post-Courier 1.3.2012

THE European shareholders of the Bougainville Copper (ESBC) have sent out a warning to declare war on short selling of shares in the Bougainville Copper Limited. President of the ESBC, Axel Sturm, sent out the warning from Andorra yesterday. “We want to stop fraudulent manipulation in BOC/BOU1 shares,” Sturm said. Bougainville Copper shares are supposed to have a fair value of A$30 to A$50 (K66.83 to K111.38). The exact price, of course depends on the actual market prices of copper, gold, silver and molybdenum. “On the other hand BCL is highly vulnerable to market manipulation: less than 30 per cent of BCL are in free float (the international mining giant Rio Tinto owns 54 per cent and the state of Papua New Guinea 19 per cent).

For several months now the share price of BCL (BOC/BOU1) has been pushed down heavily by short sellers,” Mr Sturm said. “Since the beginning of 2011 it has been more than 60 per cent after all”. He said this is despite the fact that today’s news flow from Bougainville is more promising than ever. The Australian Securities Exchange ASX has reacted to this by improving short selling rules. Since August 23rd, 2011 no more short selling in BOC shares was reported. “Therefore we ask all shareholders BCL to put their shares at a high price (A$25 to A$30) for sale,” he said. “This will prevent custody banks from using these shares for un-authorized lending to short sellers. “Short selling generated huge losses in Bougainville Copper shares within the last year. “As a result of short selling the share price plunged under A$ 1 since January 2011. “This happened although all news flow from Bougainville had been very positive during that period. “The green light for re-opening our Panguna mine is a question of a couple of months only.”

He said that this “ban”, however, is undermined by U.S. and other traders and successfully circumvented. Giving its background, Mr. Sturm said a majority of the stocks held by private investors is deposited with custodian banks. They register those shares in the share register (under so-called custodian banks) who then lend on our shares for short sales against a fee without the owner’s knowledge. “In this context even the Australian Stock Exchange is powerless because this business is conducted in a semi-legal but grey area and therefore very difficult to prove,” he said. “There are only two ways to prevent that our shares will be used for unauthorized short selling. “The first is a nominated entry in the Bougainville Copper register. “The second is a sell order that will block the shares for on- lending. “However, since the entry into the register of shareholders is boycotted by the overwhelming number of custodians in order to maintain this revenue stream, the last resort that remains is to place a sell order with an extraordinary high limit. “This limit should be as high as possible so that the probability of an actual sale is highly unlikely.”

Fiji: Rumblings in the mountain

PM Bainimarama intervenes, halts exploration

Samisoni Pareti, Fiji Islands Business, February 2012

Concerned about growing landowners’ agitation against the proposed billion-dollar copper and gold mine high up in the Namosi-Naitasiri mountains, Prime Minister Frank Bainimarama has ordered a halt to the miner’s exploration work. Namosi Joint Venture (NJV)—a partnership of Australia’s largest miner Newcrest with two Japanese interests—will instead work on cleaning up the damage landowners allege its exploration work had done to their land. Landowners, who have formed themselves into the Tikina Namosi Landowners Committee (TNLC), presented the Prime Minister and his team of officials over two meetings last month a photographic catalogue of the damage caused by NJV’s Special Prospecting Licence 1420. The catalogue—a copy of which was obtained exclusively by Fiji Business magazine—showed water contamination and landslips around the Waisoi and Wainavadu regions. Pictures captured discoloured chemicals seeping out of deep holes NJV engineers had drilled in their search for copper and gold deposits. A photograph or two showed some attempts by NJV to plunge or bury these leakages. Most of these drilling platforms, claims TNLC, are located close to Waisoi and Wainavadu Rivers.

These two waterways are the primary sources of the Waidina and Wainimala Rivers, both of which wind down east to form the larger and longer Rewa River that discharges on the Nausori coast. From the province of Namosi, these waterways link up the neighbouring provinces of Naitasiri, Tailevu and Rewa. While the two meetings between PM Bainimarama and TNLC representatives (NJV representatives were invited to the second meeting) were held behind closed doors in the cabinet conference room at the fourth floor of the New Wing of Government Building, Fiji Business was told the picture presentation changed the military commander’s mind. “All parties agreed that NJV, in conjunction with government and in consultation with the landowners, will carry out any necessary rehabilitation emanating from the prospecting,” says a Ministry of Information statement. “Following the rehabilitation, all parties will meet again to discuss the next steps,” the statement added.

Although comprising four sentences only, the Ministry of Information announcement was a huge victory for landowners of the TNLC, who had claimed frustration in dealings with government and NJV officials, and sought the intervention of the Prime Minister. They accused public officials of buying the miner's position, refusing to hear their pleas for land rehabilitation. Officials, on the other hand, claimed that rehabilitation of land that had been explored was not covered under the terms of reference of the proposed mine that the Department of Environment had drawn up. In addition, landowners over the last two years received $314,937 in compensation from NJV; $10,000 of this amount is being kept in trust by the iTaukei Land Trust Board, (formerly the NLTB), for landowners who have yet to open a bank account.

Since 2008, the miner had paid $2.9 million in total, government officials pointed out. Prime Minister Bainimarama met with TNLC twice; the first one on January 27, a Friday, and the second one three days later, on January 31. This magazine was told that while the pictorial presentation by TNLC was convincing, what helped the landowners' case too was the PM's military background. He had detected that the landowners were resolute in their determination to fight their case, and if unresolved, the dispute could easily fester and blow up into a nasty confrontation. At their first meeting, Bainimarama reportedly told the landowners he had visited Bougainville Island in Papua New Guinea—site of a civil war between landowners of Panguna Mine and the PNG army—and he would not allow what happened there to occur in Namosi or Naitasiri. "The last thing I want to do is to send my troops in," PM Bainimarama reportedly told TNLC members. "I've heard you, and I am very mindful of the concerns you all have raised. If the mining company has breached the agreement with you, we will work together to resolve these breaches."

The Prime Minister also told TNLC of his two main concerns; one was the roadblocks mounted by landowners to hinder NJV exploration works. The other was his suspicion that TNLC was being used by people or organisations with "political agendas." Bainimarama wanted the roadblocks to be cleared, saying such forms of political protest were the remnants of Fiji's past that are best forgotten. He also wanted Namosi and Naitasiri landowners to sever their links with such organisations, naming SEEP by name. SEEP stands for Social Educational Empowerment Programme, an NGO that used to be a unit of ECREA—the Ecumenical Centre for Research, Education & Advocacy. He believes SEEP had 'poisoned' the minds of TNLC. This was in apparent reference to the work SEEP had done with TNLC, conducting mine awareness workshop last year in villages in Namosi, Naitasiri, Tailevu and Rewa. Bainimarama said SEEP has its own political agenda that TNLC should steer clear of, an assertion both SEEP and TNLC have denied. At the end of their January 31 meeting, landowners were also advised against engaging with the news media. For now, TNLC is happy that exploration work has been suspended.

Their representatives will now work with government officials to be led by Permanent Secretary for Lands Filimone Kau in overseeing land rehabilitation work, to be funded and implemented by NJV. Whether this will take 3 to 6 months, it is unknown. All that the Ministry of Information stated was that at the end of the rehabilitation work, all parties would meet to "discuss the next steps." This would entail a decision on whether to resume with the proposed mine's environmental impact assessment (EIA), a study which began in 2011 by Golder Associates of Australia and the University of the South Pacific's Institute of Applied Science. Part of the EIA included consultations with villages that would be impacted by the mine in all the four provinces. This village consultation exercise has been suspended in light of the outcome of the second meeting between Bainimarama and representatives of TNLC and NJV. It is through the EIA report that the Fiji Government would decide on whether or not a mine licence should be issued. For now, TNLC is not budging from its position: that there should be no mining in Namosi and in the neighbouring district of Waidina in Naitasiri.

TNLC spokesperson Sipiriano Nariva told Fiji Business the lessons they have learnt from years of mine exploration were enough to convince them that mining is bad for them and their environment. “We have reached a stage where we are so frustrated with NJV and its activities on our land and we have come to a decision…that we do not want our land to be mined,” TNLC said in a media statement released on 19 January. “Our decision is based on our experience of over 40 years of exploration on our land and also taking into consideration the plight of our relatives in the provinces of Naitasiri, Tailevu and Rewa who will be affected by whatever decision we make today.” This media statement summed up the landowners’ position; their opposition to mining stems from their wish to preserve their vanua (land) and in consideration of their traditional kinship and allies in Naitasiri, Tailevu and Rewa, most of whom rely on the Waidina, Wainimala and Rewa rivers for their livelihood.

Nariva could still recall a lyric of a song his folks used to sing, ‘tolu na bogi mai Namosi ki Nausori,’ or literally translated it speaks of “three nights of travel from Namosi to Nausori” using bamboo rafts on the Waidina, Wainimala and Rewa rivers. This was during the banana export boom of the 1940s and the 1950s where his men and womenfolk would travel down the river in bamboo rafts laden with bananas. Over the three nights of river travel, men and women of Namosi would find shelter in villages along the river. Nariva said his generation believes it is now their turn to repay the kind gesture by maintaining the pristine and quality of water in Waisou and Wainavadu. Another determinant in the landowners’ opposition to mine is through the strong influence of religion, of the Roman Catholic faith in particular. Majority of these resource owners in Namosi and Naitasiri provinces are die-hard Catholics, and theirs is the strong belief that God appointed them custodians of the pristine environments of the proposed mine site at Waisoi, Korobasabasaga and Wainavadu.

God they fear will hold them accountable if they let NJV mine and destroy their forests and waterways, not to mention the very rich biodiversity the mountainous region holds. “Lord! Punish those that destroy your creation,” screams a TNLC banner it unfolded before NJV and Fiji Government representatives at a public meeting in Namosi Village on December 14 last year. Among the new banners they released on January 13 was one that said, ‘Mining isn’t sustainable, we need other sustainable developments.’ Even Prime Minister Bainimarama noted the words of another banner they had produced, ‘Pro Government, Anti Mining.’ Religion, traditional alliances and the concern for their natural heritage have combined to fuel the determination of TNLC to forego the lure of the huge money on offer by the mining conglomerate and to insist on its no mining position.
To add credence to this position, TNLC had organised ‘say no to mining’ petitions in all the four provinces. A TNLC representative told this magazine more than 99% of the petitioners have voted no.

While TNLC is named after the Namosi district, membership also included landowners in the neighbouring district of Waidina which comes under Naitasiri Province. Waidina is particularly concerned about NJV proposal to use Wainavadu which is part of Sovi Basin as the mine’s dump site, in the form of wastewater and rock storage. NJV says its tailings dam will be as large as 1,000 rugby fields. Adding additional buffer to the dam will be a waste rock storage, the size of which is equivalent to 375 rugby fields, says the company. This plan doesn’t sit very well with the landowners of Wainavadu, the yavusa (clan) Naitavuni, comprising two Waidina villages of Delailasakau and Naseuvou. Towering east of Wainavadu is the Mataicicia mountain range, site of the tragic crash of Air Fiji’s PC 121 flight from Nausori to Nadi on 24 July 1999 that claimed 17 lives.

The problem for Wainavadu is that the region has already been leased to the National Trust for Fiji as part of the Sovi Basin Nature Reserve, said to be Fiji’s most important biological and landscape heritage. These 19,600 hectares of virtually virgin rainforest experts say is teeming with rare and endangered species of birds, fish, animals and plants and labelled by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) as the “jewel in the crown” in Fiji’s protected area system. “The distinctive bowl shape of [Sovi] Basin with its encircling volcanic peaks create a landform unique in both Fiji and in the island Pacific,” says the UNESCO’s World Heritage Sites’ website. “Its floor is composed of hard granite rock which has slowly eroded over time to form low rolling hills, drained by crystal clear rivers and streams. The entire landform is covered with undisturbed tropical lowland forest. “The Sovi Basin is the largest, most diverse and most scenically outstanding of Fiji's natural forest.

“If it were to be protected, it would be the "jewel in the crown" of Fiji's protected areas system, functioning as the main storehouse of Fiji's land-based biodiversity.” The Fiji Government had submitted Sovi Basin for listing as a World Heritage site on 22 October 1999. Now, NJV proposes to use 5% to 20% of Sovi for a waste dump, in the form of a mammoth tailings dam plus a solid waste rock storage. For its part, NJV is insisting that Wainivadu Valley is not part of Sovi Basin. It really acts as a buffer to Sovi, the miner claims, although environmentalists dispute this. For the landowners in Delailasakau and Naseuvou villages, whether Wainivadu is really the buffer zone to Sovi Basin or not is immaterial. What matters, they say, is that since the National Trust for Fiji got the development lease from the then Native Land Trust Board in 2004/2005, they have been collecting lease monies amounting to around $35,000 a year. This is in addition to the $10,000 scholarship fund that is open each year to their children.

When that development lease expired in 2009/2010, National Trust, acting on behalf of international environmental NGO Conservation International, sought and obtained landowners’ consent for a 99-years lease of Sovi. TLTB demanded a $110,000 bond, which was duly paid. Just as the land board was processing the long-term lease, the Ministry of Lands intervened, landowners claimed, to ask that the lease of Sovi be withheld. The ministry for its part explained it was merely following the law. In Fiji, the Mineral Resources Act over-rides the Native Lands Act, and since NJV is now interested in locating its dump on Wainavadu, the Lands Ministry directed TLTB to halt all lease processing of Sovi Basin. But the landowners are extremely unhappy. Asked why they prefer to offer the lease to National Trust for Fiji and Conservation International (CI), and not to NJV, spokesperson for Wainavadu landowners Tieri Ratini replied: “Baleta o CI e maroroya, o NJV e vakarusa (CI conserves our natural resources, while NJV destroys them)."

Ratini also claimed neither NJV nor the Ministry of Lands has approached them directly to explain or seek their consent on the leasing of Wainavadu. They are also doubting NJV assertions that the tailing dam—which can be toxic when un-treated—and the waste rock storage will be located some 7 kilometres away from the nearest village of Delailasakau. They fear that if located closer to the village, Delailasakau and neighbouring Naseuvou will have to relocate. NJV, on the other hand, is adamant that relocation is not company policy. SEEP for its part said while this could be so, eviction not relocation could still happen once NJV is given the licence to mine Waisoi. For this story, Conservation International offered no comments. Landowners of Wainavadu and Sovi Basin said however that the NGO had made it clear that it would go along with whatever the landowners are content with.

The mine conglomerate, on the other hand, had welcomed the PM’s involvement. It said its desire to talk and resolve issues with the landowners have met with very little success. “There is a lot of misleading information on the impacts of mining and I understand that this can be upsetting,” Melbourne-based NJV project director Ian Richie wrote in the mine’s December 2011 newsletter. “It may apply to a very small percentage of the mining industry, in areas that are not properly managed by the government. “However, for companies such as ours, we know that we will not be allowed to come to areas such as Namosi and Naitasiri, or PNG or Indonesia or similar countries where we currently operate, unless we adhere to the most stringent standards and that we work with the local communities to ensure that we help them to develop and to achieve their visions.”

For NJV, which is operated by Australia's Newcrest on behalf of its two Japanese partners, Mitsubishi Materials Corporation (28% holdings) and Nittetsu Mining Co Ltd (2% holdings), getting resource owners' endorsement is crucial. Wrote Richie: "We're proposing a large mine but we do believe that we can do this in a way that is safe and that will minimize its impact. "As large and international companies, the members of Namosi Joint Venture, Newcrest, Mitsubishi and Nittetsu, will not proceed with the mine if we do not believe it is safe, economic, and that the local people accept what we are proposing." The same company's information brochure said NJV assisted over 170 students in Namosi and Naitasiri provinces through their educational scholarship fund.
This represented a total payout of $276,000 for 2011 alone. "In 2012, NJV will be re-looking at its scholarship and sponsorship policy to ensure funds are used effectively and reaps the maximum benefit to recipients and the provinces," says the NJV newsletter.

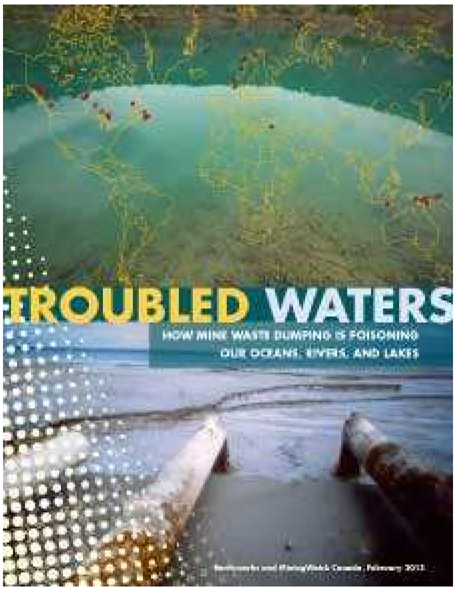
The miner said a further $54,000 was expended for community help and donations in 2011, which included Fiji's national athletics team to the Pacific Games in New Caledonia and the purchase of jerseys for the Namosi provincial rugby team. In their proposal, NJV says the copper and gold mine should have a life span of 25 years, where it plans to extract some 16 million tonnes of ore from two open pit mines in the Waisoi Valley in Namosi. These west and east pits would be massive, the former expected to be as big as 180 rugby fields, whilst the east pit would be comparable to 100 rugby fields. In terms of depth, these pits would be dug by heavy machines aided by dynamite blasts most probably, one kilometre down into the earth's crust with a diameter of one a half kilometres.

By comparison, the depth of the pit at the controversial and now closed copper mine in Panguna, Bougainville was said to be half-a-kilometre deep. With an annual rainfall of 4-and-a-half metres, Waisoi Mine, if it goes ahead will be the wettest copper mine in the world. Some 80 to 90% of the value of mine will be copper, NJV says, the remainder being gold and molybdenum. Each year, it will want to produce some 300,000 tonnes of copper concentrate that will be trucked down to Suva Port for exports. That is about 40 container trucks leaving Waisoi daily. A projected transport route has been drawn up to avoid congestion and possible accidents; laden trucks will travel to Suva on the northern route through Naitasiri's Waidina district, down to Sawani and Princess Road in Tamavua. Once unloaded of its cargo, these trucks will return to Namosi through the southern route using the Queen's Highway.

NJV is considering using these empty container trucks to cart fuel up to the mine at Waisoi. Infrastructure will be mind boggling, as a process plant will need to be built up at Waisoi, mine access and site roads constructed as well as camp, offices and living facilities. Because of the large scale of its operations, NJV will build its own power plant as the FEA won't be able to do so, and most probably build its own hydro power plant too. NJV plans to operate in 700 square kilometres of largely mountainous terrain that straddles the border of both the Namosi and Naitasiri provinces. Some 2000 jobs are expected to be available during the mine construction phase, and 1200 jobs if and when mining starts. NJV estimates the set-up cost at Waisoi is around $1 billion, which experts say makes Vatukoula Gold Mine looks like a baby operation.

Troubled Waters: How mine waste is poisoning our oceans, rivers and lakes

PNG Mine Watch 29.2.2012



A new report ***Troubled Waters: How Mine Waste Dumping is Poisoning Our Ocean, Rivers and Lakes*** highlights the global problem of mine waste dumping into waterways. This new investigative report from Earthworks and MiningWatch Canada documents how mining companies are using the world's waterways as dumping grounds for their toxic mine wastes. These mine wastes, or tailings, can contain up to three dozen dangerous chemicals, including arsenic, lead, mercury, and cyanide and threaten vital bodies of water. Each year, mining companies dump over 180 million tonnes of these hazardous mine wastes into rivers, oceans, and lakes - that's more than 1.5 times the amount of waste that US cities send to landfills each year. The Troubled Waters report examines the impacts of ten corporations' waste dumping practices in water bodies in 11 regions around the world, including those in Papua New Guinea, Turkey, Canada, Indonesia, United States, and Norway. The report calls on mining companies to stop using our oceans, rivers, and lakes as dumping grounds for their toxic wastes. The report recommends additional steps that must be taken by mining companies to protect people and ecosystems from irresponsible aquatic waste disposal, including dry stacking and backfill, where safe, and adopting measures to produce less waste.

Troubled Waters: How Mine Waste Dumping is Poisoning Our Ocean, Rivers and Lakes

Revealed: the new species threatened by deep-sea mining

Bethany Hubbard, Ecologist, 20th February, 2012

Scaly-foot gastropod (photo: David Shale)

The lure of deep sea mining in the Pacific and Indian oceans could mean the destruction of species only just discovered on the ocean floor

Before the late nineteenth century, most people believed the deep sea was a barren wasteland, unable to support life even in its simplest form. After several expeditions by naturalist Charles Wyville Thompson, the world came to realise life not only exists, but prospers in the depths of the ocean. His three-year voyage on the HMS Challenger produced detailed illustrations of alien-like sea cucumbers, ethereal jellyfish and strange corals all thriving at 3,000 fathoms below. Even after such discoveries, it took decades to fully understand the extent to which such underwater habitats exist. There aren't simply a few deep sea dwellers here and there, but entire ecosystems flourishing without the sunlight and air humans had deemed essential for sustainable life. How can life be so prolific so far from the surface of the ocean? The answer may lie in volcanic activity below the ocean floor, which unearths crucial minerals – creating hydrothermal vents.

These vents are formed when sea water seeps into volcanic rifts within the ocean floor, explains Dr. Jon Copley, from the National Oceanography Centre. The magma below heats the water, which reacts with surrounding rocks to create a mineral-rich fluid that eventually erupts forth from the earth. As the liquid cools, "chimneys" form and create metal-rich deposits. Such deposits contain polymetallic sulphides that are rich with zinc, lead, copper, gold and silver, and polymetallic nodules composed of manganese and iron. The vent fluid also contains the chemicals needed for chemosynthesis, the process upon which deep sea microbes depend - just as plants require photosynthesis, Copley says. Around the towers of black smoke, silvery sea cucumbers and translucent shrimp feed on the chemosynthetic microbes and the circle of life begins. Today, the same minerals that draw life towards the vents are now attracting the attention of powerful global mining companies.

The deep sea mining boom

Exploratory mining is already in progress in the Clarion-Clipperton Zone in the Equatorial North Pacific Ocean. Japan, China, Korea, France, Russia and Germany all have approved sites in the zone, along with the Interoceanmetal Joint Organization, comprised of sponsors from Bulgaria, Cuba, the Czech Republic, Poland, Russia and Slovakia. The next frontier is the Indian Ocean, where Copley just spent several months studying the ecology of deep sea vents on the Southwest Indian Ridge. His team believes they have discovered new species during their expedition, like Rimicaris shrimp, Kiwa yeti crabs and scaly-foot snails, which likely only inhabit vents within the area.

The SW Indian Ridge is an ultra-slow spreading ridge, meaning there is less volcanic activity in the area. As a result, vents are spread further apart and tend to have longer life spans, sometimes lasting for millennia, whereas vents in the Eastern Pacific experience frequent natural disturbances like lava flows and earthquakes. Mineral deposits are greater in ultra-slow spreading ridges, making them desirable locations for exploration. Copley fears species could be 'pushed towards extinction' if mining is eventually permitted in such regions. 'If you start mining at vents, a key concern is whether you will be disturbing the system more frequently than nature does--and if so, there could be impacts,' says Copley, who believes sites must be assessed on a case-by-case basis. When vents naturally die, species move to another vent in the area. Destroying vents within a vent field leaves fewer options for homeless creatures. 'We have a network of island-like colonies of species at deep-sea vents, and what happens if you remove some of the nodes of the network - could it collapse for some species, in some parts of the ocean where vents are further apart?' Copley says.