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MINISTERIAL STATEMENT IN RESPONSE TO RECENT MEDIA INTEREST IN THE SOLWARA-1 DEEPSEA MINING PROJECT

Earlier this month the media carried a front page story headlined '*Government approves seabed mining*' which has attracted both national and international attention most of which is not in support of deepsea mining. The irony is that this is exactly 19 months after the grant of the ML in January 2011. The article gives the impression as if the Oneil-Dion government had just granted the ML and therefore the public either felt 'left out' or used it as an opportunity to resurrect their same old claims that had been dealt with in the 3 years prior to the grant of the ML and even over the last 12 months. Recent commentators have misled the public by stating that it was the Oneil-Dion government that permitted the Solwara-1 project right after being sworn into office by the 9th Parliament. The project was permitted by the previous Somare government and as it is a decision of government, this government will implement it as best we can.

As the public would have noted, I have not come out publicly to respond to all of the contributions on deepsea mining to date as I have opted to allow for public discourse on the subject matter to fully appreciate the range of issues that have been publicly debated by ordinary citizens, academics, politicians, interest groups and corporate entities.

We respect the right of individuals and institutions to fully participate in matters of national interest. We would stress that such participation is done responsibly based on well informed, factual information and some degree of understanding of the subject matter.

Nevertheless, the predominant public concerns raised to date have been around the following areas –

1. Environmental impacts from mining the seafloor.
2. Ability of government to monitor such operations and their impacts.
3. Lack of suitable baseline data and environmental impact studies.
4. The impacts on fish especially tuna.
5. The absence of specific policies or regulations to govern deepsea mining.
6. The perceived lack of public consultations.

7. Destruction to the unique life forms and eco-systems surrounding the vents.
8. Sufficient mines on land, seabed mining not required.
9. Deepsea mining is being trialled and using PNG as a 'guinea pig'.
10. Non compliance to international treaties
11. Lack of confidence in the operational integrity of the seafloor mining equipment.
12. Costs far outweigh the economic and social benefits.

I will not respond to all of the above predominant issues as many of them do not fall within my direct responsibility as Minister for Mining. I will however address some of them in generic terms to provide a balanced response. But first, allow me to detail the approvals process leading up to the grant of the Mining Lease.

Grant of Exploration Licence (EL1196)

Several sulphide samples were collected from Solwara 1 during a number of scientific cruises in the late 1990s. Analysis of samples indicated very high grades of copper, gold and silver and, based on these findings, Nautilus applied for an exploration licence over Solwara 1. On 28 November 1997, Nautilus was granted Exploration License (EL) 1196, allowing exploration to commence at Solwara 1.

Results from the geological investigations of the sulphide deposits at Solwara 1 did confirm the presence of copper and gold in grades high enough to allow commercial development to proceed. Nautilus was committed to developing the Project, subject to obtaining the required approvals as per the *Environment Act 2000*, and engineering design proceeded in parallel with the preparation of their EIS.

Grant of the Environment Permit

Let me very briefly provide some background to the Environmental permitting process for Solwara-1. I am satisfied that due process was followed and all legislative requirements were met in the granting of an Environmental Permit by the Minister for Environment and Conservation in accordance with the *Environmental Act 2000*.

I am confident that the Environment Impact Statement (EIS) was extensively reviewed by an independent consultant group engaged by the Department of Environment & Conservation (DEC) and it was determined that Nautilus had met all the EIS requirements, both technically and as per requirements under the *Environment Act 2000*.

The EIS then underwent another review by the Environment Council, which is made up of a team of very professional Papua New Guineans, qualified in a number of fields of science and social science. It was their recommendation to approve the EIS and following this, an Approval in Principle of the EIS was issued in August 2009 by the Minister for Environment & Conservation.

Nautilus then submitted their Environment Permit Application and upon being further satisfied that all conditions were met, The Minister for Environment & Conservation granted the Environment Permit on 29th December 2009.

Nautilus is currently in the process of submitting their Environmental Management and Monitoring Plan (EMMP) to the DEC detailing how it will manage the impacts it has identified in the EIS when the mine is in operation. A feature of the EMMP is the incorporation of the Precautionary Principle.

The compliance monitoring of environmental permit would follow similar requirements as that of the deep sea tailings placement. This would include an intensive monitoring program in the first year of operation followed by annual audits and reviews of the monitoring programs. Stakeholders will be informed of the monitoring results accordingly.

Grant of the Mining Lease (ML154)

The final feasibility study cum Development Proposal and the mining Lease application were submitted in October 2008. The submission of final feasibility Study to the State was intended to analyze a development strategy of Solwara 1 project. The state team comprising officers from the departments of Mining, MRA, State Solicitors, Provincial Affairs, Environment, Treasury, National Maritime Safety Authority and Commerce conducted a full technical audit of the proposals and engaged directly with Nautilus to continuously improve aspects of the proposal.

The government's initial technical review was completed in 2009 with supplemental fact finding tours to US and UK in 2010 and 2011. Such a tour was taken earlier this year by the Chief Inspector of Mines to verify the engineering integrity of the seafloor mining tool which proved to be progressing very well.

Having satisfied ourselves that both the Environment Permit and the technical assessment of Nautilus development proposal was in order, the State through the Minister for Mining issued the Mining Lease (ML154) on the 13th of January 2011.

I would like to lay to rest concerns that perhaps our various statutory approvals process were not followed properly leading up to the grant of these various statutory permits – I can assure you that the government has ensured that all required processes were adhered to and that Nautilus has a valid ML to operate in PNG on its Solwara-1 project.

Since my appointment as the Minister for Mining I have been fully briefed by the agencies under my mandate, particularly the Department of Mineral Policy & Geohazards Management and the Mineral Resources Authority.

I wish to state from the outset that following these thorough briefings by my respective agencies and other relevant State authorities including the Department of Environment and Conservation (DEC), I am fully satisfied with the existing status quo and intend to carry on from where my predecessor has left. I

do not intend to make any irrational decisions until I am completely satisfied that all necessary legal processes have been followed.

Let me now turn to addressing some of the predominant concerns as raised earlier.

On the Issue of Lack of Public Consultation/Awareness

In terms of consultation, I am satisfied that a lot of work has been done by the State and Nautilus to ensure this project meets all the prerequisite requirements.

Let me inform the public that a series of consultations and public forums have been initiated since 2007 by both the State Team and Nautilus to the two Provinces (ENBP/NIP) and impacted communities. These meetings addressed issues ranging from environment led by DEC, technical aspects led by Nautilus and socio-economic led by MRA. Areas and communities covered included West Coast of Namatanai District, Namatanai LLG, Konoagil LLG and educational institutions of New Ireland Province and East New Britain covering Vudal University, Kokopo Business College, Channel College, Kokopo Secondary School, Kerevat National High School, ENB Women's group, NGOs, civil society, Duke of York, Watom LLG, Bitapaka LLG, Gazelle LLG and Rabaul LLGs and District Administrations.

Legal basis for offshore mining

In relation to the issue of whether or not offshore mining should be permitted, it is our considered view that except for the issue of policy development, there is nothing in law that prevents the state from issuing the license to Nautilus or any other investor wishing to undertake offshore mining.

The definition of "land" for mining purposes under the Mining Act 1992 includes the offshore area being the seabed underlying the territorial sea and as such mining activities can take place. There is therefore no question about our issuance of the various mining permits leading up to the grant of the Mining Lease.

Mine Safety

The Mining Safety Act application in this instance is interesting in that no workers will be directly exposed as workforce will be operating from a ship. The Chief Inspector of Mines has held discussions with the National Maritime Safety Authority (NMSA) on the policing of occupational health and safety on board the ship. The Inspectors will be required to interact with NMSA on the integrity of the vessel itself but will be directly responsible for ensuring the integrity of the seafloor mining equipment including the riser.

Innovative Technology

Contrary to what people are saying, the technology to mine the seabed already exists. What is actually 'new' is the innovative design and re-assembling of this existing technology to produce a mining tool that can function within such an operating environment. The MRA through the Chief Inspector of Mines has visited and inspected the plant in Newcastle, United Kingdom where the

tool is being manufactured and assembled. We can confirm that the mining tool is almost 60% complete and comprises of the following components –

- Production Support Vessel(Ship)
- Riser and Lifting System
- Seafloor Production Tools

Will the Project Affect Tuna (Fish)?

The proposed mine site is located 1600 meters below the surface of the sea. Tuna stocks live at shallower depths at around 400 meters and above. There is therefore a buffer of some 1200 meters which we believe will ensure there is minimal direct impact on tuna resources. We are also aware that Nautilus have put in place plans to ensure that there is no impact (including chemicals) to the water along which tuna spawn and migrate along.

I am advised that from materials available to us, including the consultations with the National Fisheries Authority (NFA), there will be minimal impact on tuna stocks. ~~The main impact would be that they would change their migratory route (swim away/around).~~ Similarly, we are aware of the extensive environmental impact study (EIS) that was carried out by Nautilus on the biological environment detailing the levels of impact the mining operations might have on the biological environment and the mitigating strategies that will be deployed.

Offshore Mineral Policy and Legislation

Many of you have raised the concern that deepsea mining is being permitted in the absence of relevant policy and regulation for the offshore environment. I am pleased to inform you that the Department of Mineral Policy is fairly advanced in its development of this policy document which will be ready for my presentation to Parliament before the end of the year. Additional precautions have being considered to be built into the policy document to ensure offshore operations are done in a very responsible manner but these details will be released once I have satisfied myself that the necessary safeguards have been put in place to operate within an offshore environment.

I also wish to state that PNG has always complied with the international guidelines in dealing with the Solwara 1 project. An international workshop on deepsea mining was held in Madang from the 22nd – 23rd February 1999 in Madang which was sponsored by the South Pacific Applied Geoscience Commission (SOPAC), the Marine Metals Association of Japan (MMAJ), the Pacific Island Forum Secretariat (FORSEC) and the PNG Department of Mining. This workshop produced the Madang Guidelines on Deepsea Mining (the green paper) which is now being used regionally as the basis for the development of deepsea mining policies in the Pacific.

DMPGM has used the Madang Guidelines to developed the draft Offshore Mining Policy (White Paper). The draft takes into account the United Nations Convention on the law of the Sea (UNCLOS) principles and such other regional and bilateral treaties as well as the national development goals and objectives of PNG. It also outlines the various responsibilities of all relevant State agencies ranging from mining, environment, maritime, customs and how they relate to the offshore operation. Hence a lot of time and effort has being put into the policy and legislative developments by my Ministry.

Having stated the above, I want to again assure the various stakeholders that this government is committed to ensuring that our mineral wealth is harnessed in the most optimal and responsible way.

Approved for Release

HON. BYRON CHAN, MP
Minister for Mining



Community Engagement/Awareness at University of Natural Resources- Vudal, ENBP



Mr. Mesulam Sumlin - Director of Mining – NIPG address communities in Messi Westcoast Namatanai, NIP.