

PEAK ASSOCIATION INC

2006 ANNUAL REPORT

Introduction

The Porgera Environmental Advisory Komiti (PEAK) is an advisory group made up of Government, NGOs and independent individuals. PEAK was created in response to community concerns over the impact of mining in Porgera. At the time it was established in 1997, it was the only one of its kind in Papua New Guinea.

Its primary function is to enhance the understanding of Porgera's physical and social environmental issues with stakeholders, review the annual environmental reports and review and advise on mine closure issues. In the long-term this will improve PJV's environmental performance.

PEAK has been operating successfully now for nine years and the Porgera Joint Venture (PJV) has benefited from its advice.

PEAK'S Membership is drawn from various organisations, including the government of Papua New Guinea, scientific and social research organisations, Papua New Guinea NGOs and professional individuals. Members have excellent qualifications relevant to achieving the primary objectives of PEAK.

Administration

a) PEAK Incorporation

The application for incorporation of PEAK as an Association was lodged with the Registrar of Companies in February. It was unanimously agreed to by the members at the October 2005 PEAK Meeting, to proceed with an Incorporated Association to ensure that PEAK's independence from PJV was publicly noted. After many difficulties, PEAK was granted Association status in November 2006.

b) Membership

Six new members joined the PEAK during the year. Dr. Ila Temu replaced Mr. Mel Togolo from Barrick (PNG) Ltd; Mr. Paul Greener replaced Ms. Beris Gwynne from Foundation for the Development Cooperation; Dr Samson Amean Administrator of Enga Province, Ms. Mellie Kaiulo, the President of the Porgera Women's Development Association representing persons from Porgera and Enga province and Mr. Dagwin -Luang Suarkia from the PNG Medical Research Institute in Goroka was invited as a Medical Research Professional. Under the Constitution, the government representatives on PEAK now receive 'Observer' status.

c) Meetings

In 2006, PEAK met twice in Port Moresby, in March and in October. A majority of members attended the meetings.

d) PEAK Website

All PEAK related information and data were located on the PJV website in Brisbane. With the incorporation of PEAK as an Association, a new website is being established to reflect the independence of PEAK.

e) Constitution

The PEAK draft constitution was drawn up in mid 2005 and has been under review by the Executive Officer and PEAK members. It is proposed that the final draft be approved at the next PEAK meeting in April of 2007.

Reports

During 2006, several reports were submitted by PJV for information and review by PEAK. A selection of some of the reports is included in this Annual Report:

a) Porgera Riverine Monitoring Program:

Prof. Barry Hart provided a comprehensive update on the review of the current Porgera Riverine Monitoring Program. The presentation provided comments on the background to the review program and the risk-based approach by the review team.

It was noted that PJV has made a significant and sustained commitment to developing a quality environmental monitoring program. The areas under review included: water quality, sediments, ecosystem health, human health, sampling design, quality control and assessment.

PEAK is currently waiting on PJV's response to the Riverine Monitoring Program.

b) Mine Closure:

As reported in the 2003 Annual Report, the first presentation of the Mine Closure Consultation Document was made to PEAK in February 2003 and circulated to all stakeholders. A final decision has yet to be approved by the Porgera Mine Closure Committee as a final decision on the closure of the mine site by the PJV cannot be made until a date has been agreed.

PEAK is awaiting a full report from the PJV.

c) Environmental Programs:

Mr. Tyler, the new Environmental Manager for PJV provided a comprehensive presentation on PJV's Environmental Programs and Performance at Porgera with emphasis on: River Monitoring Results, Monitoring Program Review, the rehabilitation of the Kogai Stable Dump, Mine Closure Assessment, Cyanide Code Compliance and Tailings options.

Various options are being examined by PJV on Tailings and these will form part of an ongoing feasibility study. Options for restraint include: engineering containment,

cemented paste backfill underground and co-disposal with waste rock.

PEAK is seeking a more detailed report from PJV on this issue. The 2004 and the 2005 Environmental Reports are also outstanding.

d) Socio- Economic Development:

PJV continues to support the free voluntary testing for HIV at Paim hospital as well as among its staff. Over half the staff has been tested and the rate is steady at about 2% and in the community, the rate is closer to 10% HIV positive.

PJV is also working in partnership with youth groups, employment and contract issues and with the Porgera District Women's Association in developing programs that are designed to target leadership skills and governance programs. PJV is also working closely with other agencies to address areas of concern such as health, education, law and order and capacity building.

e) Social Impact Statement

Mr. Sheehy delivered a detailed presentation on the Social Impact Assessment (SIA) for the proposed resettlement of landowner communities from PJVs Special Mining Lease area. The report assessed the social impacts of the current mining operations and the relocation of SML communities; identified mitigation measures; explored the reconstruction and the long term sustainability of relocated communities and examined PJVs operational needs through the Lands Management Program.

PEAK is still waiting on a copy of the final SIA and comments from PEAK will be forth coming upon receipt.

f) Illegal Mining

Illegal mining has been a problem for many years and the number of illegal mining incidents is a major concern for the PJV Management. The construction of a fence around the open pit area will hopefully have some impact. Public awareness campaigns have been completed to address the incursions and the Royal PNG Constabulary will be deployed to assist the Management deal with the problem sensitively.

Future

PEAK will continue to focus on key social and economic issues relating to mine closure, investigation into the establishment of sustainability indicators and to the existing well being and livelihood of those within and adjacent to the SML and to sustainable development in the Porgera Valley and its surrounding areas.

Nigel R. Agonia, OBE

Chairman