

NOTES OF MEETING HELD AT PORT MORESBY, 1-3 MARCH 2004

Attendees:

Komiti Members

- Nigel Agonia - Chairman
- Dr. Graeme Batley - CSIRO (PJV/Placer Technical Advisor)
- Dr. Philip Gibbs - NGO (Melanesian Institute for Pastoral & Socio Economic Service)
- Brad Gordon - Porgera Joint Venture
- Kay Kalim - Department of Environment and Conservation
- Michael Kiap - PNG University of Technology (Government Technical Advisor)
- Dr. Peter Siba - NGO (PNG Institute of Medical Research)
- Mel Togolo - Placer Dome Asia Pacific
- Ani Topurua (Alt to Patricia Pepena) - Department of Mining

Apologies:

- Elizabeth Karava - NGO (National Spiritual Assembly of Baha'i of PNG)
- Lady Hilan Los - NGO (ICRAF)
- Patricia Pepena - Department of Mining

Invited Guests:

- Arthur Hood - MD, Placer Niugini Limited
- Tim Omundsen - Manager, PJV Sustainable Development
- Yati Bun - FPCD (Foundation for People and Community Development)
- Pyare Pain - FPCD.
- Matella Urakowi - FPCD
- Tony Breuer - Partners in Rural Development
- Cynthia Farrell - Partners in Rural Development

Agenda Item 1

Introductions & Apologies

The new chairman was formally introduced. He then took the opportunity to briefly explain his background and his current status in the law and justice sector. In welcoming the Komiti, he pointed out that he was happy to be asked to join the committee and to renew his association with the mining industry after many years of absence. He advised the Komiti that he would contribute to the best of his ability.

Apologies were received and acknowledged.

Agenda Item 2

Notes of Previous Meeting

Notes of the previous meeting noted and accepted.

Agenda Item 3

Action Items

Those responsible dealt with the Action Items from the previous meeting and out of the meeting new ones were introduced as follows;

Action Item 1

It was requested that PJV investigate the possibility of introducing aqua-culture in the Porgera Valley in line with sustainable development. **Tim Omundsen to action.**

Action Item 2

In view of mobile sawmills being introduced in some communities PEAK wanted to be briefed on a programme of maintenance for such assets. In addition the Komiti also wanted to know if programme of regular visits to assess the progress of such projects is maintained. **Tim Omundsen to action.**

Action Item 3

After listening to the submission by Partners in Rural Development and agreeing to support it, the Komiti wanted an update in the October meeting. **Tim Omundsen to action.**

Action Item 4

Members of the Komiti were requested to advise on any matter that may progress the programme of Partners in Rural Development. Any advice should be communicated to Tony Breuer on email address; <tbreuer@chf-partners.ca> **All members to action.**

Action Item 5

From the discussion of mine derived sediments by G Batley, a request was made by M Kiap that he would like see the data from the flood plains in a

reference made in a study by Dr. Apte and Dr. Dietrich. **Graeme Batley to action.**

Action Item 6

A proposal was made that an archiving system for studies on mine derived signatures should be established. **Graeme Batley to action.**

Action Item 7

The Komiti requested distribution of the current Terms of Reference and any discussion materials to members, who will supply feedback for further discussion on the future role of PEAK, its shape and form. **Mel Togolo to action.**

Action Item 8

A request was made for the biophysical and socio-economic sub-committee of PMCC to make brief presentations to the Komiti. **Tim Omundsen to action.**

Action Item 9

All members were asked to visit the web site www.peak-pjv.com to check their personal bio-data. Any update or additional new ones should be submitted to Mel Togolo for inclusion in the web site. **All members to action.**

Action Item 10

FPCD and PJV to discuss the health and education proposals put to the meeting by FPCD and streamline for possible implementation. **Tim Omundsen, Yati Bun and Mel Togolo to action.**

Agenda Item 4

Agenda Item 4.1

Environmental Review/Progress Report

Tim Omundsen gave the brief on status of environmental performance. Compliance issues were addressed and the PJV continues to be compliant at SG3.

With respect to the erodible dumps it was pointed out the Anjolek dump received its last material in December 2002. The dump will not be used again. Anawe erodible dump continues to receive waste rock and last year it received 30.0 MT of waste rock.

In environment, Porgera's performance continues to improve. Tim had one concern and this was in respect to the near misses. Near misses are not being reported. He said that management will make sure that reporting of near misses improves this year.

PJV had meetings with 28 landowning clans to discuss the rehabilitation program. The issues raised at the meetings dealt with the mine closure program, methods of rehabilitation and end land use. The rationale was to make sure that the community understood what mine closure would mean and that complex issues should begin to be addressed now than later.

A Soil sampling exercise on the Kogai Dump has been initiated to identify possible nutrient deficiencies. The forestry nursery at Porgera station has been assisted and facilities renovated and 7,000 trees planted.

Porgera Mine Closure Committee has met and it was noted that a PEAK member, Michael Kiap, attended. As well the two subcommittees also met. The Biophysical subcommittee met on December 9 (attended by Nigel Agonia) and the socio-economic subcommittee met on January 2, 2004 (attended by Michael Kiap).

It was noted by the Komiti that the pH in the treatment process was raised to 6.5 in November as part of the pH trial. The monitoring of water quality will continue as planned.

Various studies (e.g. Health Risk Assessment, Macroinvertebrates study, study by Prof. Bill Dietrich) are either completed or in various stages of near completion.

It was reported that the Fly-in Fly-out Agreement was under suspension due to an unprovoked attack on PJV employees on 18 December 2003. On other fronts PJV is in discussion with Partners in Rural Development (a development NGO group) with a potential for a partnership in rural development. Similar discussions are also taking place with a local NGO group the FPCD for a possible project in the Strickland River region and also with Pacific Enterprise Development Facility, a facility of International Finance Corporation.

An application was made to the Grants Facility for Indigenous People (World Bank) and CDS (AusAID) to carry out adult literacy programs. Unfortunately the application to the World Bank was unsuccessful.

An enrichment program for primary and high school students by John Clark was carried in Paiam and was a great success at minimum cost.

PJV is trying to assist the Lake Murray Fishing project to be viable and is also encouraging trial plantings of vanilla both at Lake Murray and Nomad. In future it will look at doing similar trials in Lake Kopiago and Oksapmin.

It was reported that while progress on the Pongema hydro scheme is stalled, a pre- feasibility study of Paijaka hydro (Tari) was completed. A report is being prepared.

Agenda Item 4.2

Operational Performance

Brad Gordon made the presentation. There were three parts to the presentation; performance summary for 2003, December 2003 reserves and budget summary. The Komiti was told that the ISRS Internal Audit Recommendations have been implemented as well as other initiatives to improve safety performance.

Safety performance for 2003 was exceptional with significant reduction in serious injuries by 44% compared to 2002 across all departments. It was reported that total injury cases was reduced by 8% and property damage by 4%. Incident reports have increased by 25%. With the new safety initiatives for 2004, the target is 25% reduction in serious injuries in 2004. Under the drug and alcohol policy, random tests are being carried and so far results are good. To a question from the Chairman, it was noted that, initially, the tests would be carried out before the start of each shift and that other options are also being looked at.

The Chairman also wanted to know why Porgera's safety record is better than many other Placer operations and other mining companies. The response was that there are many theories but the generally accepted view is that many operators have not had prior bad habits in handling machinery and equipment. From initial training, they have learnt only the right way of doing things. Whereas, in other countries people have been exposed to bad habits of driving or handling machinery and when they joined the operations those habits have been difficult to get rid off. That is one reason why training and safety awareness are so important in Placer operations.

In terms of physical performance, Porgera produced 851,920 ounces of gold in 2003 (641,811 oz 2002) against a budget of 761,249 ounces, an increase of 12% against budget. This was due to higher head grade and higher recovery. Cost per ounce in 2003 were slightly higher than budget at \$US242.07 per ounce (budget \$US231.67 per ounce). Open pit production in the fourth quarter was 2% above budget and underground was 12% above budget. Mill throughput in 2003 were 1% above budget. It should be noted that direct cash costs were 17%

above budget due to increase in fuel costs, mill maintenance, power costs and general increase in costs for maintaining equipment.

Brad also reported that general law and order situation in Tari continues to deteriorate and during the year one powerline tower was vandalised.

An awareness program on HIV/AIDS was carried out in 45 communities near the mine.

A mine closure workshop was held for departmental heads and the "New Start" program is under review. A review to improve the salaries and conditions of senior national staff has been carried out and implemented. This will increase Porgera's competitiveness in the labour market.

It was reported that unlawful entry into the SML continues to decline since August last year.

The Komiti heard that in December last year drunken villagers attacked PJV vehicles, which resulted in property damage and injuries to 13 employees resulting in the suspension of the FIFO Agreement.

Exploration: Work on interpretation of the Wangima target has been completed and an initial evaluation of the Eastern Zone indicates mineralisation that may potentially host an economic resource of some 461,000 ounces of gold.

December 2003 reserve has been calculated and has shown an increase of 7.19 million ounces from 6.37 million ounces in December 2002. That is an increase of more than 800,000 ounces.

Brad briefed the Komiti on the 2004 budget physicals. Ore volumes from both the open and underground pits are likely to increase from 2003 rates but in both cases head grades are predicted to decline. The budget predicts total gold production to be 904,127 ounces in 2004 compared to the 2003 actual of 851,920 ounces.

In view of increased production for 2004, Michael Kiap asked if there was sufficient space for dumps. The response was that the current dump capacity can handle waste from production and also that the dumps do not sterilise any potential mining areas.

Direct cash costs for 2004 of \$US183.133 m are lower than the 2003 actual of \$US206.225m. The capital expenditure of \$US12.340m is higher than last year's figure of \$US6.046m. The cost per tonne milled for 2004 is \$US29.97 compared to \$US36.46 for 2003. The planned cost per ounce for 2004 is \$US202.55 compared to last year's figure of \$US242.07.

PEAK was shown the recently approved management structure. One principle change is the creation of a new position of Principal for Sustainable Development. Three divisions - Environment Manager, Community Affairs Manager and Socio-economic Manager will report to this position. In the re-structure, three new departments have been created (HR, Asset Protection and Commercial) to reflect the new emphasis for sustainable development.

Agenda Item 4.3

Briefings as required

Agenda Item 4.3.1

Illegal Miners at the Porgera mine

Brad reported that there was a problem with unlawful entry to the SML but that since August last year illegal entry into the SML continues to decline. This decline is a result of certain action being undertaken by PJV, particularly the enforcement of the Zero Tolerance Policy and education. Some of the action taken include building fences where appropriate, posting of danger signs, awareness program by Community Affairs Department, increased court fines, arrest of 290 illegal miners and a wide use of Ipili FM radio. Since last year unlawful entries reduced by 50%.

Agenda Item 4.3.2

Proposal for sustainable development

Tony Breuer and Cynthia Farrell from a group called Partners in Rural Development, a not for profit organisation, also known as the Canadian Hunger Foundation, made the presentation. The group has 43 years of experience in participatory rural development and has been involved in more than 800 projects in more than 40 countries. Currently it is operating in 11 countries and has 53 staff in Canada and overseas. Its main focus is sustainable livelihood in rural communities.

The group has studied the Porgera Mine Closure Consultative Document and would like to be involved in the economic sector at Porgera. In its proposal it wants to be the coordinating engine for economic development and capacity building in the Porgera Valley. Its programs will include agricultural production, processing and marketing, small and medium size enterprises, micro-finance etc.

CHF wants to play an independent leadership role, develop a consortium of donors and will be looking at developing independent governance structure for its work.

It will set up office in Porgera, harness its own expertise and coordinate resources and hopes to attract resources from PJV, bilateral & multilateral donors and the community.

Their focus will be on capacity building needs, opportunities for social and economic development and policy-making and governance.

They proposed a three-phased approach: -

- Phase 1 - 18 months sustainable development program for Porgera.
- Phase 11 - 5 year program of building capacity and support for rural enterprise.
- Phase 111 - Community Trust Management for a sustainable future.

It was pointed out during the presentation that a critical factor in such a proposal was an emphasis that community trust was an asset to be built upon.

Phil Gibbs pointed out that such a proposal needs to be aware of the role that customary beliefs and values play in the development of communities and that understanding motives and behaviour of the people is important in such an endeavour. CHF appreciated the advice and will consult with experts and local communities.

While appreciating the value and magnitude of the undertaking, Graeme Batley said that it was critical for such an undertaking to work and wondered whether there were any thought of other partners coming into the project. CHF agreed and confirmed that local partners will be consulted and if suitable, encouraged to participate.

Kay Kalim wanted to know how extensive the initial community consultation was and whether communities further away from the mine were consulted. In response CHF said that, while a fair number of individuals and groups were consulted, the initial consultations could not really be described as thorough. Phase 1 of the project was designed to address this area.

During the discussion, PEAK members felt that it was important that CHF use PNG skills and experience for the undertaking to be of long-term value.

PEAK Komiti agreed to support the proposal and encouraged further action to be taken to advance the project.

Agenda Item 5

Community Consultation

Agenda Item 5.1

Report of Field Trip in Oksapmin Sub-district

This presentation was made by Yati Bun, (Executive Director - FPCD) and two of his officers, Matella Urakowi and Pain Pyare.

Yati first introduced Foundation for People and Community Development (FPCD), its history, mission and objectives. The core programs of the organisation were outlined to PEAK

A field trip was taken into some of the villages in the Oksapmin sub-district to assess the health and education status of the area. They spoke to the people and found out that there had been no government presence in the area since Independence in 1975. Health and education conditions are poor in the area and FPCD thinks that it has the skills and experience to be involved with the community to improve the conditions. FPCD has decided to go into the area to conduct health and education programs and would be encouraging and seeking collaborative involvement with other stakeholders including the PJV.

The initial program would be for 2 years and are looking at starting at Gaua village in June 2004. Other villages will also come into the program depending on the success at Gaua. They would be asking PJV to provide communication and logistic support. The core program will consist of; (a) Training of Trainers (TOT) and Community Action and Participation (CAP).

In health they proposed three major activities: -

Activity 1 Community Action and Participation (CAP)

Activity 2 Village Health Volunteer Program (VHV)

Activity 3 In-service training

The target areas include Sisimin, Gaua, Dupan, Kunanap and Gapkasungke. The cost of the proposed health program is K165,000.00 per year. They have an officer with health qualification and experience to run this program.

In education they also propose to have 3 major activities: -

Activity 1 Literacy training

Activity 2 Vocational skills training

Activity 3 Study Centre

Target areas include Sismin, Gaua, Kunanap and Gapkasungke. The total budget for education is K250,000.00. An officer has been identified to lead this program.

Bob Pidgeon noted that it would seem that the training time is remarkably short and wondered about the real value for such a program. It was pointed out that FPCD has used this model in the past and that it has worked. There are apparently people in the community who have some education and who could be trained to participate in the program.

Phil Gibbs wanted to know if there were some existing facilities and basic infrastructure. It would seem that in Gaua there are school buildings but are not utilised because there are no teachers. Some of these facilities will be used and the community will also be encouraged to build new ones.

With respect to the health program, Peter Siba asked whether training in health is merely for training for preventative methods or whether it will also lead to identifying new and unusual diseases. The response was that it was simply basic training and will mainly be in preventative areas, like personal hygiene and basic environmental hygiene.

A question of funding was raised. The total cost in the first year is more than K400,000.00. Where is this going to come from? Several sources of funding were discussed e.g. donations from multi-lateral agencies, Community Development Scheme (AusAID), Canada Fund and the Sustainable Development Company.

In supporting the proposal, PEAK advised that FPCD should further discuss the proposal with PJV and, if possible, try to implement it within the timetable proposed.

Agenda Item 5.2

Changing Enga and Ipili Values

A very interesting presentation made by Phil Gibbs, who worked among the Enga and Ipili people for a long time. Phil maintained that to understand the behaviour of the people and their social relations it is important to understand their beliefs and values, which are often couched in wise expressions and proverbs.

In the introduction the word names "Enga", "Porgera" and "Ipili" were explained. Enga is a Hagen word referring to someone from the "bush" while Porgera, an Engan word means white but refers to the limestone cliffs. And Ipili means salt, referring to traditional salt that was once traded in the area before foreigners entered the area.

Traditional Ipili values were outlined as: -

- Strength
- Sharing
- Prudence
- Respect
- Patience
- Importance of land

These values are embedded in many of the sayings people use to promote the importance of relationship with one another. The sayings give insights to values unique to Ipili as well those shared with the rest of Enga.

It was noted the Porgerans are a cognatic society, different from the general Enga. While the society is male dominated, land ownership can be from both male and female ancestry. Porgera women are also landowners. Porgera women struggled to be understood by the men folk. It was suggested that while women could benefit by capacity building, men need esteem building.

A question was asked by a member as to what PJV need to do in terms of communicating the mine closure document with changing social values in the Porgera valley. The response was that the most appropriate approach is to continue talking in non-threatening manner and in a neutral environment. As much as possible avoid polarisation. PJV cannot really afford to opt out and using a third party like CHF can be beneficial. But CHF must first get the trust of the people. Good outcomes will strengthen this trust.

The implications for the mine: -

- Values like power, sharing, prudence, importance of land and male-female relations are found today in a changing context.
- Porgerans question what benefit they have got from the mine, while Engans, to the East, feel envious about Porgerans having had such opportunities.
- There is an underlying myth-feeling about a link between the end of the gold and the end of the world. So if the world doesn't end then there must still be gold.
- People feel a sense of foreboding about the end of the mine.

Agenda Item 5.3

Porgera Mine Signature Study

In response to Action Item 7 of the meeting of 13-14 October 2003, Graeme Batley made a short presentation on tracing mine-derived sediments. For a metal to be a suitable tracer, six requirements have to be met: -

- High concentration in mine-derived sediments
- Low concentration in natural riverine sediments
- Chemically inert
- Easily measurable and at low cost
- Low mobility
- Concentration in mine-derived material should not vary appreciably with time

It was shown that generally metals in riverine suspended sediments are higher in concentration closer to the mine than far away from the mine.

- As background the Strickland River receives inputs of mining tailings and waste rock from the Porgera gold mine (operational since 1991) in the upper catchment of the river system.
- It was pointed out that while the contribution to the overall sediment load of the river is small, the mine-derived sediments contain elevated concentrations of suitable metal tracers.
- There is opportunity to use these metals as tracers of the recent sediment transport and deposition.

Field sampling was carried out in June 2003 by Professor Bill Dietrich of the University of California as part of a joint UC/CSIRO study examining the behaviour of sediment loads in the Strickland River to see what part is deposited on the plain. Samples were collected on both sides of the river at 0, 50, 100, 500 and 1000 metres from the bank crest. More distant samples were not often acquired because of difficult access. Drop cores from a helicopter were carried out in these locations. Data from six primary and seven secondary transects were collected and additional topographic surveys were carried out. Suspended sediments were taken at key locations in the main river channel.

All samples are being analysed and compared. The presence of the mine signature allowed over-bank deposition to be more easily understood. It was assumed that the historically high sediment loads on the Strickland had probably meant that sites for deposition has been filled and so over-bank deposition would be less now than in the Fly River.

Preliminary conclusions showed: -

- Evidence of surface-enrichment of silver consistent with recent over-bank deposition.
- The highest silver concentrations are comparable to particulate silver concentrations in riverine suspended sediments.

The data, together with additional studies will be used to confirm the current rates of deposition.

Graeme suggested that future work might be directed to: -

- Analysis of remaining transects
- Cross checking of silver and lead tracer data
- Analysis of entire cores at 1cm slice resolution
- Ground-truthing of tracer data against 210Pb measurements
- Use of topographical data to interpret sediment depositional patterns
- Use of the combined data set to estimate over-bank deposition rates

Agenda Item 6

Recommendations

Except for the action items, there were no recommendations.

Agenda Item 7

PEAK Reporting

Agenda Item 7.1

Annual Report

It was agreed that the Chairman sign the Annual Report for inclusion in the Porgera Sustainable Development Report.

Agenda Item 8

Administrative Issues

There were no major administrative issues to deal with.

Agenda Item 9

Other Business

Graeme Batley felt that since the issues are now more socio-economic than environmental, the usefulness of technical people on environmental issues is declining and that PEAK should be looking at recruiting more social scientists. Kay Kalim did not agree and maintained the biophysical issues are still important and that technical people in this area are critical to PEAK.

It was suggested that PEAK should invite someone from the Department of Planning and Monitoring as they provide a chairman for the socio-economic sub-committee of PMCC.

It was suggested that PEAK look at issues-based meeting and be more focused.

Arthur Hood suggested that there could be a need for a review of PEAK. Is it an advisory committee? Is it a monitoring committee or is it a sponsor/facilitation group?

The meeting felt strongly that PEAK must add value to the performance of PJV and make sure that long-term benefits accrue to the community.

Mel Togolo was asked to distribute the terms of reference of PEAK and any other materials relevant to the review. All members were encouraged to contribute ideas and suggestions so that they could be put together for a review meeting.

Agenda Item 10

Future Meeting

The next meeting is October 18-19, 2004. A venue to be advised.