

PNG Mining Legacies

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Panguna – Bougainville

Location

Bougainville Island, North Solomons Province

Latitude: 6°18'52.00"S **Longitude:** 155°29'39.51"E

Status

Past Producer



Type of Mine and Waste Disposal

Panguna was a large open-pit producer from 1972 until 1989 when operations were suspended. Bougainville Copper Limited operated the mine which produced copper concentrate containing significant quantities of gold and silver. The mine had a processing facility at Panguna on Bougainville. On 15th May, 1989 production was brought to a halt by militant activity.

Target Minerals

Copper, Gold

Current Production

Not producing but the mine could potentially reopen soon. Bougainville Copper Ltd suggested that 2009 was seen as the most promising year in two decades for preparatory work leading to a possible re-commencement of operations at the Panguna minesite. There are estimated copper **reserves** around 3 million tonnes and gold production in the range of 400,000 ounces per annum could be achieved. Panguna remains as potentially one of the world's largest producers of both metals. Unexplored neighbouring tenements are also very prospective, and will be explored when a moratorium on exploration is lifted. Bougainville Copper Ltd holds 7 additional mining licenses on Bougainville.

Past Production

Panguna was once the largest copper mine in the world. In the 17 years prior to 1989, the mine had produced concentrate containing 3 million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver and accounted for around 44 per cent of Papua New Guinea's exports over that period. Contributions to the National Government in the form of taxes, duties and dividends were approximately 17 per cent of internally generated Papua New Guinea Government revenue during that time.

Ownership and Finance

The mine is owned by Bougainville Copper Ltd (BCL), an Australian copper, gold, and silver mining company. BCL is owned 54% by Rio Tinto Limited. The Papua New Guinea Government owns 19% while public shareholders, many of which live on Bougainville Island, hold the remaining 27 % of the share capital. The Panguna mine dominated the economy of the island during the 1970s and 1980s.

Environmental Impacts

The destruction of native forest and tailings created by the mine resulted in severe environmental damage in the Panguna area, including damage to rivers and the ocean.

Social Impacts:

The recent social history of Bougainville is complex and inextricably tied to the mine. The mine was fundamentally important to the PNG economy but the people of Bougainville were seeing little benefit from the mine. Production was eventually halted in 1989 due to militant activity. The Bougainville Revolutionary Army (BRA) ran a militant campaign against the mine conducting acts of sabotage and arson. They stole explosives from the mine's own stores and then used them to destroy equipment, damage roads, cut off the power and other acts of vandalism. Their leader, Francis Ona, became a local hero, evading capture and injury and cultivating an image as a revolutionary leader. Ona was once employed by Bougainville Copper and worked at the mine but he was increasingly critical of its impact on the environment and what he claimed was the low level of royalties paid the landowners. From the mid 1980's, he and others challenged the leadership of the Panguna Landowners Association (PLA) claiming that they were not representing the interests of all of the traditional landowners. The ranks of the BRA swelled with local men and defectors from the PNG military and became a secessionist movement. Eventually the BRA's activities escalated to full-blown terrorism with attacks on mine employees and government officials. This led to the mine being closed in 1989 and it hasn't opened since. There are ongoing attempts to reopen the mine.

The story of Bougainville is long and complex but this two part documentary from [Aljazeera](#) called *Reopening old wounds* is a good place to start.

More on Panguna:

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