

COASTWATCHERS ASSOCIATION INC.
PRESENTATION TO EUROBODALLA SHIRE COUNCIL
DARGUES REEF MINE, MAJORS CREEK

24 February 2015

Mr Mayor, Councillors and Ladies and Gentlemen,

My name is Richard Roberts. I am here representing the Coastwatchers Association.

In the coming days, a development proposal for the Dargues Reef Gold Mine at Majors Creek will be placed on public exhibition by the NSW Department of Planning. The Department is currently considering a draft proposal.

This application by the gold mining company Unity Mining Limited, is to obtain permission to process gold on site at Majors Creek, using cyanide. Previous development approvals for the mine, provided for the processing of the ore off site, at Parkes or Bendigo, because of concerns regarding pollution of this Shire's water supply.

I believe this issue is one of the most important issues to come before this Council in my lifetime, because if anything goes wrong at the mining site, there will be adverse implications for the Eurobodalla Shire Council's water supply. I am raising this matter here today to alert each individual Councillor of the possibility that the water pumps may have to be turned off on the Deua River if there is a catastrophic failure at the mine site.

The tailings dam on site will not only contain the cyanide but will also contain heavy metals such as lead, cadmium, copper and arsenic. While the cyanide will break down over time, the heavy metals combined with cyanide take much longer. That is why accidents worldwide have caused such devastation over vast distances.

The mine site sits on the top of a ridge at Majors Creek about 40 km from this Shires water pumps at an elevation of 700 m. Effluent movement from the site could be directed either east or west. The natural flow is to go east where the 35,000 residents of the

Eurobodalla Shire live, the same people who you nine Councillor's represent.

Majors Creek is the headwaters of the Deua River, the very river from which this Shire draws 70% of its fresh water supply. If there is a catastrophic event at the mine site, the effluent will travel down hill about 2 km, over a 200 m waterfall on the outskirts of the village of Majors Creek, then into the Araluen River, and from there into the Deua River. There is nothing to stop the contamination getting into the Deua River once it leaves the mine site.

You may well ask why the mine does not divert any effluent to the west. The answer is simple. Firstly, the company does not own the land for such a diversion, but more importantly, to go west is into the Sydney Water Catchment, and no State Government would ever agree to such a proposal, as it would impact on 4-5 million people downstream.

In a series of public meetings Unity Mining has assured the community that they are an efficient and responsible mine operator, and will meet all the standards required by the State Government. Those claims are of some concern.

Certainly, the cyanide extraction process at the Tasmanian Henty Mine owned by Unity since 2009, appears to have generally operated in accord with the regulations, but with the greatest respect to the mining company, the infrastructure at that mine was constructed by the previous owner Barrick Gold, the world's largest gold miner, which has an ethos for excellence. Unity simply follows the manual, which Barrick prepared, yet despite this there have been nine incidents at that mine in 2013-14 where cyanide levels exceeded prescribed limits, and on at least one occasion they were fined by the State Government. These incidents have been kept highly confidential.

Unity Mining's performance at Majors Creek also looks equally unimpressive. There is no mining at the site, but in the six months the company carried out earthworks on the site, there were six breaches of their conditions of operation. Sediment dams failed, and the box cut for the mine collapsed, as the slope was too steep. So far fines and legal costs are apparently over \$200K for these breaches. When the Company used an unregistered chemical for over two months, a chemical fatal to fresh water fauna, the Company was asked by the

EPA to halt its use and to urgently notify downstream water users to stop using the water but they failed to do so. Well may you ask what will they do when they have a catastrophic failure releasing cyanide and heavy metals into this Shire's drinking water.

You probably are thinking that I am being overdramatic. I am not, and there is a litany of history regarding the adverse consequences of the use of cyanide.

I will give you two examples, one is the Timbarra Gold Mine at Tenterfield in NE NSW and the other was in Romania.

Ross Mining opened the Timbarra gold mine in the late 1990's. They like Unity Mining argued that it would provide much needed employment and economic stimulus for the area.

However, the mine site was highly unsuitable for the use of cyanide due to the soil type, the wetland conditions, elevation and high rainfall. In 2001 the mine was closed, after two heavy rainfall events resulted in successive overflows from the cyanide ponds, flooding into the Clarence River, causing extensive environmental damage.

At the Timbarra mine, the company simply did not have the financial resources to clean up the mess, damage and pollution. The State and Local Governments were called in and had to fund the bulk of the cleanup. The community bore the health hazards.

The other example was in 2000, in Romania. 100,000 cu metres of cyanide contaminated water spilled into the Somes River and eventually ended up in the Danube. It killed all the fish in its path, cut off water supplies in Romania, Hungary and Yugoslavia. It was described as the worst environmental disaster in Europe since Chernobyl.

Having financial resources to cope with a catastrophe is a critical requirement for any miner, otherwise Timbarra repeats itself. If this proposal was from BHP or Barrick Gold fears may be somewhat allayed. But when Unity Mining's auditor states in the Company's 2013-14 Annual Report:

"Without modifying our opinion, we draw attention to Note 3(v) in the financial report, which indicates that Unity Mining Limited incurred a net loss of \$52,097,000 during the year ended 30 June 2014 and incurred a gross loss of

\$7,354,000. These conditions, along with other matters as set forth in Note 3(v), indicate the existence of a material uncertainty that may cast significant doubt about the Company's and Consolidated Entity's ability to continue as a going concern and therefore, the Company and Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business."

Ladies and Gentlemen of the Council, you will all have to make a very important decision regarding this mine in the very near future. I urge you to oppose this modification to the existing development.

The mining company can continue to process off site as they are permitted to do. This is the wrong company in the wrong place, and this Shire's water supply will be the casualty of any catastrophic incident.

I urge all Councillors to visit the site and appreciate how inappropriate it is.