



Coastwatchers

Eurobodalla's environment group

Newsletter 15 May 2015

Dargues Reef Gold Mine, Majors Creek

New Development Proposal

Background

In early 2014 the Association became aware that Unity Mining Limited, the owner of the Dargues Reef Gold Mine at Majors Creek, was seeking from the NSW Department of Planning an amendment to its existing mining approval, to permit the processing of gold ore on site, rather than as previously agreed off site at Parkes in NSW, or Bendigo in Victoria.

The processing on site will involve the use of cyanide.

Unity Mines have already submitted a modification application (together with a document involving Environmental Considerations (EC), to NSW Planning.

The Coastwatchers opposed this approach and considered a new Development Application was necessary as was a complete EIS. Our recommendations were apparently ignored. Development at any cost!

It was expected that the Modification would be placed on public exhibition before Christmas 2014, so that it had to be considered over the holiday

period. Yet by the end of April 2015 it is still to be exhibited. Part of the delay was apparently due to a request by the NSW Government to defer release until after the March NSW Election. The current delays are for unknown reasons, but it has been rumoured that the initial EC was geographically too narrow and the new Minister for Planning has required the EC be expanded to consider down river impacts.

The Coastwatchers, and groups from Majors Creek and Araluen are opposing the on site processing of gold ore. The NSW Environmental Defenders Office will assist in the preparation of submissions. Experts will also be assisting the Coastwatchers, funds permitting.

The three major concerns of the Coastwatchers are:

1. There could be leakage of cyanide and heavy metals from the site.
2. The Tailings Dam may overflow in adverse weather conditions.
3. There could be a catastrophic collapse of the entire Tailings Dam.

70% of the Eurobodalla's water supply arises in this water catchment. Not only would any spill of the cyanide and heavy metals be

harmful for all aquatic and marine life, but it could result in the closing of the ESC's principal water supply.

Members will be kept informed.

Coastwatchers Presentation to the Eurobodalla Shire Council

(Tuesday 24 February 2015)

Dargues Reef Gold Mine, Majors Creek

Mr Mayor, Councillors and Ladies and Gentlemen,

My name is Richard Roberts. I am the Secretary of 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 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 Shire's 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.

Silencing the Conservation Movement

The Federal Government is in the process of cutting funding and grant programs to the conservation and environmental movement. In addition the tax-deductibility status of these organisations is being reviewed.

Coastwatchers has only just had its tax deductibility status renewed for 5 years until March 2020, but that may be now subject to a further review.

The NSW Environmental Defenders Office has been pleading for funds and the Coastwatchers recently donated \$500.

However, with requests coming to the Coastwatchers from all directions, it is impossible to meet these requests, otherwise Coast - watchers itself will be unable to meet its day-to-day expenses.

The Canberra Region of the Conservation Council has had its Federal Grant of \$50K cut entirely. In Sydney, the NSW EDO lost its annual Federal grant of \$100K. Overall, all State EDOs lost \$10 million over 4 years.