



## Mining Exploration at Halls Peak

In the past, the Macleay catchment has experienced arsenic and antimony contamination from mining and is now in danger of more serious pollution.

While the recommencement of gold and antimony mining by the Hillgrove Mine is closely watched by the community, extensive explorations in the Halls Peak area are of even greater concern. Mineral deposits in that location are rich in copper, lead, zinc and silver. Massive mining development at Halls Peak is likely to impact on the Macleay catchment.

### Exploration Activities 2011 to 2014

In 2011 the exploration company Precious Metal Resources Ltd (PMR) held three exploration licences covering 123 km<sup>2</sup> of the Macleay River catchment approx 80km southeast of Armidale and claimed that future mines could be “as big as Mt Isa”.

PMR operated in partnership with the Chinese state-owned enterprise Jiangsu Geology and Engineering Co Ltd (SUGEC). The Chinese company initially contributed a total of \$21 million toward the exploration. In November 2013, the transfer of one exploration licence from PMR to SUGEC was completed.

In 2013 and 2014 helicopter VTEM (Versatile Time Domain Electromagnetic) surveys across the area were conducted, identifying mineral deposits to a depth of 1,500m. PMR reassessed existing cores which had been drilled in the early 1970s and also carried out exploration drilling at abandoned mine sites such as Gibsons Open Cut, Faints-Firefly and Khans Creek Lode.

### Breach of licence conditions identified

Exploration Licences are issued by the government and licence holders are required to establish a Community and Landholder Liaison Program before commencing exploration activities. Under this program the company is required to make a range of information available to the community. Besides placing information on their website and publishing advertisements in local newspapers, Local Government must be informed. In the case of the exploration at Halls Peak, Armidale Dumaresq Shire Council should have been informed, but was not. Information on the website only appeared after drilling had been carried out and after the community group Save Our Macleay River Inc (SOMR) began to ask questions.

Late in 2013, SOMR engaged the Environmental Defenders Office (EDO) to investigate a potential breach of licence conditions by PMR. After nine months of correspondence, in August 2014, the NSW Department of Trade and Investment Division of Resources and Energy – Compliance and Enforcement sub-unit gave notice to the licence holder PMR that they have to provide Armidale Dumaresq Council with quarterly reports outlining any proposed exploration activities. This was a mere rap on the knuckles and, judging by PMR's nonchalant reaction, not taken seriously by them.

In October, PMR sent the first report to Armidale Council. In effect it consists of two sentences without any detail beyond “foot and vehicular traffic” over the three tenements and “sample taken” (note: singular sample) from the three exploration areas. One of the licences is described with a wrong number, which was corrected several weeks later.

### Who holds the exploration Licences at Halls Peak?

Besides noting the minimal information given in the report, SOMR is questioning who actually holds the exploration licences and therefore who should provide the reports? As it happened, shortly after the NSW Government gave notice to PMR requesting compliance with licence conditions, PMR transferred their two exploration licences at Halls Peak to Sovereign Gold Company Ltd (SOC), a company it is closely linked with. This followed a change in share holdings and a move of directors from PMR to SOC, including Chairman John Dawkins who was Minister in the Hawke and Keating Governments.

### Which company has received a government grant?

In September 2014, the NSW New Frontiers Cooperative Drilling program announced that PMR is one of the funding recipients. \$90,100 were granted for the Halls Peak Drilling Project. However, in October SOC - not PMR - advised the Australian Stock Exchange of having been granted \$90,500 (sic) towards drilling at Hall Peak.

In order to identify the company that is expected to resume exploration activities in the coming months, SOMR has sent an enquiry to NSW Mineral Titles and is awaiting an answer before the end of 2014.

### What can we expect?

So far, test drilling at Halls Peak seems to have been very limited. In order to receive the grant money, drilling has to be completed within 12 months of the announcement. We can therefore expect activities to resume within the coming months.

Any mining might still be some way off in the future. Large investments would be necessary and regulations need to be observed. However, the question is whether we can trust the processes especially in the light of their history as outlined above and the difficulty in monitoring such a remote location. So far, the exploration companies have not shown much concern for the catchment and the communities which are potentially affected by their operations. Indeed the story as it has unfolded so far, does not give us much room for confidence in their integrity and accountability.

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The PMR and SOC activities reports are available on the ASX website.

<http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&asxCode=PMR>

<http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&asxCode=SOC>

