

Response from PanAust to Jubilee Australia Report

25 June 2019

The Business & Human Rights Resource Centre invited PanAust to respond to the following items:

- Jubilee Australia Research Centre & Project Sepik, “The River Is Not Ours: The Frieda River Mine And The Threat To The Sepik”, June 2019
(<https://www.business-humanrights.org/en/the-river-is-not-ours-the-frieda-river-mine-and-the-threat-to-the-sepik>)
- The Guardian, “Australian-based company’s PNG mine could pose big environmental risk”, 15 June 2019
(<https://www.business-humanrights.org/en/australian-based-company%E2%80%99s-png-mine-could-pose-big-environmental-risk>)

PanAust sent the following response to the Resource Centre:

Introduction

PanAust is an Australian-headquartered copper and gold producer in Laos, with pre-development and exploration opportunities in Laos, Papua New Guinea (PNG), Myanmar and Chile.

In PNG – through its wholly owned subsidiary, Frieda River Limited – PanAust owns the world-class Frieda River Project.

In December 2018, PanAust announced a new pathway for the Project that focuses on the development of shared-use infrastructure that will support, and in turn be supported by, a hydroelectric power facility and mining operation. This inclusive development model represents a transformative nation-building opportunity for PNG – the Sepik Development Project.

The Sepik Development Project contemplates four interdependent projects that together will create a new economic corridor across the West and East Sepik Provinces: the Sepik Infrastructure Project, the Frieda River Hydroelectric Project, the Frieda River Copper-Gold Project, and the Sepik Power Grid Project.

Intended mining activity threatens to destroy the health of a major river system, poison fish stocks and cause violent unrest.

Respect for the environment is a core value for PanAust. As an internationally recognised leader in environmental management and sustainability in the mining sector, the Company ensures environmental stewardship is at the forefront of its business strategy and day-to-day decision making.

In 2018, PanAust completed an Environmental Impact Statement (EIS) for the Sepik Development Project which was submitted to the Government of PNG’s Conservation Environment Protection Authority (CEPA) as part of the Project permitting process in December.

The EIS recognises the importance of the Sepik River, both from an environmental perspective and the valuable contribution it makes to people’s lives and livelihoods. It incorporates comprehensive

environmental, socio-economic and cultural heritage baseline data spanning a period of 10 years. Extensive stakeholder engagement was undertaken during this time.

Environmental planning has sought to avoid, minimise and offset environmental impacts. The key environmental aspects that require mitigation are fugitive sediment emissions during construction, dissolved metal emissions during the Copper-Gold Project's operations and closure, and the general disturbance from Project related activities.

Important strategies for protecting the environment against these aspects (as identified in the EIS) are the subaqueous deposition of mine waste rock and process tailings along with the active treatment of open-pit contact water.

EIS modelling and analysis show that construction related impacts on the aquatic ecology of the Sepik River are expected to have a negligible impact significance rating. This is due to the river's significant distance from construction activities and its turbid composition of naturally high-levels of suspended sediment concentrations.

The Frieda River Hydroelectric Project is a unique solution that combines the storage of water for reliable, low-cost hydroelectric power generation and the permanent containment of process tailings and mine waste rock. PanAust and its consultants drew on extensive experience and leading-practice tailings and waste rock governance principles outlined in the International Network for Acid Prevention's Global Acid Rock Drainage Guide to design the Frieda River Hydroelectric Project.

As with the Company's Tailings Storage Facilities (TSFs) at its Operations in Laos, the Frieda River Hydroelectric Project was designed to international guidelines including the Australian National Committee on Large Dams (ANCOLD) and the International Commission on Large Dams (ICOLD).

Significantly, the Hydroelectric Project's dam limits potential impacts to downstream water quality and acts as a trap that will reduce sediment loading in the Frieda and Sepik Rivers.

Further information about PanAust's approach to the management of mine waste and tailings is available in a paper the Company wrote for the 'Mine Waste and Tailings Stewardship Conference 2018' entitled 'PanAust Limited's Approach to Mine Waste and Tailings Stewardship'. A copy of this paper is available on the [Published Papers](#) page on the Company's website.

Free, Prior and Informed Consent not adequately obtained.

PanAust's engagement processes enable community participation and respect for traditional methods of decision-making. PanAust aims to achieve free, prior and informed consent (FPIC) of affected communities in accordance with the International Finance Corporation's (IFC) Performance Standard 7. PanAust recognises that this intent does not contradict the right of sovereign governments to make decisions on resource exploitation. PanAust's position is consistent with the International Council's Mining and Metals indigenous peoples and mining position statement.

Stakeholder engagement has been a key element of the Sepik Development Project. Activities to date have included Environmental Inception Reports engagement campaigns, Community Leaders Forum meetings, Joint Provincial Consultative Committee meetings and employee engagement. A key engagement activity has been the Sepik River Awareness Program.

Conducted in 2015, 2016 and 2018, PanAust's Sepik River Awareness Program recognises that people living along the Sepik River are important stakeholders and have a right to be informed about the nature and status of the Project. It seeks to build and maintain relationships and trust, manage expectations around the nature, timing and requirements of the Project.

Held in central locations to ensure broad participation by community members including women and youth, the Sepik River Awareness Program includes PanAust and Project presentations and videos, followed by an interactive question and answer session. In 2018, the Program was delivered to more than 7,000 people from approximately 97 villages along the Sepik River and the infrastructure corridor. The engagement team consisted of 8-12 representatives from PanAust's Community Affairs team, Coffey, CEPA, PNG's Mineral Resources Authority, West and East Sepik provincial governments and district and local-level governments.

Feedback and community input from these engagement activities has informed decision-making processes for the Project's design.

Legitimate concerns about the impact of the mine on the river were have not been taken seriously.

In a statement announcing the release of its report 'The river is not ours: The Frieda River mine and the threat to the Sepik', Jubilee Australia stated that the Frieda River Copper-Gold Project would "...rely on the Sepik River for access, transport and tailings dispersal". This statement is false.

In 2016, PanAust completed extensive stakeholder engagement with near-Project communities and those downstream of the Sepik River following its lodgement of a Special Mining Lease (SML) for the standalone Frieda River Copper-Gold Project. In 2018, the Company announced a new development pathway for the Frieda River Project – the Sepik Development Project – which responds to feedback received during this engagement.

In its ['A nation-building development pathway for the Frieda River Project'](#) Company Announcement, PanAust announced the completion and release of the Sepik Development Project Feasibility Study, the accompanying EIS and economic assessment. The Announcement confirms several enhancements to the previous standalone Project including:

- increased capacity to securely and permanently store mine waste rock and process tailings under a deep water cover within a hydroelectric reservoir to protect the downstream environment
- a land-based logistics corridor connecting the mine to the Port of Vanimo (previously a riverine-based corridor from the mine to Wewak via the Sepik River).

The Company Announcement goes on to state that an independent advisory committee will be established to assist in addressing the environmental-related social impacts of mining activities upon the local and downstream communities. The committee will be established prior to the commencement of construction and will comprise prominent PNG citizens and local and international technical specialists. The committee will provide direction and technical oversight for monitoring and investigations of the environmental and social impacts in the Copper-Gold Project's mine area and downstream of the Sepik River. It will improve public understanding of the Copper-Gold Project's impacts and independently review environmental performance and accountability. These findings will be routinely made public.

CEPA is currently reviewing the Sepik Development Project EIS. As part of this assessment, it will be conducting a statutory engagement program with communities along the Sepik River and the

infrastructure corridor in the second half of 2019. PanAust will publish the EIS on its website to coincide with this program.

Further information about PanAust, the Company's sustainability credentials and the Sepik Development Project is available in PanAust's [2018 Business Review and Sustainability Report](#).