

Committee for the Environment

OFFICIAL REPORT (Hansard)

Dalradian Resources

9 October 2014

NORTHERN IRELAND ASSEMBLY

Committee for the Environment

Dalradian Resources

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Members present for all or part of the proceedings:

Ms Anna Lo (Chairperson) Mrs Pam Cameron (Deputy Chairperson) Mr Cathal Boylan Mr Colum Eastwood Mr Alban Maginness Mr Ian McCrea Mr Barry McElduff Mr Ian Milne Mr Peter Weir

Witnesses:

Ms Ruth Ives Mr Brian Kelly Dr Anne Monaghan Mr Tim Paul Dalradian Resources Dalradian Resources Dalradian Resources Dalradian Resources

The Chairperson (Ms Lo): I welcome representatives from Dalradian: Mr Brian Kelly, managing director; Anne Monaghan, director of stakeholder engagement; Ruth Ives, VP project development; and Tim Paul, SLR consultancy. We have your paper. We are a bit short on time, so maybe just about five minutes' presentation from you and then answer questions from members, please.

Mr Brian Kelly (Dalradian Resources): Thank you, Chair. Good afternoon. As you said, my name is Brian Kelly. I am managing director of Dalradian Gold Ltd, having joined the company in July of this year. We are based in County Tyrone and work out of offices in Omagh and Gortin. I am genuinely enthusiastic about this opportunity for Dalradian but also for County Tyrone and Northern Ireland. On behalf of the company, I thank the Committee for meeting us today in Stormont. Stakeholder engagement is a key aspect of our business, and we see today as part of an ongoing process with the Assembly. On behalf of the company, we would like to extend to everyone on the Committee an offer to visit our offices and the underground workings. I have no need to make introductions, as the Chair advised you that with me are Dr Anne Monaghan, Ruth Ives and Tim Paul. I would like to give you a bit of background to our activities, along the lines of the briefing paper, and then I will hand over to Anne to discuss our extensive programmes on community relations and stakeholder engagement.

The site history goes back a number of decades, although the knowledge of there being gold in the Sperrins, I believe, goes back centuries. Ulster Minerals began working at Curraghinalt around 1982. The ownership changed hands on a number of occasions until we acquired the licences in late 2009. Just as we are talking, I would like to hand out a few photographs showing some of the aspects of the site and the company.

Dalradian is a leading gold development and exploration company. Ultimately, we are seeking to build Europe's newest underground goldmine in County Tyrone. Curraghinalt is what is termed a narrow-vein gold deposit. Gold is concentrated in sub-vertical narrow bands, anywhere from half a metre to 3 metres wide. That type of deposit, at such a high grade, is quite rare globally. Dalradian is evaluating and developing the Curraghinalt gold deposit near Gortin. Since taking over in 2009, we have grown the historic gold resource sevenfold and completed a positive initial economic study. We have grown the resource through advanced exploration techniques. Curraghinalt gold deposit is ranked number 7, by grade, of more than 500 undeveloped deposits globally. Work to date has involved drilling, logging and assaying over 50,000 metres of core, completing numerous geological and engineering studies. In addition, we have begun an underground exploration programme, including up to 2,000 metres of underground development, 20,000 metres of additional underground drilling, and sampling of the deposit, better to find the economics and create a mine plan. The sampling is what is known as a bulk sample.

The board of management of Dalradian is composed of individuals recognised for best-in-class working in discovering, developing, operating and financing some of the world's foremost mineral deposits, including some of Canada's best-known deposits. A key attribute of the board is the ability to take a project from discovery through to production. Economically, to date, the process has seen an investment of more than £35 million in Northern Ireland, with a current staff count of 26, though that has fallen and risen as our activities have progressed. I think that our highest level was approaching 50. As the project moves ahead through additional studies and development, further investment and job creation is anticipated, not only in direct employment but in employing the services of numerous local suppliers and contractors.

For example, we recently contracted the services of a local company, FP McCann, for the initial phase of the underground exploration programme. This phase will see the company invest an additional sum of about £20 million over the next 15 to 18 months. Our policy is to hire locals and to procure locally, as far as is practical. Of the 26 employees, 24 live in County Tyrone. We have contributed to life in the local community for the last three years by supporting health, education, community and environmental projects, including cash donations of more than £90,000 this year, as well as significant staff time and expertise. We will continue to play an integral role in community life in Gortin, contributing to appropriate projects and group initiatives. Some of these activities can be seen in the photographs, for example the Tidy Towns and so on. We are not simply about writing a cheque. In addition, we have an open-door policy at our offices for any stakeholders to come and go as they please.

We are committed to being a respectful and responsible neighbour by protecting the environment. The company has invested in numerous environmental studies and management plans for underground exploration. We are covered for water, noise, dust, waste and traffic conditions, among others. An example of the company's performance is the independently monitored community monitoring committee that was formed recently. We have had two meetings and, again, Anne will go through that in more detail.

In addition, Dalradian has outlined measures to protect a local area of outstanding natural beauty and areas of special scientific interest and conservation. To give another example, we worked with the Owenkillew Development Company on a project for freshwater pearl mussel protection. We assisted in its application to the DOE, and it was successful in acquiring a £10,000 grant to help to fence off parts of the Owenkillew to prevent cattle moving in and generating suspended solids. We estimate that £5,000 of management and company time were involved in that assistance.

I will pass over to Dr Anne Monaghan.

Dr Anne Monaghan (Dalradian Resources): In policy terms, one item that could assist Dalradian and those who have concerns about achieving the economic and environmental balances that are essential for developments of this type is a clear road map for mineral development, which does not exist in Northern Ireland. It exists in other jurisdictions where exploration is more common, and one of the key aspects around that is the matter of timing how long consultees have to respond to an application. In British Columbia, for example, consultees have 180 days to respond to any issue arising from an application.

In Northern Ireland, our experience since Dalradian bought the project in late 2009 is that timelines seem to slip and Planning Service seems to deal with applications sequentially rather than at the same time, which causes concern for companies like ours who do not generate a profit and, instead, rely on international investors. To date, we have spent £35 million investing in the project on a deposit

that has been known about since the 1600s. It was developed initially in the 1980s by an Irish company called Ennex, but the inability to use explosives at that time because of the Troubles led to the project being abandoned.

A number of other companies then bought the project, and we bought it in late 2009. In the meantime, those companies had carried out surface drilling of about 30,000 metres. When we acquired the project, we took that over. Subsequently, we drilled another 50,000 metres, so we have a good idea of the deposit and what is there. That has also been, I guess, supported by work carried out by the Tellus project and survey, which was a survey of the geochemistry and geology of Northern Ireland and the border counties.

That Dalradian has been able to develop the project to date and secure investment is not only because of the experience of the board and the ability to raise finances on the market, but because it is the seventh best undeveloped high-grade gold deposit in the world. That is a good news story for Northern Ireland.

We work hard to balance what we want to do in the industry with the needs of the community and the environment of the area, which we also take extremely seriously. So, government policy has helped exploration companies to take a look at what is in Northern Ireland. Professor Conroy is delivering a project on the border at Clontibret. He recently sought international investors and development because the money just does not exist in Ireland, North or South, to take this project to the next advanced exploration stage.

At the current stage, we hope to extract a sample that will help us to better prove the economics of the deposit and whether a mine will be feasible.

Hopefully, as we move ahead, we will be able to sample what is underground from the rock that we will remove, test and assay, and on that basis we will decide whether it is worth mining. We do not know where that mine will be; we are looking at a number of sites that will, again, be subject to a full environmental impact assessment. The next stage for our company is to carry out an EIA, subject to the planning application being approved, and then conducting a feasibility study of the economics of the deposit.

Over the next number of years, subject to all that taking place — of course, nothing is guaranteed in this world — we plan to invest another £20 million, which we would raise on the international markets to take the project to the next stage, followed by £120 million to develop a mine.

I conclude by saying that, as part of the process over the last two and a half years, we have had two full-time members of staff working on community engagement. We have committed ourselves to working to the ISO 26000 standard of stakeholder engagement and best practice locally and internationally. This type of industry, while relatively new to Northern Ireland, is not new to many other parts of the globe. We have committed to, for example, the community monitoring committee. I will pass round a notice that it had in the papers this week, in the local "Gortin Notes" in the 'Tyrone Constitution', for a public meeting for folk to join a group that will independently assess and monitor us. We have nothing to fear from any of those processes; where we are not compliant, we will address anything quickly and as much as we need to. We will work with Departments, the community and anyone else who seeks to ensure that we do the job to the best of our ability.

The Chairperson (Ms Lo): Thank you very much. Like many new projects, there are always concerns and worries. What are the concerns from local residents and how do you address them?

Dr Monaghan: One of their major concerns is how slow the exploration process is. So, from late 2009, we have carried out drilling and in February 2013 we submitted a planning application to go underground to extract a sample of rock. It has taken a year and a half to get to this stage — we have just commenced surface works. There are other concerns about whether the project is financially viable and whether we can raise the money on the markets to keep it going. There are also concerns about local jobs and employment. Last year, we carried out a perceptions study in the local and wider areas and those were the main issues that came up. The environment featured as well, of course, and the 44 conditions that are included in the planning application in relation to the 2013 application cover many of those. I am sure that there will be conditions if the new application is approved.

Mr B Kelly: There are a couple of other things. It was helpful to hear earlier from the Planning Service that there were rumours that Dalradian controlled planning and could block planning within an 18-mile radius. We know that that is not the case, and the Planning Service has confirmed that. In

some instances as well, there was perhaps some confusion that we were involved in fracking: we are not; we are a mining company. Again, you will have seen in the photographs that we take core because core validates the work that we do and gives us the information on the deposit and allows us to increase the figures, which the company has been very successful in doing. Again, we have no relation with fracking, nor will we at any stage.

The Chairperson (Ms Lo): The mining is underground. Can you see it on the surface? Will the neighbours see a great big hole, like in a quarry?

Mr Tim Paul (Dalradian Resources): The mining extraction operation is underground, so it is not, essentially, an open-pit extraction area. There are associated ancillary surface works, but the actual extraction takes place underground.

Ms Ruth Ives (Dalradian Resources): There will be a 20-metre crown pillar for the eventual mine from what we are seeing now. No work would ever come within 20 metres of the surface from a mining process on this kind of deposit.

The Chairperson (Ms Lo): OK, but there will be vehicles driving around, cleaning and that sort of activity on the surface.

Ms Ives: Yes.

Mr Boylan: Thank you very much for the presentation. I know that some of the residents' concerns have been brought to your attention and we will deal with them again when they come. As a Committee, we generally do not get involved in single applications such as this, so I just want to deal with the planning issues. You have heard me ask questions of the Planning Service because that is part of our responsibility. You are right, to be fair, Anne, that we may need to look at a road map for minerals for the future. Arising from this issue, we will look at that. There are some concerns about the compliance of the application. I have a number of questions that I will put to the Planning Service. It will provide answers to us, and you will see those in time. What about the company's responsibility and compliance? You have a new application now, but did the 2013 planning application comply with those conditions?

Dr Monaghan: Yes, we make every effort to comply with the 44 conditions. We also have selfimposed conditions on our operations, including non-usage of the roadway during school bus times, obviously for the purposes of road safety. We appreciate where we are working. If we want eventually to build a mine, we have to maintain the social licence, and we cannot do that if we are in any way careless with our community and environmental responsibilities. As the vice president for development leading on the compliance phase of the works, Ruth can talk more about that.

Ms Ives: We have studied the 44 terms and conditions. Several were pre-commencement conditions, and we submitted our management plans for the planners to approve before we could move forward. Our conditions relate to noise, dust, discharge, hours of operation and those kinds of things. We are strict and issue to all our contractors those 44 terms and conditions and put them through a fairly rigorous induction process to ensure that they remain compliant. We continuously monitor and check them as they go through their work.

Mr Boylan: I got my information on gold-mining at very late notice, and I thank the researcher for the Committee for getting that for me. Planning Service mentioned setback distances for the magazine store. I am concerned — I have expressed this opinion — that this was maybe not picked up at the start. Why did you feel the need to put in the amendment on magazines?

Ms lves: The original application located the magazine in compliance with separation distances to residents or occupied dwellings. However, part of our application, and a requirement of the HSENI for the Approved Codes of Practice (ACOPs) for evacuating/emergency egress of a mine, is that there has to be a system of mechanised conveyance. If something should happen to the primary access to a mine, you need a secondary means of egress, and that requires mechanical conveyance. We have the infrastructure to support that and to go forward with that, but the mechanical conveyance is considered plant, and, in the ACOPs for separation distances from the manufacture and storage of explosives, it specifies the separation distance between a magazine and plant. So, although the separation distances were well planned for dwellings, the first application did not consider the

conveyance system to be plant. We were corrected on that when the HSE from GB and Her Majesty's Inspectorate of Mines visited our site last November.

Mr Boylan: We may ask the Department that question, too. I am trying not to stray into the application process and stick with the policy element. Unfortunately, we are now caught in the middle between the applicant and residents. It is part of our job, which is grand. We do not mind that. We do not really want to take up Committee time with that. There are not too many gold mines. You mentioned Clontibret, which is only five miles away from me, so I am well aware of it. The issue for me is your first communication. You took over in 2009. When did you start the process of consulting the community?

Dr Monaghan: I can talk only about when I started working with the company two years and three months ago. Prior to that, a company called Aurum Exploration provided geological and other services to Dalradian until senior management brought in the current team within the last two and half years. There has always been a dedicated boots-on-the-ground person talking to local landowners and other local stakeholders.

When the company was drilling initially, in the first couple of years, most of the engagements were with the landowners because we needed access to their land. I suppose that it was only in the last two and half years, as we started to analyse the results of that drilling programme and realised that there was something really great in the Sperrins — as well as the beautiful natural environment that we are committed to maintaining — that the senior management team realised that we needed to put in dedicated people who are professionals in the environment, community, underground exploration, geology etc.

What I am trying to say is that communication has been ongoing from the start. In the last two and half years, we have really upped our efforts. You have a more extensive 10-page paper on our stakeholder engagement programme that you can read at your leisure. I will not bore you with the details of that now, but we try to follow industry best practice and are on the ground talking to folk every day.

It is not just public meetings, public adverts or employment. The engagement is daily. We provide coffee and tea at night if farmers have been away working all day. We try to keep people informed, and, if something changes, we try to advise them of that in their home or wherever they want to meet us. It is quite intensive, and there have been thousands of such engagements over the last two and half years.

Mr McElduff: I welcome the delegation. I met a couple of them on Tuesday.

My first question is about the hours of operation. The concerns are that it will be 24/7 and that light and noise at all hours of the night will spoil an idyllic place. Secondly, how can you stand over the description of the environmental monitoring as independent? The note in the 'Tyrone Constitution' has been circulated. If it is company-driven and company-led environmental monitoring, how can you stand over that description?

I think that it was the managing director, Brian, who said that the policy is to hire local and procure local as far as is practicably possible. Can we hear more about the local jobs commitment or otherwise?

Dr Monaghan: I will take the question about the independence of the environmental monitoring, Ruth will talk about the hours of operations and Brian can answer the other question.

As part of the 2013 planning application, we committed to establishing a community monitoring committee. We, of course, took the lead on advertising a number of meetings, two of which happened.

At the first meeting, we outlined to folk what happens in other parts of the world with community monitoring committees. Those are not unusual in Northern Ireland, and there were similar functions when the Westlink was developed and when the Newry bypass was being constructed. So, they are not new and are certainly not new to this industry.

At the second meeting, five residents turned up, and we told them that we had outlined our views on it. We told them that we were prepared to make a budget available for a facilitator, that they could open their own bank account, keep and draw down on their own accounts and that we would not be

involved in any of that. We also told them that they could hire their own independent experts, such as folk who have worked on the wave turbines in Strangford lough and done environmental assessments for three years on that type of project. We said that how they managed and facilitated it was up to them.

The advertisement that you spoke about was placed by those folk; not by Dalradian. They are having a meeting next Wednesday night. If we are called to attend and give information on any of the sections, we will be happy to so.

On the independent monitoring, if folk want to take a jar of water from the Curraghinalt Burn on the Owenkillew river and send it to an independent lab that Dalradian does not use for the assessment of the water quality, they are free to do so. That builds in an extra layer of transparency to the processes.

I keep repeating the point that we have nothing to fear from that. If anything, it keeps us on our toes in how we operate the project. Ruth, do you want to address the working hours?

Ms lves: Sure. Right now, we are involved in civil works and laying out our yard. That work occurs only between 7.00 am and 7.00 pm, and not on Sundays. We will stick to that until the surface civil works are done. When the underground work commences, the underground contractor will work two 10-hour shifts, but his work will be underground except for the haulage of rock to the surface. We will not move any heavy goods vehicles on the Camcosy Road outside the hours of 7.00 am to 7.00 pm. As Anne said, we do not allow haulage during school bus times. We have constructed 25 passing bays on the 2.5 km stretch from the Rousky turn-off to our site, and we have a policy that all our contractors will use the passing bays to allow traffic through.

We will not operate 24/7. We work only day shifts now. When the underground portion starts, there will be a day shift and a night shift, but that is for underground working, and there will not be any movement of rock on to or off the site.

Mr McElduff: Will the site be permanently lit?

Ms Ives: In our planning application and in all our civil works, we do not have surface lighting. We will put some dim, low lighting for safety on footpaths, there will be some lighting inside buildings, but we have no plans for big surface lighting or anything like that. Our security systems will use infrared technology and thermal imaging, so there is no need for security lights either.

The Chairperson (Ms Lo): What about noise at night from drilling? Will nearby residents hear the noise or be disturbed by it?

Ms lves: At night, the drilling will underground, so it will not be audible at surface. There will be some noise on surface as we have ventilation fans and will be dumping rock on surface as it comes out of the tunnel at night. We are restricted to 52 decibel noise readings from the nearest receptors, so we have mandated that any generators or equipment will be super silent. The back-up alarms on all equipment will be static alarms, which are less disturbing that the normal beep-beep alarms. We have taken those mitigating measures.

Dr Monaghan: I should say that there is an existing tunnel of over 400 metres in the hillside, which was constructed in the 1980s. In a number of locations, you can see the veins as they rise through the ground. It is worth seeing the operations and the deposit for yourselves. The deposit is visible to the naked eye.

Mr B Kelly: On the question about procuring locally as far as practical, it is, as we mentioned, a very specialist deposit. Therefore, some of the skill sets for the activities that will be undertaken do not currently exist in Northern Ireland. However, we hire locally where we can and encourage our subcontractors, FP McCann, to bring in local people.

Local means different things in different parts of the country. Our surface drilling is being carried out by a company called the Major Drilling Group, and it hires locally where it can to assist with the labour on those rigs. That has happened historically.

For those coming into work, there is a spin-off for the occupation of local guesthouses and restaurants, and we encourage people to stay in the community in places such as Gortin. There are

other examples, and, of our 25 or 26 current employees, 50% would be deemed local. We have to employ at all times within the framework of the legal compliance structures for Northern Ireland.

We filled the position of HR officer with somebody from Carrickmore. That was a promotion, and we are supporting that position with a day-release course, which has allowed us to create a back-fill position, which was advertised locally, and we expect to make another appointment.

If we are successful with our planning, that will allow us to facilitate more such employment. Also, Ruth has been in contact with Omagh college about trying to get a training programme to develop miners, which are key specialist positions. I think that Ruth said that full training takes five years. Over time, we are looking to develop that relationship with the local college and a college in Canada so that we will be able to bring those positions back into Northern Ireland.

Ultimately, if we are successful with our planning, there will be 200 to 300 jobs in the construction phase. There are great skill sets in Northern Ireland that can achieve that: for example, when we were able to give out the work for surface works, it was given to FP McCann, which is a local company. We believe that the full employment rate for the mine will be in the region of 150 people, give or take. We are looking to develop those skills through the training programme that I mentioned earlier so that, ultimately, those skills will exist in Northern Ireland.

Dr Monaghan: From the studies that we have done to date, we are looking at a 15-year life of mine. If the bulk sample goes ahead, we could, depending on the results, be looking at a longer life of mine. We are looking at 15 years' work at least for folk.

Mr Milne: The application is about mining. How many buildings will be raised on site? Do you have planning permission for those buildings?

Ms lves: Yes. We have planning permission for a few temporary buildings. In this phase of our project, we are very limited in our terms and conditions and in our planning for how long we will be there, so we have temporary buildings. Portakabins will be our office space, and we have a dry-and-change house for the underground men. A little Portakabin will be our security house. We have a building that will be an ore storage shed because we need to cover the mineralised material when it comes out. A building at the top of the site houses the egress conveyance and the major ventilation fan. We also have a small building that will be the workshop for any minor repairs to the underground equipment. Our reclamation/rehabilitation plan is very short term. All buildings are being built bearing in mind that they are very temporary, so they are quick to put up and take down.

Dr Monaghan: We have also lodged a bond with the Crown Estate for restoration. There were concerns and fears about wealthy international markets; what would happen if Dalradian was bought over; and what would happen if we pulled out. So we lodged a bond of nearly £700,000 for the restoration of the site.

Mr Milne: So, if you go ahead and mine, you are talking about more extensive buildings being put in place.

Ms lves: The current location for the advanced exploration project is not at all conducive to mining. It is very convenient for us because Ennex managed to bore out 700 metres of tunnelling in the 1980s. However, the land that we currently control is in the wrong location with respect to the geometry of the deposit. It is in the hanging wall of the deposit, and you cannot mine narrow veins from the hanging wall; you must go from the footwall.

Similarly, the Camcosy Road is too small to manage the trucks that would come into the site. We will need fuel and whatnot if we get to an eventual mining scenario. Golder Associates did a study for us and was able to highlight seven or so areas around our deposit that would be conducive to building a mine on. Our pre-feasibility study, which was announced last week and has started with SRK, will examine all those options. That will be the base of a full environmental impact analysis on where an eventual mine might be. The current location for our advanced exploration is ideal for this small exploration project, but it is not conducive to mining.

Mr Milne: You are talking about an area of special scientific interest (ASSI), a special area of conservation (SAC) and an area of outstanding natural beauty. The point that I want to make is this: has everybody seen this through to the end? Have you considered where this will take us — the buildings and the effects that it will have on the area?

Ms Ives: Yes. We did it for the preliminary ---

Mr Milne: Planning has not taken that through to its conclusion.

Ms lves: No, because we have not put in an application for a mine.

Mr Milne: Yes, but that is the point. It is OK to talk about extractions now. The Planning Service has to realise that a more extensive application will be put before it.

Ms Ives: Sure, and we will engage with the Planning Service throughout the process. The prefeasibility study will require good interaction with the Planning Service and the Department of the Environment. As we try to scope out the different areas, we need to ensure that we do not locate our plans somewhere that would be adversely affected by our works.

Dr Monaghan: That is the purpose of the EIA. We are looking at a number of sites. The ASSI, Drumlamph Wood, is about 56 hectares of natural oak woodland, and there are only a few hectares left in the Sperrins. The freshwater pearl mussel, otter and salmon are protected species in the river. Those sites will obviously be flagged in an EIA, but, as we have stated, we have looked at other locations. As I said, the environment and the community will determine where the small surface footprint of any eventual mine might be.

Mr Milne: My last question is an important one on the explosives store. You are talking about storing explosives there. Who will look after the security of that? If you are thinking about PSNI involvement, I should mention that it predicts cutbacks. Where do we go from there? Will ratepayers have to pay for the security of the store?

Dr Monaghan: No. We are paying for the security of the site. Ruth, will you outline the provision?

Ms Ives: Yes. We have not signed the security firm yet, but we have scoped the security requirements for our explosives store and the site in general. We went through a tendering process and isolated one security firm in Northern Ireland that will provide our security. We pay for that; we pay for all the thermal imaging; and we pay for the gate control and all the communications to the firm's command centre in Lisburn. All of that is Dalradian's burden in order to ensure that we are secure. The security firm needs to check all the PSNI boxes, so it has been working with the PSNI explosives branch. We will not sign the firm until PSNI explosives gives it the green flag.

(The Deputy Chairperson [Mrs Cameron] in the Chair)

Dr Monaghan: The police will deliver once a week. Is that right, Ruth?

Ms lves: The PSNI will escort powder to us, as they do for all the quarries and other consumers of explosives in Northern Ireland, so we will have the same privilege as all the other quarries and people using explosives.

Dr Monaghan: That is the purpose of the store: it will reduce the requirement for daily deliveries by the PSNI. It enables us to fall in with a weekly delivery schedule.

The Deputy Chairperson (Mrs Cameron): Apologies. The Chair has had to go to another meeting, so I will take over from here. Colum, do you have a question?

Mr Eastwood: My question has been answered, thanks.

The Deputy Chairperson (Mrs Cameron): Members have no more questions, so thank you very much.

Dr Monaghan: Let me reiterate our offer to come and see the site for yourselves.

The Deputy Chairperson (Mrs Cameron): Thank you very much.