



ISSUES CONCERNING MINERAL RESOURCES TASMANIA (MINING DEVELOPMENT)

QUESTIONS FOR THE ESTIMATES COMMITTEE – FOR TABLING WEEK OF 27TH JUNE 2011

20 June 2011

- 1.0 Is the Minister aware of Mineral Resources Tasmania, consent to provide Permits for drilling operations based on divining techniques rather than scientific methods, and if so, are permits required to be obtained from National Parks and Wildlife Service to authorize the use of whale bones (or other such divining tools sourced from dead mammals) to conduct professional surveys to determine drill hole sites? Are the companies that are performing the exploration activities and their respective shareholders, aware of such risky 'guessing' techniques being used at their expense? Such techniques do not represent industry standards, nor are professional and reflect poorly in the eyes of the public. What probity measures are being implemented to ensure that all practices represent industry standards?
- 2.0 Why is it that some tenement clients have been provided large areas to explore (such as Special Exploration Licences) to search for commodities such as oil and gas, and that Mineral Resources Tasmania discretionally applies an overburden of Licence conditions with some clients, compared to others? There appears to be no consistency in the reporting requirements, nor the Licence conditions imposed on the clients to ensure that they are accountable for the work programs submitted over the areas sought and granted? Why are areas granted over which no work has been completed by clients when those areas could be placed under the ERA or tender process?
- 3.0 If exploration companies are required to be publicly listed to ensure that they have adequate financial, technical and other resources to undertake the approved work programs and commitments of licences issued by the Minister under the MRD Act 1995 then why has the Minister imposed certain licence conditions on some tenement clients in relation to extraordinary expenditure commitments, which in turn, is then sought via the public (investors) through public fundraising instruments? Why then does Mineral Resources Tasmania in turn, gives such clients no recognition for the work completed, nor validates exploration findings, to then revise those commitments and achievements, and awarding, under contract, an entitlement to that tenement holder and its shareholders, the first right to exploit and develop those potential prospective resources? We have been made aware of such instances where

even the Government has made contract with some tenement holders instructing them to retain such areas of interest, to which we understand that Mineral Resources Tasmania has acted and issued Licences, to the contrary?

- 4.0 Why has the Minister acted in trepidation in some instances, to ensure that the application, award and distribution of tenement prospective areas of interest, are not awarded to those who have completed and expended significant shareholders (public money) in investment into exploration in Tasmania with proven results? We are aware of such an instance whereby the Minister in 2004 issued such a mandate to a client, and then has more recently, not rewarded those shareholders nor the company involved, entitlement to the areas of interest, to which there is public outrage and no rationale, equity in contract or law evident as result of his decision.
- 5.0 What has the Minister done to improve the conversion rate from Exploration into Economic Mining (or extraction) and development to promote interests within an already established industry?
- 6.0 What has the Minister and Director of Mines done to promote an increase in the number of claims lodged within the Magistrates Court concerning issues relating to the Mineral Resources Development Act 1995? Are there any pending risks to the State of Tasmania based on such Claims under Section 128 of the MRD Act that may have exposed the State to Financial Risk as a result of errors of law, procedure of judgment (decision) based on the recommendations made by the Director of Mines within the last 12 months? How many of these claims are pending in the Magistrates Court and are holding up the extraction and development of Tasmania's resources?
- 7.0 What has Mineral Resources Tasmania and the Minister done, to ensure that appropriate licence conditions are adhered to, and authorisations sought, in carrying out or undertaking gravity or other exploration surveys to avoid adverse press and relations with members of the public? The Advocate reported recently that a gravity survey was conducted illegally, without appropriate landowner permissions and authorization from Mineral Resources Tasmania?