

— **Exclusive**

Auditor contradicts Perth Mint claims on conflict gold

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The auditor charged with ensuring the Perth Mint avoids "conflict gold" has never conducted an independent check on its suppliers and was unaware the refiner was buying from a convicted killer in Papua New Guinea.

As West Australian Premier Mark McGowan sought an "urgent briefing" from the Mint on Thursday, the state government-owned institution sought to highlight its strong ethical sourcing practices and compliance with global standards.

But the Mint's auditor, Stephen Rogers, has detailed a compliance regime lacking any substantive investigation and one where only minimal checks were conducted across the supply chain.



Justin Parker, the founder of Golden Valley, leaving jail in PNG.

"I just look at the process," he told *The Australian Financial Review*. "That's all that's required."

The audit failings come after an investigation by the *Financial Review* found the Mint was buying up to \$200 million of "conflict gold" each year

[<https://www.afr.com/companies/mining/revealed-perth-mint-and-the-convicted-killer-20200609-p550ta>] from PNG firm Golden Valley, owned by convicted killer Justin Parker.

These purchases came despite staff concerns around Golden Valley's practices, including buying from small-scale gold miners in PNG who used child labour, degraded the environment through the use of mercury and in some cases propagated conflict.

Mr Rogers, who found no compliance breaches at the Mint over the last seven years, said he was not aware of Mr Parker's manslaughter conviction for beating his helicopter mechanic to death.

"If I had been told then, yes, that would have triggered some concerns," he said.

But he said such supply chain audits only required the Mint to conduct a "desktop" study of its major suppliers using publicly available data. His job, he said, was only to check that this process was correctly implemented.



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Mr Rogers said this was sufficient to be accredited by the London Bullion Market Association [LBMA], the world's largest gold exchange.

James Tayler, the head of research at ethical investment fund Morphic, said the revelations around the Mint had led him to doubt claims about conflict-free gold.

"This situation leads to significant questions and ultimately doubt around the efficacy of the LBMA's Responsible Sourcing policy, which responsible investors no doubt rely upon when investing in physical gold and related financial products," he said.

The LBMA has not responded to emailed questions.

'The same report every year'

A closer look at Mr Rogers' audits shows repeated use of the same or similar phrases since 2013, including that the Mint's responsible gold sourcing processes were "very mature" and "robust".

He judged the Mint to be fully compliant in all 84 categories assessed over the last seven years and did not find a single instance where its non-compliance was even considered to be "low".

"It's basically the same report every year," said one Mint insider who asked not to be named.

The Mint's chief executive, Richard Hayes, defended the annual audit process, saying it typically took five days to complete and the publicly released report was only a summary of a far larger document sent to the LBMA.



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"In 2016, the LBMA recommended The Perth Mint model inform updates to the OECD's Responsible Gold Guidance," he said. "We continue to invest in improving transparency and compliance at every level of the supply chain."

The Mint would not comment on its relationship with Golden Valley and denied any suggestions it dealt in "conflict gold".

Insiders disagree, citing a conversation with a representative of Golden Valley about how the company dealt with competition in PNG.

"It's easy, a gun to the back of the head," an employee of Golden Valley is said to have remarked.

Luke van Boehm, the managing director of Golden Valley, denied a comment like this was ever made by anyone at the company.

But he said the Perth Mint had never conducted an audit on its supply chain, conceded mercury was often used by those it purchased gold from and that children were involved in mining with their families.

He said Mr Parker's manslaughter conviction and time in jail had caused some problems for the company, but these were now resolved. Mr Parker was no longer a director but had some input into the running of Golden Valley.

Angus Grigg is an investigative reporter based in Sydney. He has worked as a foreign correspondent in China and Indonesia, and has won two Walkley Awards. *Connect with Angus on [Twitter](#). Email Angus at agrigg@afrc.com*