



Skardon River Bauxite Project

Initial Advice Statement & Project Description

September 2014

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1 Introduction

1.1 Project Overview

The Skardon River Bauxite Project (the Project) involves the construction and operation of an open cut bauxite mine in Western Cape York Peninsula, approximately 100 km north of Weipa and 16 km north of Mapoon.

The Project is anticipated to have 3 million tons per annum (Mtpa) bauxite of direct shipping ore (DSO) initially and could rise to 5Mtpa subject to market conditions. The area to be mined lies between Namaleta Creek and Skardon River, within the existing mining leases ML 40082 and ML 6025. The project life is expected to be 10 years.

The Project will include rehabilitation of a decommissioned kaolin mine and use of existing infrastructure from this mine, including a haul road, airstrip and the Port of Skardon River. The bauxite product will be exported via transshipment vessel, approximately 15 km offshore from the Skardon River mouth.

The project proponent is Gulf Alumina Ltd. Further detail on the project proponent is provided in Section 2.1.

1.2 Regulatory Approval Process

This Initial Advice Statement (IAS) provides introductory information about the Project. The IAS was prepared for submission to the Department of Environment and Heritage Protection (DEHP) to aid in the development of the EIS Terms of Reference (ToR) for the Project.

On 20 January 2014, the Department of Natural Resources and Mines approved the mining leases to include mining bauxite. On 24 March 2014 Gulf Alumina submitted an environmental authority (EA) amendment application to the Department of Environment and Heritage Protection (DEHP) for bauxite mining within the existing MLs 6025, 40069 and 40082 as the current EA allows for mining kaolin only. Gulf Alumina does not have plans to reactivate kaolin mining and production as the kaolin mine has been closed and the processing plants demolished. On 23 April 2014 DEHP decided that the amendment is a major amendment under sections 228 and 229 of the *Environmental Protection Act 1994*. On 19 May 2014, DEHP notified Gulf Alumina that the amendment application requires an environmental impact statement (EIS).

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The proposed project was referred on 14 August 2014 to the Commonwealth Department of the Environment (EPBC 2014/7305). On 11 September 2014, the Department of the Environment determined the proposed project to be a controlled action under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*. The controlling provisions are sections 18 and 18A (listed threatened species and communities), 20 and 20A (listed migratory species) and 23 and 24A (Commonwealth marine areas). The Project will be assessed under the bilateral agreement between the Commonwealth and the State of Queensland using the EIS prepared under the EP Act.

2 Project Description

2.1 Project Proponent

The project proponent, Gulf Alumina Limited (Gulf Alumina), is a public company registered in Sydney, NSW, to explore and develop bauxite deposits in and around Australia. Gulf Alumina owns the three mining leases (MLs 6025, 40069 and 40082) relevant to the proposed Skardon River Bauxite Project. Gulf Alumina's head office is located in Sydney at the following address:

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Gulf Alumina Ltd is a public company registered on 23 February 2004 in Sydney, NSW to explore and develop bauxite deposits in and around Australia. Gulf Alumina gained full ownership of the three Skardon River mining leases in January 2012. Gulf is currently the sole holder of the Environmental Authority (EA) EPML 00967013.

2.2 Description of the Project Site

The proposed project site is located on the northwest coast Cape York Peninsula (latitude 12°40' S), in the Parish of Skardon within the Cook Shire (**Figure 1a**). The site is approximately 100km north of Weipa, in an area from the east arm of Namaleta Creek north to the southern banks of Skardon River. As shown in **Figure 1b**, the tenements consist of three mining leases, ML 40082 (1743ha), ML 40069 (260ha infrastructure area within ML 40082) and ML 6025 (1922ha), all held by Gulf Alumina.

The Aboriginal Community of Mapoon is situated approximately 16 km to the southwest of the mine site, with Musgrave Bay in between. The mining leases lie within Mapoon DOGIT and adjacent to Rio Tinto mining leases (**Figure 2**). **Figure 3** shows the location of infrastructure from the previous (now decommissioned) kaolin mining operation, as well as the extent of land clearing (171 ha).

2.3 Project Description

The Project proposes to mine bauxite of direct shipping ore (DSO). The total mining area will be 1,160 ha within the mining leases north of Namaleta Creek and south of Skardon River (**Figure 4**). The area to be mined will include portions of the 171ha of areas already disturbed by kaolin mining, including the decommissioned wet kaolin processing plant area, the airstrip and sections of the north-south haul road.

The proposal involves mining a bauxite ore body of around 50 million tonnes (Mt). The planned mine production rate would be 3 million tons per annum (Mt/a) initially and could rise to 5Mt/a subject to market conditions. The project life is expected to be 10 years. The bauxite ore will be mined and transported via existing haul roads to a crushing and stock pile facility at the Port of Skardon River. The bauxite product will be trans-shipped to bulk carriers in deep water beyond the mouth of the river for export (**Figure 4**). Construction would commence in 2015 and bauxite mining and shipping in 2016.

Figure 1a: Location of Skardon River Mine Leases (RPS 2014)



Figure 1b: Detail showing definition of the mining leases

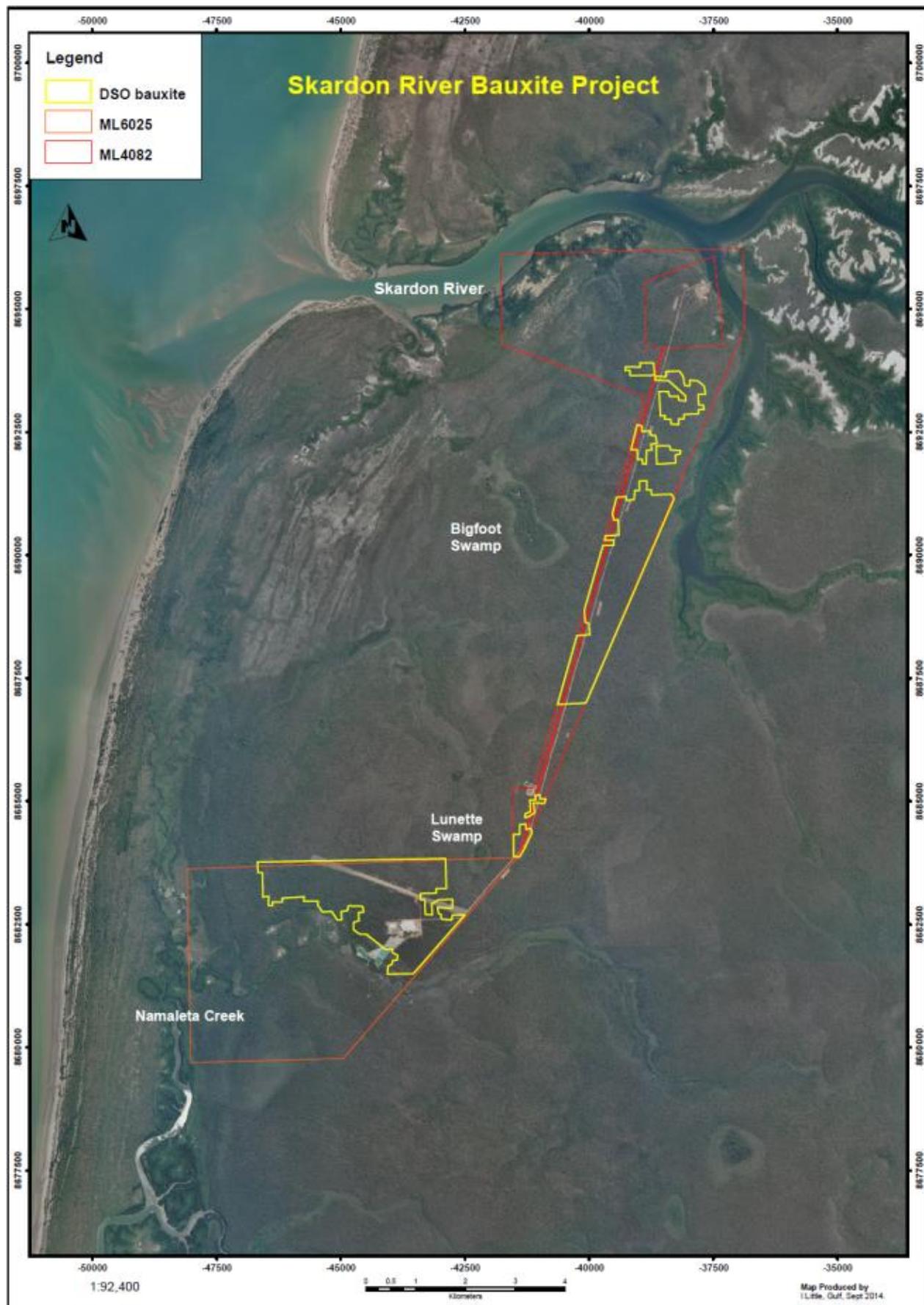


Figure 2: Location of Skardon River mining leases within Mapoon DOGIT (purple line) and in relation to Rio Tinto leases (grey)

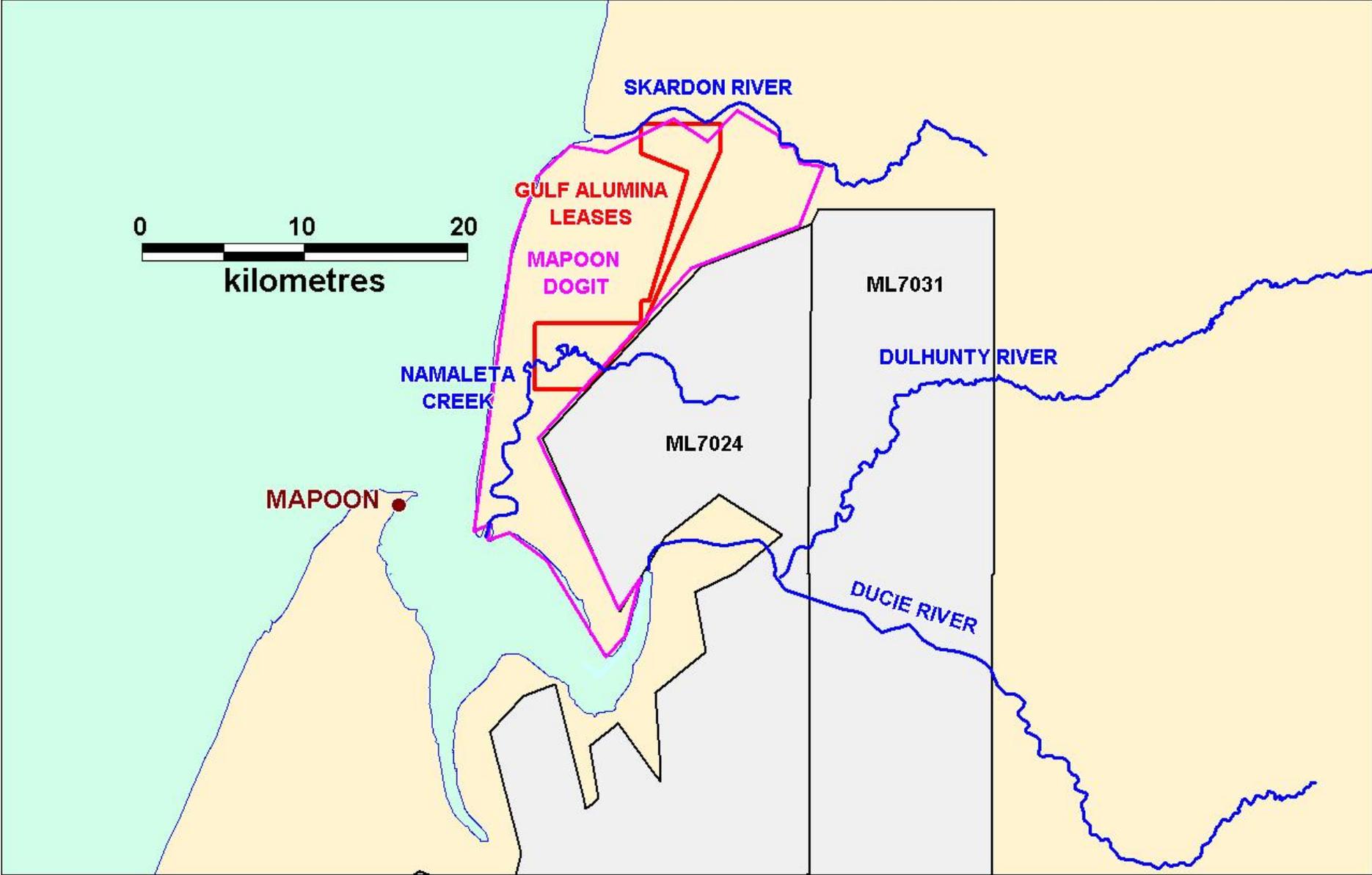


Figure 3: Land cleared for the kaolin project: Top photo: Skardon River landing and dry plant area; Bottom photo: mine site, wet plant and airstrip

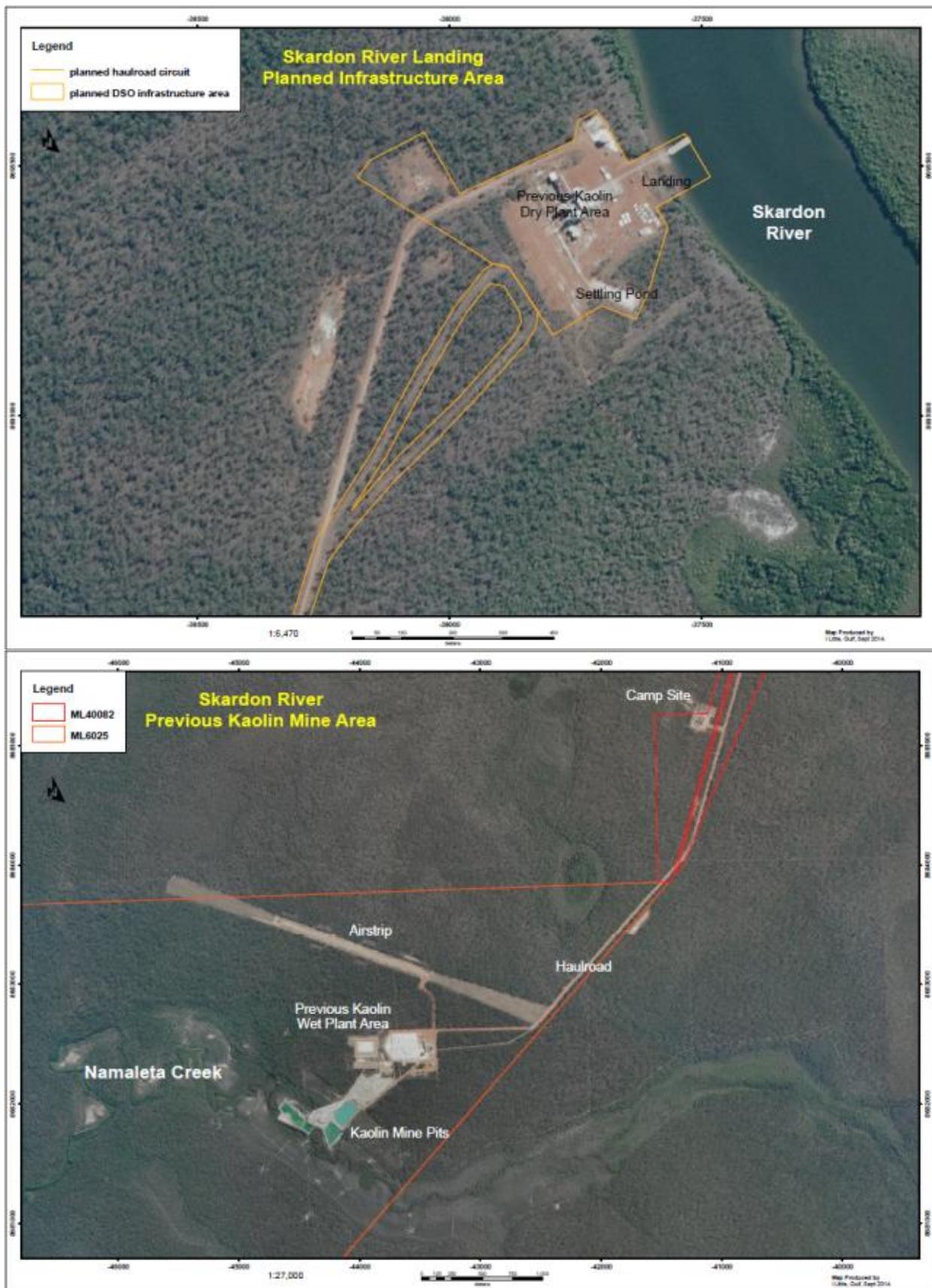
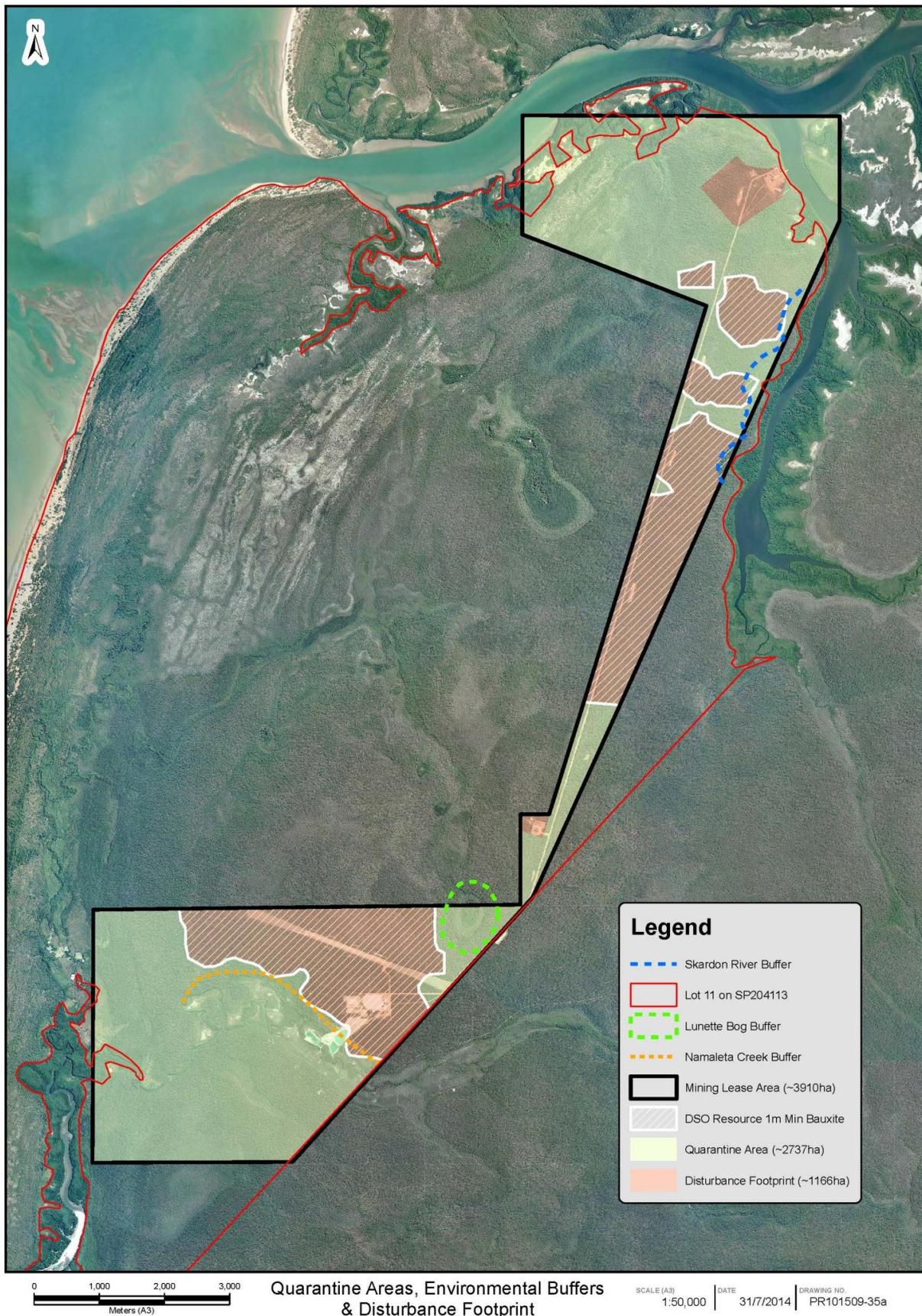


Figure 4: Location of DSO ore reserve with mining planned north of Namaleta Creek with environmental buffers



2.4 Key Aspects of the Project

Key aspects of the infrastructure for the proposed bauxite project include:

- A new ship loading facility within the existing mining leases and the gazetted Port of Skardon River to load the barge.
- A new wharf on piles and dolphins.
- New bauxite ore dump facility, crusher plant and conveyor belt system and bauxite product stockpile facility, all adjacent to the Skardon River landing.
- New workshop, warehouse, administration and crib room at the Skardon River landing.
- New bulk fuel storage, diesel transfer tanks, export waste storage and septic sewage treatment systems at the Skardon River landing.
- Limited bed-levelling at the mouth of Skardon River. Bed levelling would involve underwater reprofiling of two shallow areas at the seaward extent of the Skardon River mouth by pushing the crests of sand banks into deeper gutters. No dredging is proposed; however, annual maintenance bed levelling is likely to be required.
- Bauxite export via transshipment to bulk carriers in deep water beyond the mouth of the river approximately 15km offshore from the Skardon River mouth.
- Upgrading the existing 13.8km north-south haul road from the Skardon River landing to decommissioned kaolin mine north of Namaleta Creek. Temporary branch haul roads would be used to link with the existing haul road.
- New accommodation camp for 100 beds for construction workforce and maintained for mining operation.
- Upgrading the existing ramp to improve access for delivery of fuel, food and other amenities, site equipment, etc.
- Process water pumping station at the kaolin mine pit with existing pipeline to water storage tanks at Skardon River landing (not for beneficiation purpose). This pipeline runs adjacent to the existing north-south haul road.
- Using the existing sediment retention dam for stormwater run-off from facility at the Skardon River landing.

The following product capacities in shipping and transshipment and operational times were proposed:

- 70,000 tons Panamax ships to be loaded.
- Transshipment using two 4000-5000 tons barges.
- Barges would work 24 hours 7 days a week with a loading rate up to 2000 tons/hour.

The annual water requirements for dust suppression, watering haul roads and plant and equipment washdown would be approximately 148 megalitres per annum using the existing water pipeline infrastructure. The annual power supply would have an anticipated average capacity of 3 megawatts (MW) and would be supplied by three 1MW generators fitted on semi-trucks.

Employees would be accommodated in the upgraded accommodation camp during the construction and the mining operation phases. The project would require approximately 120 employees during construction and 160 employees during operation.

Figure 5: DSO plant and wharf plan

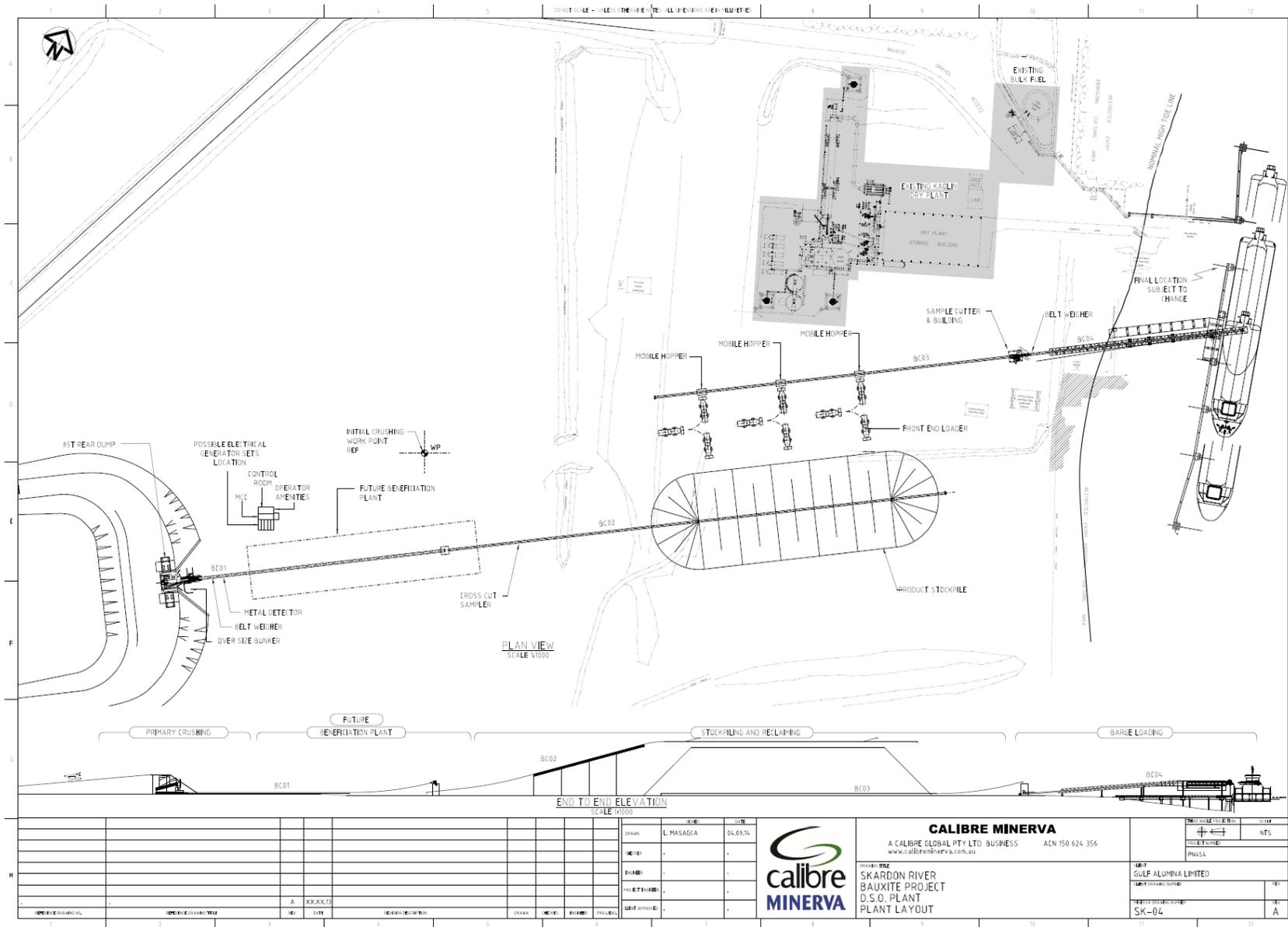


Figure 6: The Port of Skardon River boundary (limits)

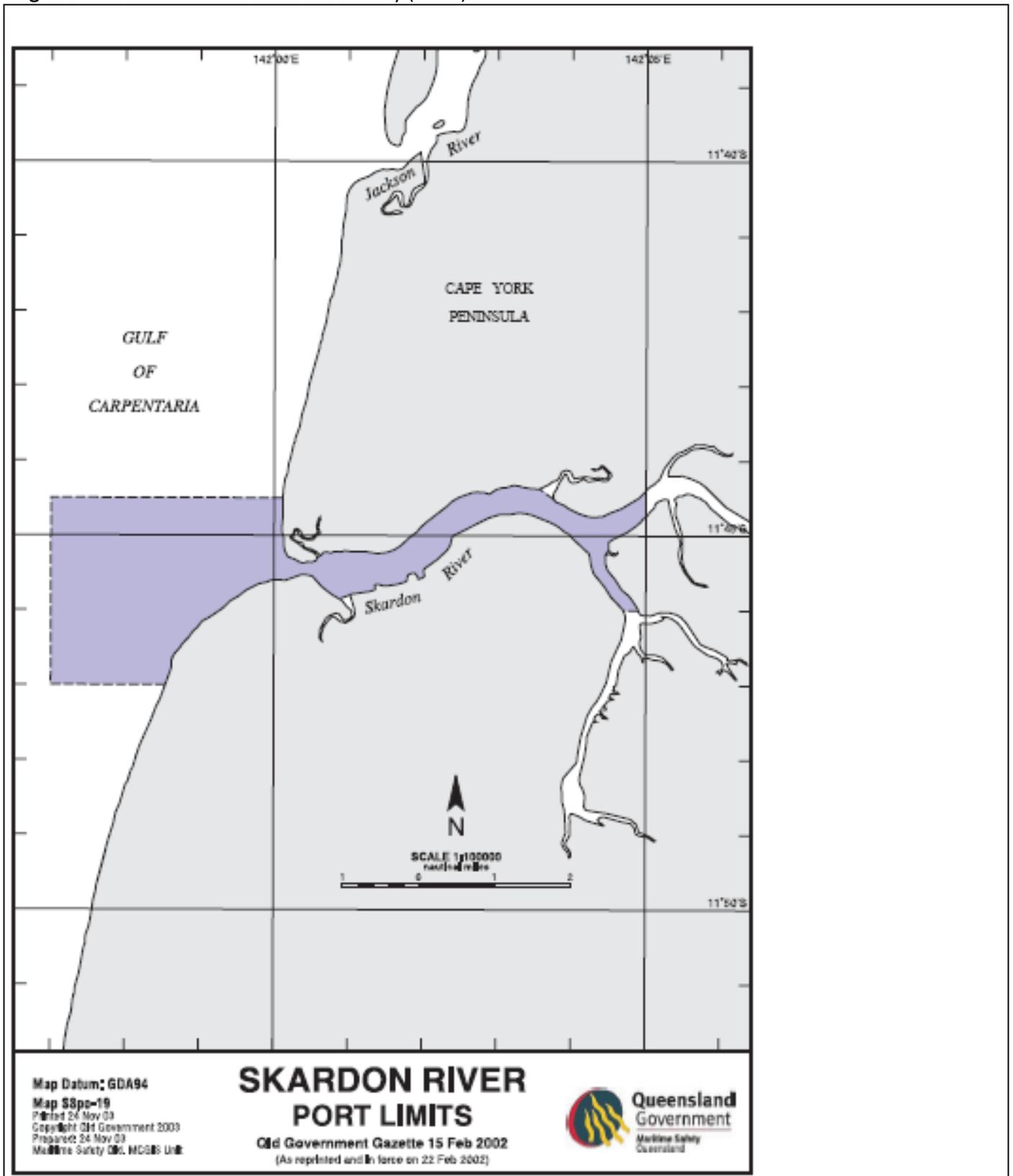


Figure 7: Bauxite export shipping route



2.5 Environmental Impact Assessment

An EIS will be prepared for the Project. The EIS will address the DEHP's EIS Terms of Reference (TOR) for the Project. The EIS will include an environmental impact assessment of all of the activities within the project site. The EIS will consider the impacts from the construction, operation and decommissioning stages of the project. The key areas that will be assessed during preparation of the EIS include the following:

- Surface and ground water;
- Water management plan;
- Terrestrial flora and fauna;
- Soil and rehabilitation;
- Marine environment;
- Noise and vibration;
- Air quality and greenhouse gas issues;
- Waste management;
- Social and economic impact assessment;
- Indigenous cultural heritage; and
- Transportation

2.6 Environmentally Relevant Activities

The Environmentally Relevant Activities (ERA) as listed under the *Environmental Protection Regulation 2008* that are proposed to be carried out as part of the bauxite project include the following:

- Level 1 Mining Project: mining bauxite
- 8(1) (c) Chemical Storage
- 56 (2) (e) (ii) Regulated Waste Storage
- 60 (1)(b) (i) Waste Disposal
- 63 (1) (a) Sewage Treatment

3 Stakeholder Consultation

3.1 Public Notification

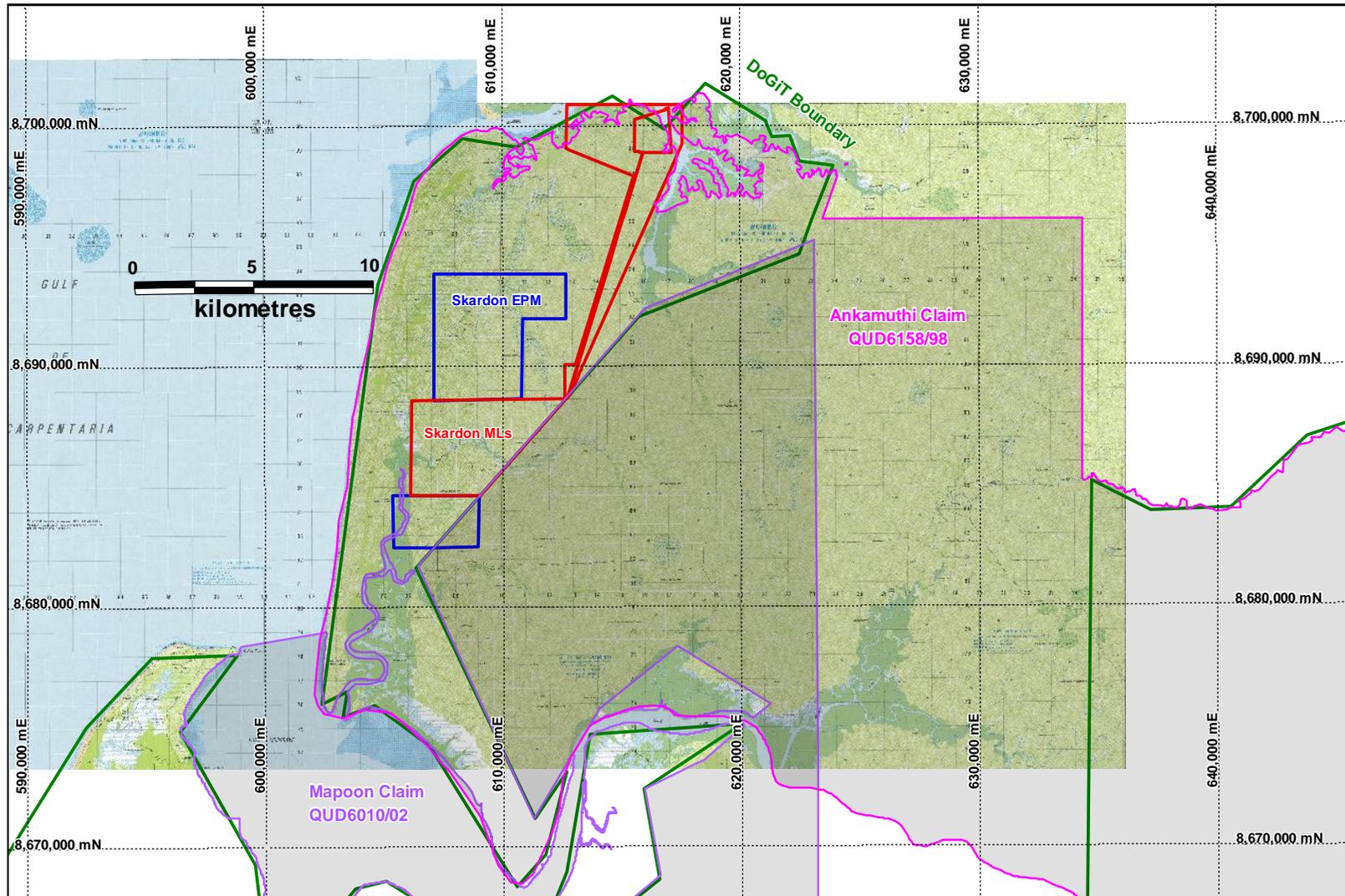
In accordance with Section 233, Public Notification, Mapoon Aboriginal Council and all the relevant traditional owner groups have been made aware of the project proposal and kept informed since its inception in 2008. In accordance with the DEHP decision on Gulf Alumina's EA amendment application that it is a major amendment, Gulf Alumina placed public notices in the Cairns Post and the Western Cape Bulletin, respectively on 21st and 25th of June 2014. This allowed 20 days for respondents, which closed on 23 July 2014. This has addressed the requirements under the EA major amendment process.

3.2 Native Title Agreement & Right to Mine Bauxite

On 20 January 2014, the Minister for Natural Resources and Mines representing the State of Queensland signed the Section 31 Deed pursuant the Native Title Act 1993 in respect of the Gulf Alumina's Skardon River mining leases. This followed the signing of the Deed inclusive of an Ancillary Agreement by Gulf Alumina and the Ankamuthi People, the registered native title claimants, on 4 December 2013 that consents the land access, cultural heritage protection, indigenous employment and compensation arrangements for undertaking the proposed bauxite mining upon the mining leases. The Native Title Claim is shown in **Figure 9**.

On 15 April 2014, the Department of Natural Resource and Mines approved and endorsed bauxite as an additional mineral to mining leases ML 6025, ML 40069 and ML 40082 under section 298(8) of the Mineral Resources Act 1989 covering the Skardon River tenements. This culminates with the update of the respective instruments of lease and the public records.

Figure 9: Native title claim



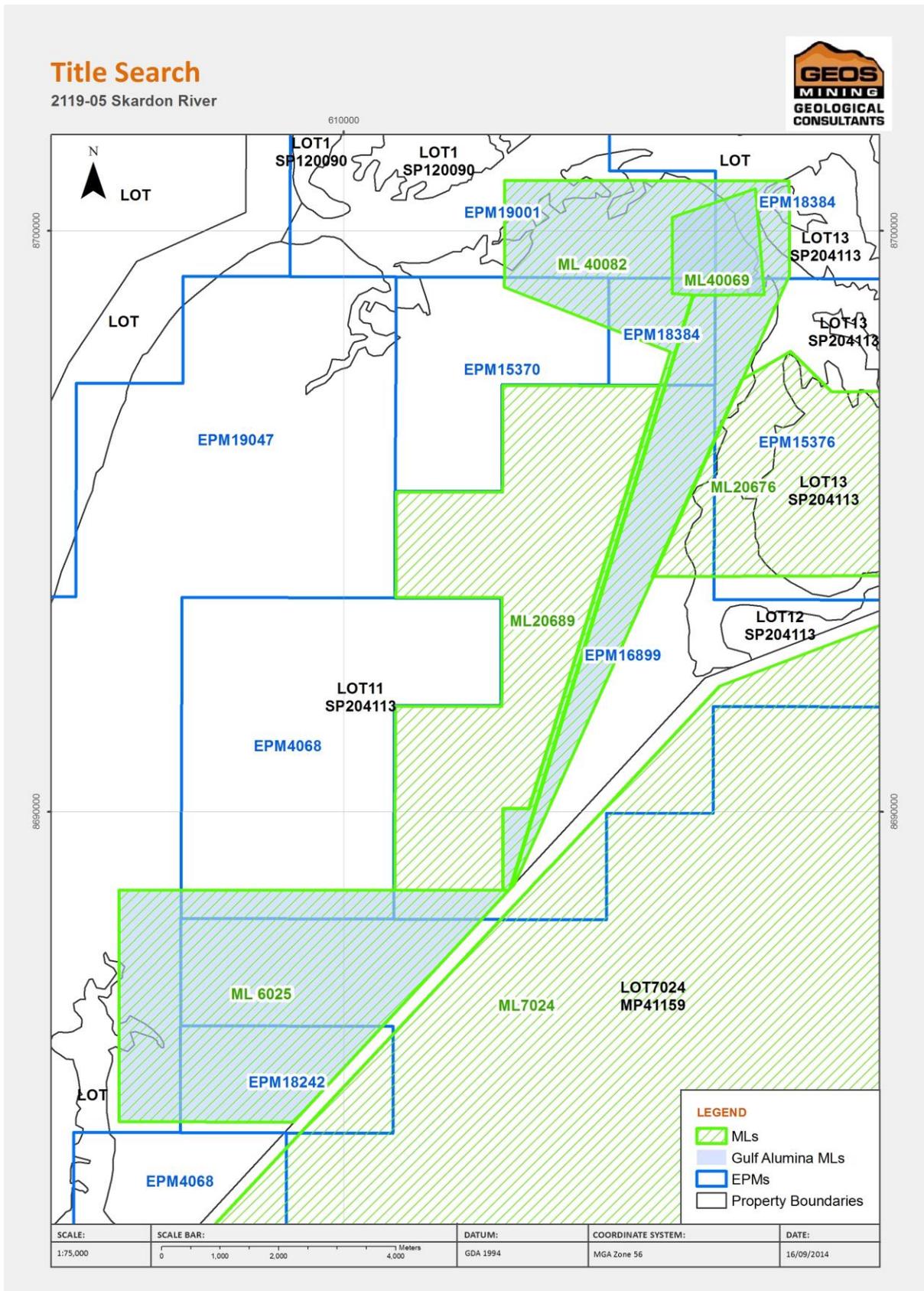
3.3 EIS Stakeholder Consultation Program

A further stakeholder consultation program will be conducted for the Project. The program will be conducted throughout the EIS preparation phase and will be integrated with environmental impact assessment and project planning. The program will include consultation with all affected and interested persons as listed in Sections 3.4 and any other relevant stakeholders identified during the consultation program. The objectives of the stakeholder consultation program will be to:

- Establish open communication with all stakeholders;
- Identify stakeholder issues and concerns with the Project;
- Respond to stakeholder issues through environmental impact assessment, project planning or communication;
- Provide feedback to stakeholders in relation to their issues and how they have been addressed; and
- Facilitate stakeholder understanding of the Project.

The initial phase of the stakeholder consultation program will involve written notification of all stakeholders and consequent identification of any issues. This phase will involve interviews with individual stakeholders. The notification will include provision of an overview of the Project, the EIS and project approval process, as well as the consultation program. A project information sheet will be provided to stakeholders to assist with this phase.

Figure 10: Lot and plans within and adjacent to the project area



Matters of National Environmental Significance

On the 11th September 2014 the project was determined to be a controlled action under the Environmental Protection and Biodiversity Conservation Act (1999) on the basis that it has the potential for significant impacts on matters protected by the Australian Government under Chapter 2 of the Act. Controlling provisions included:

- Listed threatened species and communities (S18 and 18A);
- Listed Migratory Species (S20 and 20A); and
- Commonwealth marine area (S23 and 24A).

Specifically the controlling provisions were the potential for significant impact (as defined under the Act) on the following matters of national environmental significance:

- The action involves clearing of approximately 1160ha of vegetation that represents suitable habitat for listed threatened species and communities, including the endangered Northern Quoll;
- Construction activities and barge access is likely to have a significant impact on threatened species and communities and listed migratory species, including the Dugong; and
- The establishment and operation of the transshipment and associated barge access is likely to have a significant impact on the Commonwealth marine environment.