



Mount Oxide Project Initial Advice Statement

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LIST OF ABBREVIATIONS

AARC	AustralAsian Resource Consultants Pty Ltd
ABS	Australian Bureau of Statistics
ANZECC	Australian and New Zealand Environmental Conservation Council
ARD	Acid Rock Drainage
COS	Coarse Ore Stockpile
DERM	Department of Environment and Resource Management
EA	Environmental Authority
EIS	Environmental Impact Statement
EM Plan	Environmental Management Plan
EPA	Environmental Protection Agency
EPBC Act	<i>Environmental Protection & Biodiversity Conservation Act 1999</i>
EP Act	<i>Environmental Protection Act 1994</i>
EPM	Exploration Permit Minerals
ERA	Environmentally Relevant Activity
ESA	Environmentally Significant Area
FWD	Fresh Water Dam
ha	Hectares
IAS	Initial Advice Statement
km	Kilometres
km ²	Kilometres squared
ktpa	Kilotonnes per annum
kV	Kilovolts
l/s	Litres per second
m	Metre
mg/l	Milligrams per litre

ML	Mining Lease
MLA	Mining Lease Application
Mm ³	Million cubic metres
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAF	Non-acid forming
NC Act	<i>Nature Conservation Act 1992</i>
PAF	Potentially acid forming
ppm	Parts per million
Pty Ltd	Proprietary Limited
QME	Queensland Mines and Energy
ROM	Run of Mine
RSH	Rough Spinifex Hills
TDS	Total Dissolved Solids
ToR	Terms of Reference
TSF	Tailings Storage Facility
WRD	Waste Rock Dump

1.0 INTRODUCTION

Mount Oxide Proprietary Limited (Mount Oxide Pty Ltd) is a subsidiary of Perilya Limited (Perilya) whom propose to develop and operate the Mount Oxide Project (the Project), which is located approximately 1,600 kilometres (km) northwest from Brisbane and approximately 120 km north of Mount Isa (Mt Isa). The Project is to involve the further development of the historic Mount Oxide mine open pit. Project construction is anticipated to commencement in 2012.

The Project will involve mining at a rate of approximately 1.5 million tonnes per annum (Mtpa) of run of mine (ROM) ore at an average copper grade of 1.3 per cent. Ore will be processed at either a new onsite facility or transported to an existing offsite regional plant. Upgrading of existing infrastructure and the establishment of new associated infrastructure will be undertaken on the project site along with continued exploration for additional economic resources.

Resource estimates carried out in December 2008 identified 17.9 million tonnes (Mt) of Indicated and Inferred mineral resources that are expected to support a 1.5 Mtpa processing rate over a potential nine year life of mine.

Mount Oxide Pty Ltd intends to submit an application for a Mining Lease (ML) and seek an Environmental Authority (EA) for mining. This Initial Advice Statement (IAS) is submitted as supporting documentation for an Application to Prepare a Voluntary Environmental Impact statement (EIS) under Section 70-71 of the *Environmental Protection Act 1994* (EP Act).

1.1 THE PROPONENT

The Project proponent is Mount Oxide Proprietary Limited, ABN 74 133 057 579

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1.2 PROJECT OVERVIEW

The Mount Oxide deposit has been intermittently mined between 1927 and 1971 by way of a small open pit and underground operations. The proposed Project involves additional open cut mining of the Mount Oxide deposit with the potential for subsequent underground mining. The Project is expected to



mine approximately 1.5 Mtpa of ROM and produce approximately 15 to 25 kilotonnes per annum (ktpa) of copper metal in concentrate with onsite processing facilities. The life of mine is estimated at nine years, with an additional 12 month construction period and 12 month decommissioning period. The Project boundary and main area of impact is approximately 10 km² (1,000 hectares (ha)). Goods and consumables are likely to be supplied from the Mt Isa region.

The main activities of the Project include:

- Open cut mine utilising standard truck and excavator mining methods;
- Processing plant and mine infrastructure area;
- Possible option of ore toll treatment at an existing processing facility in the Mt Isa region;
- Waste rock dumps;
- Water storage facility;
- Tailings storage facility;
- Upgrade of existing accommodation, roads, associated infrastructure and airstrip; and
- Power supply.

1.3 PROJECT LOCATION AND ACCESS

The Project is located in north-western Queensland approximately 120 km north of Mt Isa (Figure 1).

The Project site can be accessed from Mt Isa roughly 45 km along the Barkly Hwy to the Gunpowder road. The single lane partially sealed Gunpowder road extends approximately 85 km to Gunpowder after which a single lane unsealed road (gazetted) traverses for approximately 27 km to the Project site. The 27 km distance between the Project site and the Mount Gordon process plant will require upgrading to allow heavy vehicle access.

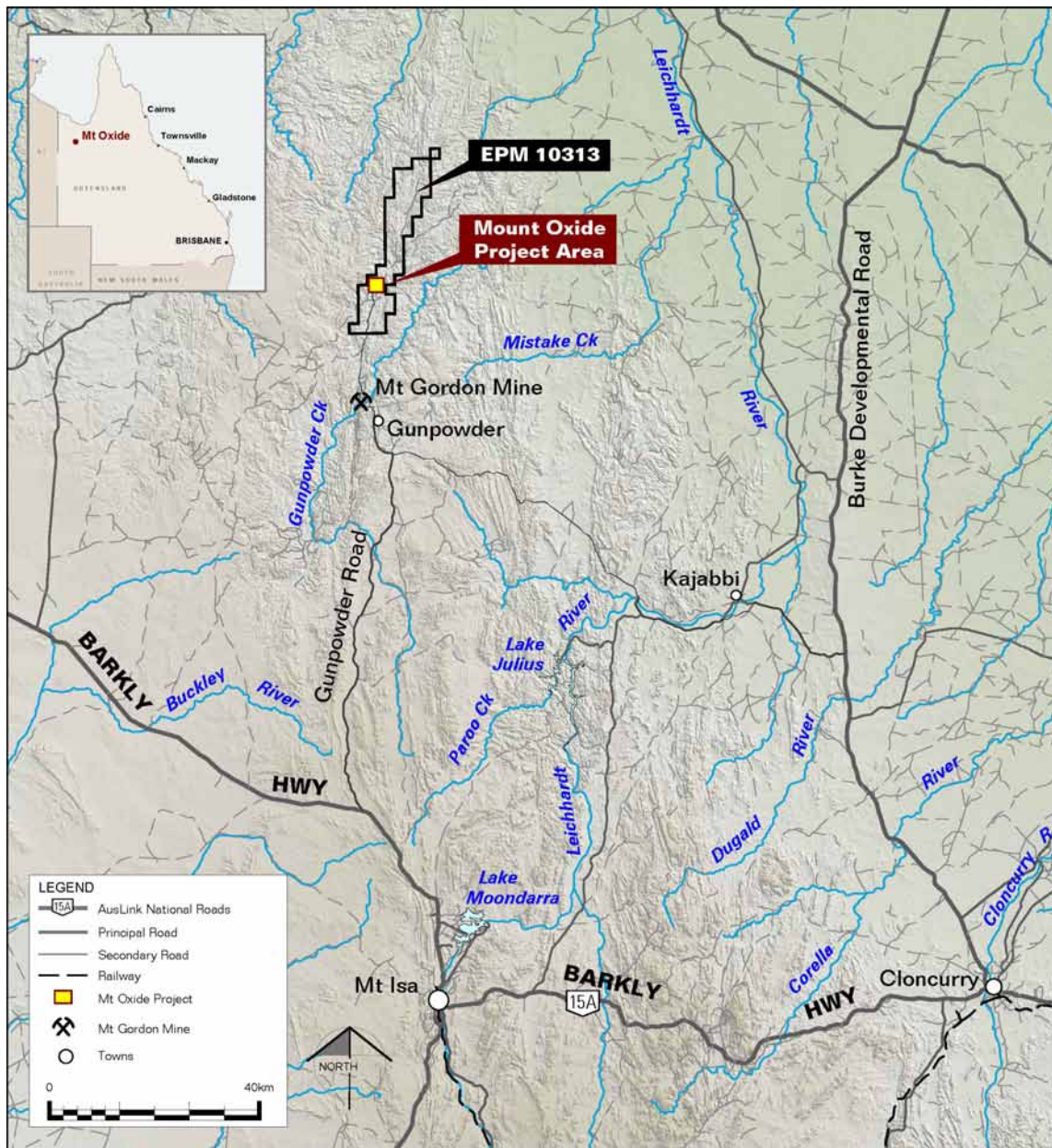


Figure 1 Project Location

1.4 TENURE

The underlying land ownership is Pastoral leasehold and state land.

The mining tenure of the project site is a granted Exploration Permit Mineral (EPM) 10313 held by Mount Oxide Pty Ltd, a wholly-owned subsidiary of Perilya. This EPM covers an area of 19,110 km² (Price, 2008). Mount Oxide Pty Ltd and Perilya hold a number of tenements around this EPM. A map of the tenements is presented in Figure 2.

The Kalkadoon people have a registered Native Title claim over the EPM area.

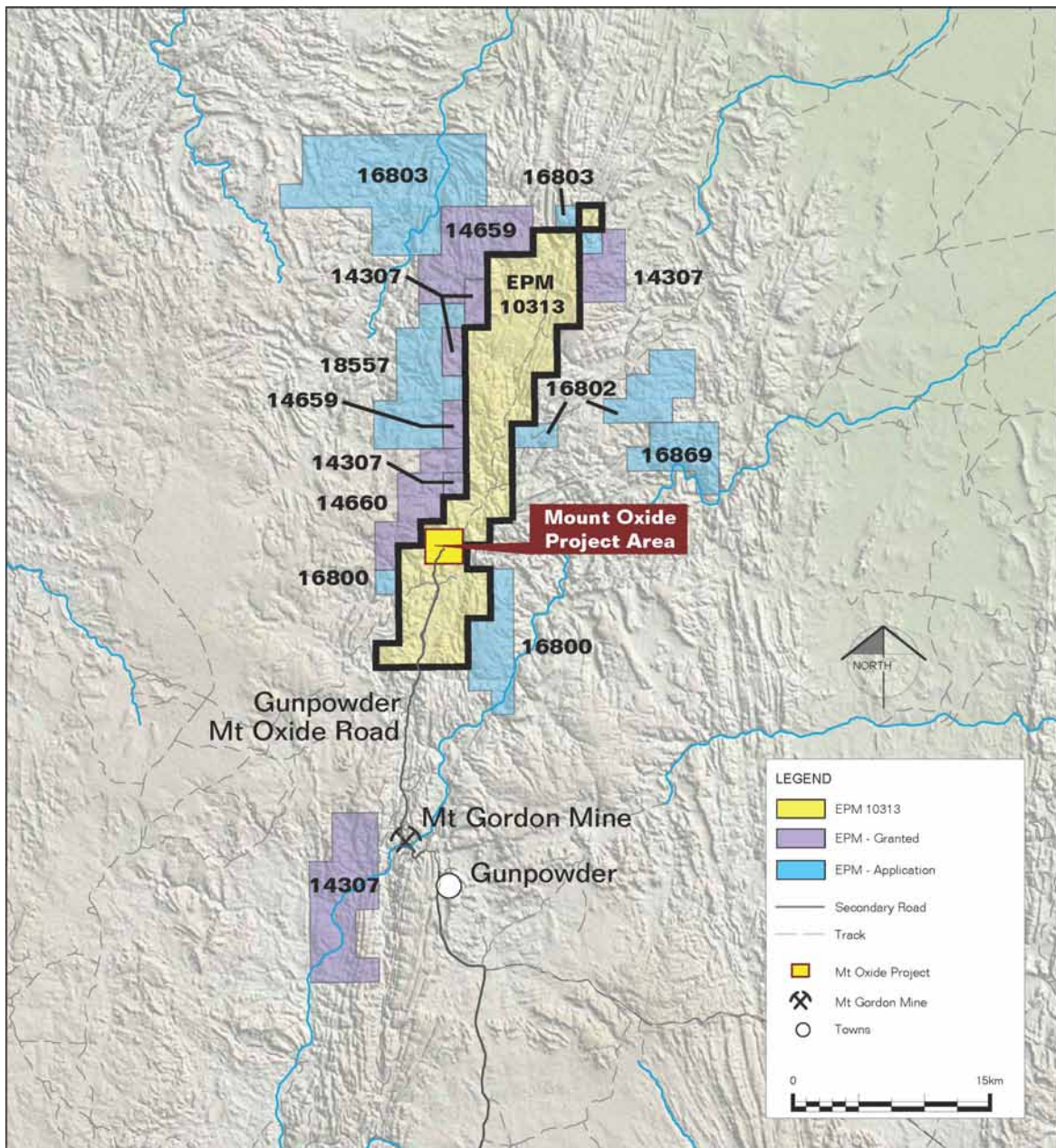


Figure 2 Map of Mount Oxide Project Tenements

2.0 PRIOR PROJECT ACTIVITIES

2.1 HISTORICAL MINING

The Mount Oxide deposit has been intermittently mined between 1927 and 1971 by way of a small open pit and underground operation. In 1931 Mt Oxide was mined by 12 Afghans where they transported the ore by truck and camel to Dobbyn railhead. From Dobbyn it was railed to the state smelters at Chillagoe (C. Lack, 1972). A list of additional mining activities that occurred at Mt Oxide is found in Table 1 (Price, 2008).

Table 1 Mt Oxide Mining History

Period	Activity
1927-1943	Underground mining, ore shipped to Chillagoe
1955-1960	Underground mining, ore shipped to Mt Isa
1962-1968	Operated by Hydro Mineral Development Ltd. Pumping of pregnant solution from underground mine and precipitation of copper cement in vats
1967-1970	Open cut mining, ore trucked to Gunpowder and heap leached
1971	Operation acquired by Gunpowder Copper Ltd. Production ceased
1978-1984	Minor leaching and precipitation of stockpiles

2.2 HISTORICAL EXPLORATION

Ernest Henry explored and prospected north-west of Cloncurry in 1882 and discovered a number of mineral deposits including the Mount Oxide deposit. He maintained interest in this area until 1913. Early exploration was limited to underground development along the strike of the mineralisation with minor stoping.

Several companies conducted exploration over the area between 1955-1979 (Kennecott, BHP, MIM, VAM and Gunpowder Copper Ltd), completing surface mapping, soil sampling and diamond drilling (Price, 2008). A list of previous exploration activities is presented in Table 2.

Table 2 Mt Oxide Exploration History

Date	Company	Comments
1908-1915	Douglas Henry	Small scale underground mining
1927-1960		Larger scale underground mining
Pre 1971	Kennecott, VAM, BHP, MIM	Diamond drilling KEN_1
1968-1979	Gunpowder Copper Ltd	'S' series drill holes
2001-2004	Western Metals	MOX001 to MOX039
2004-2007	Mount Oxide Pty Ltd	MOX040 to MOXD084
2007-2009	Mount Oxide Pty Ltd	MOXD085 to MOXD148

2.3 PREVIOUS LAND DISTURBANCE

The Project site has previously been disturbed by historic exploration and mining activities. Section 2.4 outlines the infrastructure that was established on site. The site has many legacy issues including Acid Rock Drainage (ARD), water contamination and erosion (Klohn Crippen Berger, 2008).

2.4 EXISTING MINE AND PROCESSING INFRASTRUCTURE

Existing infrastructure located at the Project site has been established during historical mining and exploration operations. This infrastructure includes:

- Open pit void;
- Waste rock dumps;
- Mullock heaps;
- Heap leach pads;
- Pump station;
- Water storage weir;
- Airstrip;
- Caravan park; and
- Accommodation facilities.

There are a number of heap leach pads to the south of the pit. The process of heap leaching is to place small ore fragments on an impermeable surface where it can be irrigated with a leach solution to dissolve the valuable metals. Due to the lack of knowledge of the history of the site, it is not known if these pads were constructed on an impermeable layer. The solution then percolates through the heap and leaches out the precious metals. This process can take several weeks. The leach solution containing the dissolved metals is then collected and the valuable minerals recovered.

3.0 PROPOSED PROJECT ACTIVITIES

3.1 EXPLORATION

Exploration and other investigation activities will continue to be undertaken on tenements held by Mount Oxide Pty Ltd and Perilya to identify and assess further mineral resources and aid in the development of the Project. It is planned to establish a platform for mine life extension through open pit extension, prospective underground mining and brownfield exploration.

The EPM 10313 was granted to Mount Oxide Pty Ltd in 1994. Mount Oxide Pty Ltd was approached by Western Metals in 2000 after which a joint venture was created between the two companies. Mount Oxide Pty Ltd reacquired the EPM in 2004 and continued drilling to improve the confidence in the resource and identify extensions.

3.2 LAND DISTURBANCE

The main disturbance will be the extension of the open pit limits in all directions and the establishment of a new waste rock dump (WRD). Some previously disturbed areas will be utilised such as lay down pads, old stockpile dumps, accommodation facilities and local airstrip. Vegetation will be selectively cleared from the proposed open pit footprint, processing plant, ROM and associated infrastructure areas. The vegetation cleared will likely either be chipped or stockpiled to be distributed later on rehabilitated areas and provide habitat for small reptile and mammals. Where available, topsoil will then be stripped, along with any smaller vegetation and grasses, and stockpiled for later rehabilitation. It is then likely these stockpiles will be seeded to establish vegetation growth, increase water infiltration, encourage microbial activity and prevent erosion. Topsoil will be respread over reshaped and closed areas as soon as practical to obtain maximum potential benefit from the viability of the topsoil seed bank.

Based on initial Project development concepts, indicative land disturbance will include, but may not be limited to, open pit (approximately 60 ha), ROM and mine infrastructure (6 ha), processing plant and infrastructure areas (approximately 3 ha), WRD (approximately 120 ha), tailings storage facility (approximately 190 ha), fresh water dam (110 ha), support infrastructure (2 ha), roads (20 ha) and exploration (5 ha). The total area of land disturbance is estimated at approximately 516 ha.

A conceptual mine site layout will be designed once the Mining Lease Boundary (MLB) has been defined in the near future. The final size and location of infrastructure and mining boundaries may be refined based on the results of continued exploration, Project investigations and identification of environmental issues.

3.3 MINE INFRASTRUCTURE

In order to accommodate the Project the following existing infrastructure will be upgraded:

- Access road;
- Airstrip; and
- Accommodation.

New infrastructure to be established for the Project will likely include:

- Administration offices;
- Workshop;
- Store/warehouse facilities;
- Lay down area;
- ROM pad;
- Waste rock dump; and
- Water storage facilities.

Additional infrastructure for the option of onsite ore processing will include:

- Process plant; and
- Tailing storage facility.

3.4 ACCESS AND TRANSPORT ROUTES

Site access for construction material and consumables will be via the road network described in Section 1.3. Depending on which processing option is selected, copper ore will be transported via the Gunpowder route to a processing facility in the Mt Isa region. If the ore is processed on site the copper concentrate will be transported to Mt Isa or Cloncurry to be railed for export markets.

3.5 MINING PROCESS

The Project will utilise conventional open cut mining methods using diesel powered earthmoving equipment to haul ore to the processing plant via newly constructed haul roads. Earthmoving equipment will include excavators, bulldozers and dump trucks. Approximately 1.5 Mtpa of ROM ore will be extracted, although this rate may fluctuate annually during operation. Mining will be carried out on a 24 hour per day, seven days per week basis over the Project's anticipated nine year life of mine.



The open pit will be designed for truck and excavator operations. The different material types comprising the ore and waste will be identified and delineated on the basis of blasthole drill cutting sampling. Regular blasting of overburden will be required to facilitate ore excavation.

The following activities will be undertaken during the mining process:

- Clearing of vegetation. Where possible, native vegetation is to be avoided;
- Topsoil stripping and stockpiling;
- Drill and blasting;
- Ore removal and haulage to the ROM pad; and
- Overburden removal and storage in permanent waste rock dumps.

3.5.1 Future mining option

There is a potential for subsequent and future development as the deposit style lends itself to a high grade, low tonnage underground mine and initial studies indicate that a production rate of 500 ktpa could be achievable. An underground mine option would utilise a decline access and a mechanised stoping method.

3.6 PROCESSING AND HANDLING

ROM ore will be treated through an onsite purpose built processing facility or transported to another ore processing facility in the Mt Isa region.

3.6.1 Onsite Processing Option

If ore is to be processed on the Project site, ore will be transported to the ROM pad, within 800 m of the pit, crushed, blended if necessary and discharged along a conveyor to a coarse ore stockpile (COS). Stockpiled ore will be reclaimed, crushed and fed to a grinding circuit, conditioned and treated through a flotation circuit. Copper concentrate will be produced at a rate of approximately 35 to 85 ktpa and will be transported to a rail loading facility in the Mt Isa region to be railed for domestic or export processing. The transportation of concentrate will occur 24 hours per day over seven days per week.

3.6.2 Offsite Processing Option

A second option for processing of ROM ore will be to transport the ore via the Gunpowder road route to an offsite ore processing facility in the Mt Isa region. The ore will then be processed using an existing grinding and flotation processing method at a rate of approximately 500 to 1,500 ktpa. Concentrate will then be processed within the region or transported via rail to export markets.

3.7 TAILINGS STORAGE FACILITY

If the onsite processing option is selected, a tailings storage facility (TSF) will be established. It shall be located within 10 km of the processing facility with an estimated capacity of 9 Mm³. Excess water from the TSF will be decanted and recovered for reuse through the processing facility. The TSF will be designed and operated to applicable guidelines.

3.8 WASTE ROCK DUMPS

Waste rock extracted from the open cut pit will be stored in one or more WRDs. These dumps, associated with the open pit mining operations, will be constructed conforming to appropriate guidelines and processes.

The WRDs will be developed by tipping from a higher level against a windrow and progressively pushing the waste out with a dozer. Rock-lined drains shall be constructed, where required, to ensure excess run-off is controlled and directed to sediment traps.

The WRDs are likely to contain both non acid forming (NAF) and potential acid forming (PAF) waste material. No work has been undertaken to date to review the acid forming potential of the Project waste materials and the requirement for PAF material encapsulation within the individual waste dump areas. Testwork will be conducted and presented in the EIS. This model can then be used to quantify the different types of waste generated by the mining schedule.

The WRDs are likely to be located as close as possible to the pit area to minimise waste haulage costs and risk to the environment. Sterilisation drilling will be conducted beneath the proposed waste rock dump locations to ensure that the area will not impact on any future mining decisions.

3.9 WATER REQUIREMENTS

The Project's water requirements will likely be met via a combination of methods including natural rainfall catchments, bores, process water recycling and possible delivery from offsite facilities. These methods will provide sufficient water to support the site operations, all potable water requirements and exploration drilling. The water will likely be delivered by pipeline and stored in a fresh water dam (FWD) and reticulated to the plant for processing in a reverse osmosis plant for potable water supply to the village. Drinking water will be trucked to the mine site, plant and laboratories/workshops.

3.10 POWER SUPPLY

Several power supply alternatives will be evaluated. One option is to connect to existing 220 kilovolt (kV) grid electrical power from the Mica Creek gas power station, which supplies the Mt Gordon mine, and a 66 kV power line that extends to the Lady Annie mine. It is proposed to install a high voltage power transmission line to the Project, depending on the current capacity of the Mica Creek power station. An alternate power supply option is to generate power onsite using a diesel fired power station. The suitability of these options is currently being assessed.



3.11 STAFF AND ACCOMMODATION

Mining operations will require an upgrade to the existing 40 person modular exploration camp near the Project site. An upgraded camp would be managed and operated by a specialised accommodation and catering contractor as with the current exploration camp. The accommodation village amenities would include a kitchen, mess hall, wet mess and recreational facilities. Approximately 120 personnel will be accommodated in the village at any one time. The village will include all sewage, water and power utilities requirements.

A construction workforce of approximately 100 personnel is estimated for the Project. Approximately 150 personnel (including processing personnel) will make up the Project's operation workforce. The mine will operate 24 hours per day, seven days per week, with personnel employed on 12 hour shifts.

3.12 ENVIRONMENTALLY RELEVANT ACTIVITIES

Environmentally Relevant Activities (ERAs) are typically activities conducted by industry that have the potential to release contaminants, such as chemicals and waste treatment, to the environment. The type of Environmentally Relevant Activity undertaken determines the annual fee payable. Schedule 2 of the *Environmental Protection Regulation 2008* (Qld) outlines the Environmentally Relevant Activities defined for Queensland.

The Project is likely to incorporate a number of ERAs for its construction, operation and decommissioning. The relevant ERAs are listed in Table 3 and will be fully outlined in the Project's EIS and Environmental Management Plan (EM Plan).

Table 3 Environmentally Relevant Activities for the Project

Item (ERA Schedule No.)	Trigger Criteria	AES ¹	License Fee
ERA 8 (3b) Chemical storage	>500 m ³	85	\$17,000
ERA 14 (2a) Electricity generation	10 MW to 150 MW	151	\$30,200
ERA 15 Fuel burning	≥ 500 kg/hr	35	\$7,000
ERA 31 (2b) Mineral processing	>100,000 t/yr	280	\$56,000
ERA 57 (2a) Regulated waste transport	In 1-5 vehicles	7	\$1,400
ERA 60 (2e) Waste disposal	<20,000-50,000 tpa	53	\$10,600
ERA 63 (2b) Sewerage treatment	>100-1,500 EP	53	\$10,600

Level 1 Mining project, Item 9	Mining copper ore	217	\$43,400
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¹ Aggregate Environmental Score (AES) – environmental risk associated with an activity. Lower risk activities have no AES or low AES

3.13 REHABILITATION

All land disturbances will be minimised throughout the Project. Land disturbed by this project will be rehabilitated either progressively, where practical, or on decommissioning to mitigate any potential negative environmental impacts.

It is proposed to return the majority of the Project site back to its pre-mining land suitability. The exception to this is in regards to the WRDs, TSF and the final open pit void.

Where available, topsoil will be stripped and stockpiled from disturbed areas for re-use in the rehabilitation program to provide a seed bank and growth media for revegetation activities.

Ongoing revegetation and erosion monitoring of rehabilitation works will be conducted on an annual basis to ensure that rehabilitated areas are progressing towards the completion criteria for rehabilitated landforms and the land use of low intensity grazing.

3.13.1 Exploration

Exploration disturbances at the sites unaffected by historical mining will continue to be rehabilitated as per the following steps:

- Capping and marking of drill holes;
- Hazardous and general waste removed from each pad and disposed of in an approved manner.
- A drying out period to allow water to evaporate from the drilling mud in the sumps;
- Backfilling of drilling sumps when drilling is completed;
- Establishment of diversion areas and proper drainage around drill pads and access tracks to minimise erosion; and
- Should natural regeneration not be successful after the first year, seed or plants from suitable species will be sown before the following wet season to enhance revegetation.

3.13.2 Waste Rock Dumps

The final rehabilitation plan for the WRDs will be detailed in the EIS and EM Plan. The final slope of each lift of the WRDs will depend on the results of investigations into competency of the rock material and landform planning. The WRDs will consist of multiple berms which will be constructed on the outer faces and graded to an appropriate slope to aid water shedding and storm water management. Investigations will determine the nature and extent of the acid forming waste rock that will be produced



and require encapsulation by NAF waste.

Post-closure, the slopes and top of the dumps will be topsoiled and scarified to bind in the material. Revegetation will use appropriate species suitable for the final land form.

3.13.3 Tailings Storage Facility

At this stage of development, it is estimated that the TSF will occupy approximately 190 ha of land. On decommissioning, the TSF surface will be prepared for permanent closure which may involve capping, topsoil spreading and installation of appropriate drainage prior to the surface being scarified and seeded to prevent erosion and offer stability. Revegetation species will be selected once final land use is understood.

3.13.4 Final Void

The existing pit is an open void that has partially filled with water. Areas of the proposed open pit that are unable, or are not economically viable, to be backfilled will be left as a final void post-closure. Depending on water quality predictions, the final void may be used for water storage for pastoral activities or bunded and/or fenced.

If water quality within the void is suitable for stock drinking water, a safe access to the water will be provided for stock, or the water will be available to be pumped to a stock watering point. Consultation with stakeholders will be undertaken to determine the best means of pumping or access.

If water in voids is not suitable for stock drinking water then an exclusion bund wall will be constructed around the final void, as described in *Technical Guidelines for the Environmental Management of Exploration and Mining in Queensland*.

3.13.5 Mine Infrastructure

Any residual low grade ore will be fed through the processing plant. The process plant and all associated buildings and equipment will be dismantled and removed upon the cessation of mining operations or, by agreement, left for the landholder or other stakeholders.

Where infrastructure, ROM pads and laydown areas are removed from the Project site, the disturbed land will be scarified, topsoiled and then seeded to aid in the rehabilitation process and minimise the potential for erosion. Diversion and drainage will be engineered for closure to direct water to either storage dams or to water courses, depending on the quality.

3.13.6 Access Roads

Access roads required for pastoral activities will not be rehabilitated. Roads that are to be rehabilitated will be deep ripped and where appropriate seeded with a mix of species suitable for the intended land use.

3.13.7 Revegetation Methods

Surface preparation before revegetation will include surface contouring, ripping and topsoil spreading. Surface contouring will occur to minimise soil erosion. Contour ripping to a depth of up to 500 millimetres will then take place to break up any compacted soils after mining activities. Where

practical, topsoil will be stockpiled for use in rehabilitation if it contains suitable organic material and local seed banks. Preserved topsoil is likely to be spread to an average thickness of 0.2 m, depending on recommendation made in the EIS and resource availability. Native species will be chosen for areas requiring the re-establishment of native habitat and the spreading of felled tree or woodchips may be an option or recommendation to provide extra habitat.

4.0 EXISTING ENVIRONMENT AND POTENTIAL IMPACTS

4.1 REGIONAL CLIMATE

4.1.1 Existing Environment

Weather data obtained from the Bureau of Meteorology Camooweal weather station indicates that the average annual rainfall for the region is approximately 400 mm. Rainfall patterns are typically based on two main seasons, a wet season (December through to March) and the dry season (April through to October). The highest average rainfall occurs in January and the lowest level in August (Figure 3).

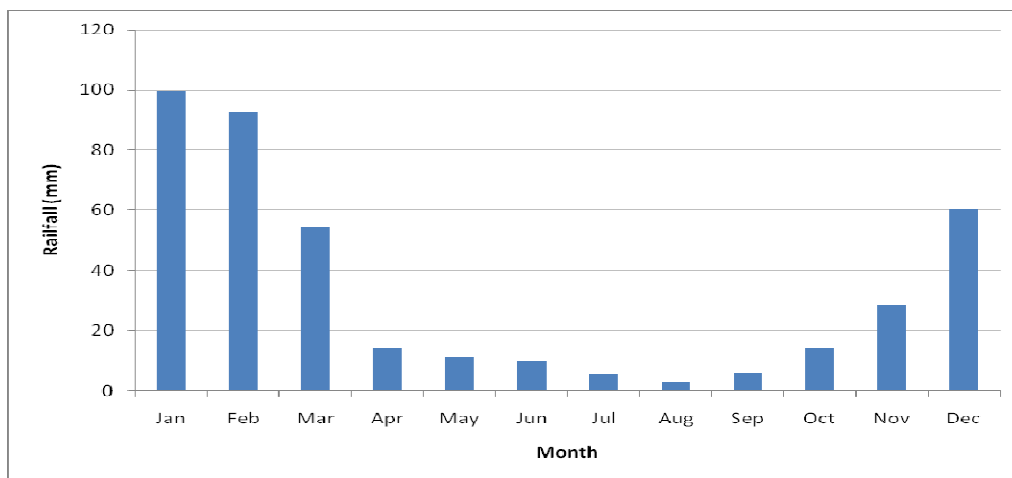


Figure 3 Mean Monthly Rainfall at the Camooweal Weather Station

The mean maximum annual temperature for the Camooweal weather station is 32.9 degrees Celsius and the mean minimum annual temperature is 17.9 degrees Celsius. December is typically the hottest month and July the coldest (Figure 4).

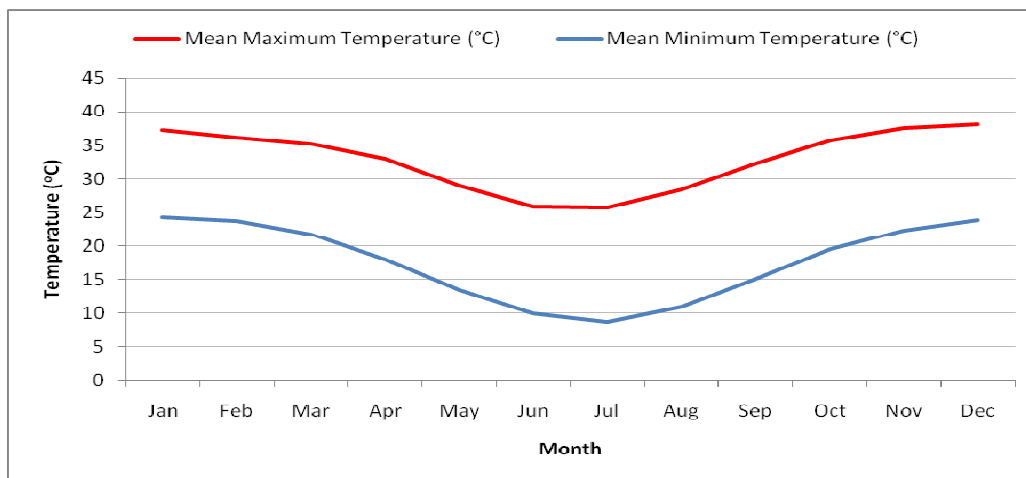


Figure 4 Mean Monthly Temperature at the Camooweal Weather Station

4.1.2 Potential Impacts and Mitigation

The project is not anticipated to have any direct impact on the climate however aspects of the climate, such as high intensity rainfall, can have an impact on the project and the receiving environment. Contingencies will be investigated during the EIS process to prevent major impacts on the surrounding environment.

4.2 CURRENT LAND USE

4.2.1 Existing Environment

Mineral exploration and low intensity cattle grazing are the dominant land uses on the Project site. Associated infrastructure on the site includes an exploration accommodation camp, core yard, drill rigs, water bores, water storage tanks, abandoned buildings, access road and unsealed airstrip.

The existing stockpiles from historic mining have been leaching acid into the creeks onsite which has resulted in them being fenced from livestock. There is erosion on slopes due to lack of rehabilitation. This current situation is being controlled and mitigated by Queensland Mines and Energy (QME).

4.2.2 Potential Impacts and Mitigation

Where practical the proposed open pit mine and infrastructure will be located within the current disturbed area of historic mining. Utilisation of previous infrastructure such as roads will be implemented as far as possible to minimise impact to surrounding vegetation. Vegetation clearing will avoid native vegetation where practical. Vegetation will be kept in place as long as practicable to reduce dust and soil erosion.

4.3 TERRAIN

4.3.1 Existing Environment

Topography

The project is located within the Mount Isa Inlier bioregion set within a low rocky range generally running in a north-south direction. The terrain is largely hilly with rocky outcrops, ridgelines and cliff-faces dominating the landscape.

Geology

The Mt Oxide deposit lies in the Mt Isa region western succession that includes several major sediment-hosted breccia copper and zinc deposits as well as uranium mineralisation (Figure 5). The system is hosted in a sedimentary package associated with the northeast trending Mt Oxide fault and east-west trending structures that have provided a conduit for mineralising fluids.

The deposit is a chalcocite dominated system associated with strong silica-hematite alteration and copper mineralisation developed on the margins of the hematite zones. The copper mineralisation is



the Mt Oxide deposit occurs as high tenor, chalcocite and chalcopyrite veins within a sub-vertical brecciated fault zone within a sequence of shales, conglomerates and sandstones. Mineralisation also occurs parallel to the bedding on the margins of intense haematite alteration.

The alteration and mineralisation in the pit area appears to be controlled by both the stratigraphy and structure, whereas further north it is controlled almost entirely by the major fault structure. Mineralisation remains open along strike and at depth extensions to the resource and additional shoots are considered likely.

Soil and Land

The landform of this region is of the Rough Spinifex Hills (RSH), which consists of Spinifex hummock grassland and mixed open woodland on low rocky hills. There is a range of soils on site due to the terrain and topography. The alluvial soils on site exist in the flood plains or creek beds. The tops of the higher, steeper hills lack soil development and are characterised by exposed rocky strike ridges.

4.3.2 Potential Impacts and Mitigation

Topography and Geology

Topography is likely to be affected in the area where the mine extends into hills and the proposed WRDs are extended. Geological and geochemical studies will be carried out over the proposed mine site to determine the need for blasting, to determine acid forming potential and evaluate the overburden characteristics. These investigations will also identify any toxic elements of concern to the receiving environment and rehabilitation potential.

Soils

A baseline soil survey of the proposed mine site will be undertaken as part of the EIS to confirm soil characteristics. This survey will determine soil stripping ratios, stockpile storage and management during construction.

Where possible vegetation will be retained or adhere to the recommendation of strip clearing to minimise dust and soil erosion and degradation.

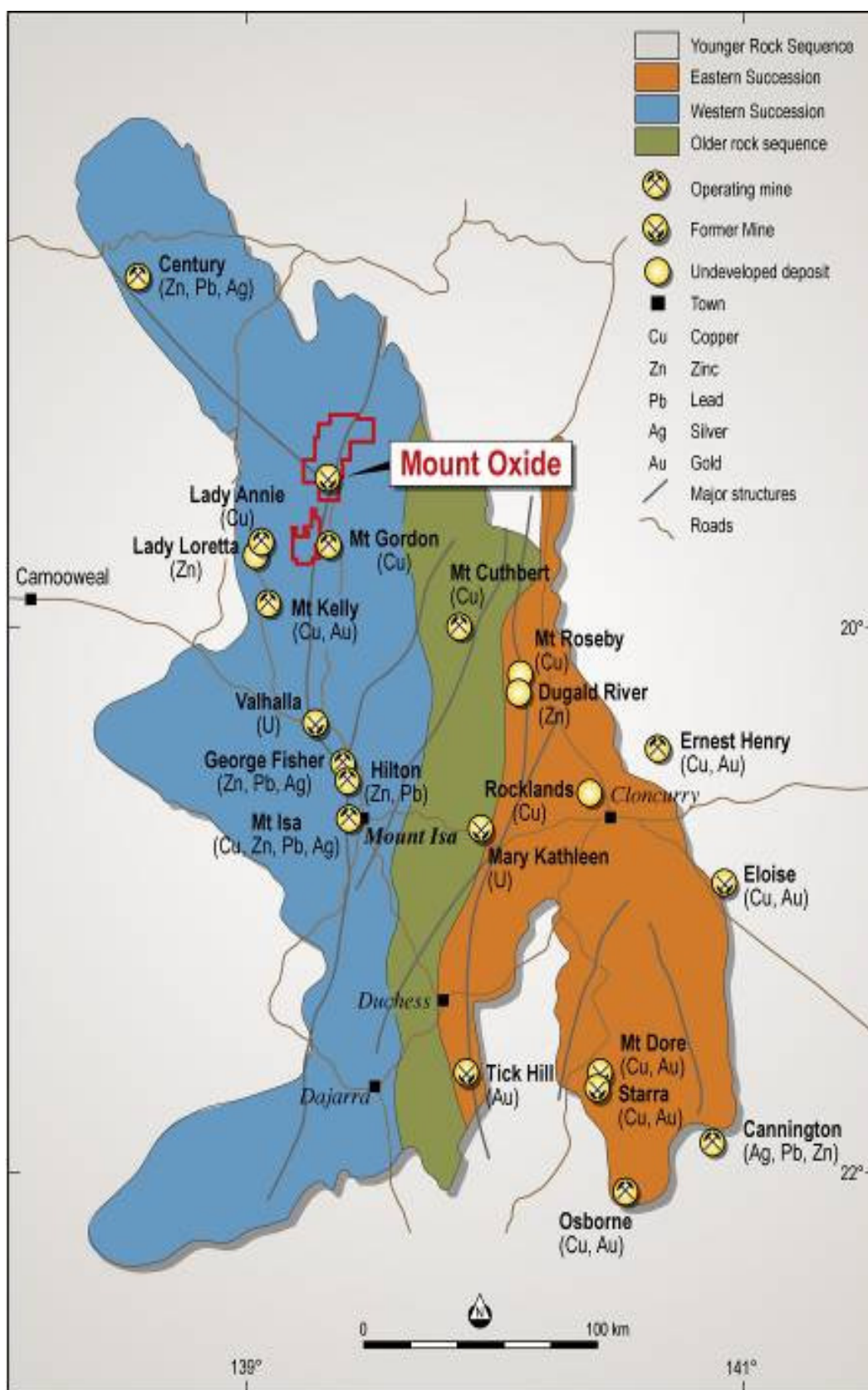


Figure 5 Regional Geology Associated with the Project Site

4.4 SURFACE WATER RESOURCES

4.4.1 Existing Environment

The Project is located within the Leichhardt Catchment, part of the greater Gulf Catchment. Several named and unnamed ephemeral watercourse run through the Project site and drain eastwards into Gunpowder Creek. Gunpowder Creek flows into the Leichhardt River.

A survey was conducted in November 2008 to see if the relic mining infrastructure may be affecting the water quality runoff. The data was taken from a FWD to the north of the project area and two samples from the open pit. The results indicated that the FWD meets all Australian and New Zealand Environmental Conservation Council (ANZECC) guidelines. The pit water quality however is not suitable for drinking, stock watering or release to nearby watercourses. The low pH and elevated metal concentration in the pit is likely to have resulted from ARD arising from previous mining activities (Klohn Crippen Berger 2008).

4.4.2 Potential Impacts and Mitigation

Studies on surface water hydrology and water quality will be undertaken as part of the EIS process. Mining activities will be designed to reduce the impact downstream during construction and operation. Specific attention will be paid to stormwater management and control due to the amount and intensity of rainfall in the area. A site water management plan will be developed which will contain information of diversion bunds, sediment ponds and storage of water for potential supply to the operation.

Hazardous substances, waste water and other materials that impact on the quality of water will be handled, stored and disposed of in accordance with the Department of Resource Management (DERM) guidelines. Activities will also be designed to reduce erosion and sediment along waterways, minimise contamination and minimise disturbance to channels. Due to the existing contaminated levels in the watercourses around the site it will be difficult to achieve standards in accordance to the guidelines however levels will be captured in the baseline studies for the EIS.

4.5 GROUNDWATER

4.5.1 Existing Environment

The project area does not host any aquifers of regional significance. Regionally, yields are inferred to be relatively low (<5 l/s) and groundwater quality is typically brackish at between approximately 500 mg/l and 5,000 mg/l total dissolved solids (TDS) (Klohn Crippen Berger 2008). However direct results obtained during the drilling in November 2008 reported local TDS of 242 ppm to 830 ppm (part per million is equivalent to mg/l).

Meta-sediments within the geological setting are likely to have relatively low primary porosity (inter-granular pore space providing groundwater storage) and permeability (groundwater flow characteristics) due to consolidation and metamorphism.

A survey conducted in November 2008 indicated that the samples taken do not meet drinking water quality guidelines with exceedances in iron, manganese, lead, sulphates and TDS. While lead and manganese have health related impacts, the other non-conforming levels are associated with



aesthetics (taste). Most samples also do not meet the Environmental Protection guidelines and are unsuitable for discharge to watercourses. These samples do however suggest that the water quality is suitable for stock watering.

4.5.2 Potential Impacts and Mitigation

A hydrogeological model will be developed and used to design the pit dewatering system, evaluate groundwater depressurisation, predict groundwater inflow rates and develop an understanding of groundwater recharge. Water quality will also be monitored through a series of borehole locations that will be determined during the EIS process.

Mitigation of impacts to the groundwater will include the correct handling and disposal of hazardous waste in accordance to the DERM guidelines to reduce the likelihood of contamination and seepage into the groundwater system. Due to the existing contaminated levels in the groundwater it will be difficult to achieve standards in accordance to the guidelines however levels will be captured in the baseline studies for the EIS.

4.6 NATURE CONSERVATION

The potential for important flora and fauna species within and adjacent to the Project was assessed through DERM's Wildlife Online Database and the Regional Ecosystem Description Database. The Commonwealth's *Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act 1999)* Protected Matters database was also used. These searches are described as follows and discussed in the subsequent sections of this report:

- Wildlife Online Database – This database is administered by DERM and is derived from sources such as specimen collections, research and monitoring programs, literature records and wildlife permit returns;
- Regional Ecosystem Description Database – This database is administered by DERM and is a compilation of the information presented in 2006 Landsat imagery mapped at a scale of 1:100,000. It lists the status of regional ecosystems as gazetted under the *Vegetation Management Act 1999 (VM Act 1999)* and the Biodiversity Status; and
- EPBC Act Protected Matters Search Tool – This database is administered by Department of Environment, Heritage, Water and the Arts. It generates a record of *EPBC Act 1999* listed species that are predicted to occur in a given search area.

4.6.1 Flora

Table 4 presents the Regional Ecosystems mapped by the Queensland Herbarium within the Project site and their status under the *VM Act 1999* and DERM's Biodiversity Status.

Regional Ecosystem ID	Description	VMA Status	DERM Biodiversity Status
1.3.6	Ghost gum (<i>Corymbia aparrerinja</i>), bloodwood (<i>Corymbia terminalis</i>) open woodland on sandy terraces	Least Concern	Of Concern
1.3.7	Red gum (<i>Eucalyptus camaldulensis</i>) woodland on channels and levees (south)	Least Concern	Endangered
1.5.3	Snappy gum (<i>Eucalyptus leucophloia</i>) low open woodland on red earths on plateaus	Least Concern	No concern at present
1.7.1	Snappy gum (<i>Eucalyptus leucophloia</i>) low open woodland on skeletal soils on lateritic scarps and plateaus	Least Concern	No concern at present
1.11.2	<i>Eucalyptus leucophloia</i> low open-woodland	Least Concern	No concern at present

Table 4 Regional Ecosystems Identified in the Project Area

Based on database searches, no flora species listed under either the *EPBC Act 1999* or the *Nature Conservation (Wildlife) Regulation 2006 (NC Act 2006)* are believed to be located in the Project region.

Species and communities of conservation significance, identified in database searches, will be targeted during the baseline flora and fauna surveys to be undertaken on the Project site. A technical report will be produced to identify flora conservation values and provide mitigation strategies to minimise any potential impacts of the Project.

4.6.2 Fauna

Table 5 presents a summary of fauna species of conservation significance listed under the *EPBC Act 1999* that may occur in the Project region.

No fauna species listed under either the *NC Act 2006* are believed to be located in the Project region, based on database searches.

Scientific Name	Common Name	Listing
Sharks		
<i>Pristis microdon</i>	Freshwater Sawfish	Vulnerable
Birds		
<i>Rostratula australis</i>	Australian Painted Snipe	Vulnerable
<i>Haliaeetus leucogaster</i>	White-bellied Sea-Eagle	Migratory
<i>Merops ornatus</i>	Rainbow Bee-eater	Migratory
<i>Ardea alba</i>	Great Egret, White Egret	Migratory
<i>Ardea ibis</i>	Cattle Egret	Migratory
<i>Charadrius veredus</i>	Oriental Plover, Oriental Dotterel	Migratory
<i>Glareola maldivarum</i>	Oriental Pratincole	Migratory
<i>Rostratula benghalensis s. lat.</i>	Painted Snipe	Migratory
<i>Apus pacificus</i>	Fork-tailed Swift	Migratory

Table 5 Possible Presence of Fauna Species of Conservation Significance at the Project Site



4.6.3 EPBC Act Referral

The Project may be designated a Controlled Action under the *EPBC Act 1999*. A referral will be made to the Department of Environment, Water, Heritage and the Arts seeking a decision on whether the Project should be classed as a Controlled Action. The controlling provisions for the Project may be implemented due to listed Threatened Species and Migratory Species identified in the project area. The State's EIS process has been accredited for the assessment under Part 8 of the *EPBC Act 1999* in accordance with the Bilateral Agreement between the Commonwealth of Australia and the State of Queensland.

4.6.4 Potential Impacts and Mitigation

Potential impacts on ecological communities and regional ecosystems, protected areas and threatened flora and fauna are minimal but mainly associated with vegetation clearing. A detailed flora and fauna study will be undertaken as part of the EIS process to confirm specific species sited in the project area.

Vegetation clearing will be undertaken in a manner that minimises potential impact. Revegetation and rehabilitation will be undertaken where practical to areas disturbed by the Project.

4.7 NOISE AND VIBRATION

4.7.1 Existing Environment

The receiving environment currently experiences noise typical of a rural area. There are however some operational sites nearby that could be considered from a cumulative assessment level. Noise emissions that may impact upon neighbouring properties includes, but is not limited to, mobile equipment, blasting and processing plant operation. Monitoring sites will be established near to the receptors to measure current levels of noise and vibration during the EIS process.

4.7.2 Potential Impacts and Mitigation

Noise emissions have the potential to impact and disrupt neighbouring properties, communities and local wildlife populations. Noise studies will be undertaken prior to the commencement of the project during the EIS process. Noise emissions will then be monitored during construction/operation and managed in accordance with the guidelines outlined by DERM. Mitigation measures will be identified after detailed surveys are done however a complaints register and resolution process will be implemented for potential impacts of the project on the receiving environment.

Vibration may be felt by the closest neighbours as blasting is anticipated to occur once per day and up to seven days per week.

4.8 AIR QUALITY

4.8.1 Existing Environment

The local communities in the vicinity of the project area are predominantly exposed to rural activities that support cattle grazing. Due to dry climatic conditions the existing environment is already exposed to dust from agricultural practices/conditions and potentially slight issues from the currently exposed areas of Mt Oxide and other operations in the area. Current practices that impact on air emission include, but not limited to, exhaust emissions from motor vehicles and greenhouse gases from cattle.

4.8.2 Potential Impacts and Mitigation

There is no existing air quality data available in the area however the main source of impact on the air quality will be dust from disturbed areas and haul roads. Greenhouse gas emissions will also be generated from equipment, power generators and vehicles during construction and operational activities. During the EIS studies, dust deposition gauges will be installed on the Project site to collect background levels representative of the region under typical circumstances. Air quality modelling will be undertaken to predict the impact of dust levels and greenhouse emissions on sensitive receivers during construction and operation. Mitigation measures recommended from the air quality study will be implemented such as standard practices of controlled vehicle speeds and water trucks spraying the roads. Management procedures for the use and maintenance of vehicles and equipment will be implemented during construction and operation to mitigate the release of greenhouse emissions.

4.9 INDIGENOUS CULTURAL HERITAGE

4.9.1 Existing Environment

Indigenous Cultural Heritage may be present on the Project site. Investigations in consultation with the Kalkadoon Native Title Group will be undertaken during the EIS process. All activities will be undertaken with due consideration of the Duty of Care Guidelines prescribed under the *Aboriginal Cultural Heritage Act 2003*.

4.9.2 Potential Impacts and Mitigation

Construction and operational activities have the potential to disturb or damage significant heritage sites or artefacts. A heritage survey will be undertaken as part of the EIS process whereby infrastructure can then be designed around these significant areas where practical. A Cultural Heritage Management Plan will also be developed for the Project.

4.10 EUROPEAN CULTURAL HERITAGE

4.10.1 Existing Environment

No Queensland Heritage Registered Places, listed in the *Environmental Protection Regulation (2008)* as a Category B Environmentally Sensitive Area (ESA), have been identified on the Project site.



however the region has a history of mining and pastoral activities.

4.10.2 Potential Impact and Mitigation

A European Cultural Heritage survey will be conducted over the Project site as part of the EIS process to identify potential heritage sites and mitigation measures.

4.11 SOCIO-ECONOMIC ASPECTS

4.11.1 Existing Environment

The closest towns to the Project include Gunpowder (approximately 27 km southwest) and Kajabbi (approximately 80 km east-southeast). Both are small communities. The relevant local government areas are the Mt Isa City Council and the Cloncurry Shire Council. The nearest regional centre is Mt Isa (approximately 120 km south)

The main employment industries in the local area are mining and agriculture (ABS 2006). Approximately a quarter of the working population are employed in the mining industry while approximately 17 % are employed in the agriculture and other small industries.

4.11.2 Potential Impacts and Mitigation

A social impact assessment of the Project will be investigated as part of the EIS. The Project is likely to provide employment opportunities and economic benefits to local towns, nearby regional centres, the state of Queensland and the Federal Government. An assessment of the expected population increase, along with potential impacts such as demand for housing and other services, will be addressed.

5.0 STAKEHOLDER ENGAGEMENT

5.1 STAKEHOLDER ENGAGEMENT PRINCIPLES

As part of Mount Oxide Pty Ltd's focus on sustainability, the company has at Broken Hill supported community health and safety initiatives including first aid training for high school students, financial support to the Royal Flying Doctor Service and deployment of the company's emergency response team in the community following a destructive storm at Broken Hill.

Critical components of Mount Oxide Pty Ltd's consultation process include the establishment of strong links with the community, understanding and addressing community views, and improving public access to the company's information and activities. Mount Oxide Pty Ltd actively meets with local decision makers, groups and individuals to address issues or concerns, reports on activities and seek input from community members on planned activities that may impact on the community.

A number of Mount Oxide Pty Ltd's exploration activities are conducted on private land. Mount Oxide Pty Ltd takes responsibility for working with landholders to maintain and rehabilitate the land during and after exploration has taken place.

5.2 AFFECTED PARTIES

A definition of an affected person is provided in *QEPA Guideline 12 – The EIS Process for Non-Standard Mining Projects*. This definition has been presented below:

A person is an "affected person" for a project (s38) if the person is:

(1) any of the following under the Native Title Act 1993 (Commonwealth) for the operational land or for an area that includes any of the land:

- a) a registered native title body corporate;*
- b) a registered native title claimant;*
- c) a representative Aboriginal/Torres Strait Islander body; or*

(2) a relevant local government for the operational land; or

(3) a person mentioned below for the operational land or any land joining it:

- a) a registered proprietor - for freehold land;*
- b) a person recorded in the register as the registered holder of the interest - for land that is held from the State for an estate or interest less than fee simple and for which the interest is recorded in a register mentioned in the Land Act 1994 (Land Act), section 276;*
- c) a holder of, or an applicant for, the tenement - for land subject to a mining claim, mineral development licence or mining lease;*

- d) *a holder of the authority; or a lessee under the lease; or a licensee under the licence - for land subject to an authority to prospect or a lease or licence under the Petroleum Act 1923;*
- e) *a trustee of the land - for land under the Land Act or the Nature Conservation Act 1992 (NCA) for which there are trustees;*
- f) *a grantee of the land - for Aboriginal land under the Aboriginal Land Act 1991 (ALA) that is taken to be a reserve because of section 87(2) or 87(4)(b) of that Act;*
- g) *a trustee for the land - for DOGIT land under the ALA or the Torres Strait Islander Land Act 1991;*
- h) *a relevant local government - for land held under a lease under the Local Government (Aboriginal Lands) Act 1978, section 6;*
- i) *a grantee of the land - for Torres Strait Islander land under the Torres Strait Islander Land Act 1991 that is taken to be a reserve because of section 84(2) or 84(4)(b) of that Act;*
- j) *a trustee of the land - for land under a lease from the State under the Aborigines and Torres Strait Islanders (Land Holding) Act 1985 that has been excised from land granted in trust for Aboriginal or Torres Strait Islander purposes under the Land Act;*
- k) *the State - for land that is any of the following:*
 - *unallocated State land;*
 - *a reserve under the Land Act for which there is no trustee;*
 - *a national park, national park (Aboriginal land), national park (scientific), national park (Torres Strait Islander land), national park (recovery) or forest reserve under the NCA;*
 - *a conservation park under the NCA for which there are no trustees;*
 - *a State forest or timber reserve under the Forestry Act 1959;*
 - *a State-controlled road under the Transport Infrastructure Act 1994;*
 - *a fish habitat area under the Fisheries Act 1994.*
 - *another person prescribed under a regulation to the EP Act.*

Affected Persons for the Project are documented in Table 6.

Table 6 Affected Parties

Name	Relationship to Project	Contact details
Alfred Arthur Lanskey	Leaseholder of lot 4511 on PH1667	PO Box 3143 Mt Isa QLD 4825
James Ronald and Leanne Eckford	Leaseholder of lot 381 on OL27	Phenros Julia Creek QLD 4823
James Ronald and Leanne Eckford	Leaseholder of lot 2510 on PH461	Phenros Julia Creek QLD 4823
Edgar Alfred Lanskey	Leaseholder of lot 385 on OL28	PMB 24 Mt Isa QLD 4825
Verdun Francis Spreadborough	Leaseholder of lot 1 on KI7	PO Box 835 Mt Isa QLD 4825
Mr Clive Cook	Owner of lot 1 on MPH7957	Director of Conservation Strategy and Planning Department of Environment and Resource Management PO Box 15155 City East Brisbane QLD 4002
Kalkadoon Community Pty Ltd	Native Title Claimants surrounding EPM 10313	Level 1/28 Miles Street Mt Isa QLD 4825 Ph: (07) 4749 2766
Birla Mt Gordon Pty Ltd	Holder of EPM 12965, 15678, 16960, 11546, 12306 and ML 5469, 5470 which is adjacent to the Project. Will also be sharing the use of the access road from the Barkly Highway and pass through Mt Gordon Mine area.	PO Box 2543 Mt Isa QLD 4825 Ph: (07) 4748 9933
Mt Isa Metals Limited	Holder of EPM 18217 which is adjacent to the Project.	Ms Ann Ledwidge Exploration Manager c/- Mining Tenement Services GPO Box 215 Brisbane QLD 4000
ACN 076 289 097 Pty Ltd	Holder of EPM 16241 and 11672 which is adjacent to the Project.	Receiver and Manager Appointed Gary P Doran and David F Lombe c/- HEMTS PO Box 13071 George Street Post Shop Brisbane QLD 4003
Mount Isa City Council	Local government in jurisdiction over the project area.	23 West Street Mt Isa QLD 4825 Ph: (07) 4747 3200

5.3 INTERESTED PARTIES

The following definition of interested persons has been taken from the *QEPA Guideline 12 – The EIS Process for Non-Standard Mining Projects*.

“Interested persons are defined as persons nominated by the proponent that have an interest in the Project. Interested persons may include a local community progress association, a local/state/national environmental action group, and affected land users other than land holders, any person who might have a substantial interest in the project or its impact”.

Interested persons for the Project may include, but not be limited to, the following groups as stated in Table 7.

Table 7 Interested Parties

Name of Affected Person, Company or Organisation	Relationship to Project	Contact Details
Commonwealth Government		
Department of the Environment, Water, Heritage and the Arts (Commonwealth)	Department responsible for a range national environmental protection and conservation of Biodiversity matters.	GPO Box 787 Canberra ACT 2601 Ph: (02) 6274 1111
State Government		
Mrs Betty Kiernan MP	State Member of Mount Isa	74 Camooweal Street Mt Isa QLD 4825 Ph: (07) 4743 5149
Department of Main Roads North West District	Department responsible for roads, future roads and upgrades in the North West Region	PO Box 338 Cloncurry QLD 4824 Ph: (07) 4769 3244
Queensland Transport	Department responsible for management of Queensland's transport system.	Director General Queensland Transport PO Box 673 Fortitude Valley QLD 4006
Queensland Abandoned Mine Lands Program	Department of Employment, Economic Development and Innovation group responsible for managing abandoned mines.	Mr Oskar Kadletz PO Box 1752 Townsville QLD 4810
Department of Communities: Aboriginal and Torres Strait Islander Partnerships (Mt Isa)	Administers agreements and partnerships	52 Miles Street Mount Isa 4825 Phone: (07) 47447333
Department of Communities: Community Capacity and Service Quality	Liaison with local Indigenous groups	Suite 5b, Isa House Cnr Camooweal and Mary Street, Mount Isa 4825 PO Box 1549 Mt Isa 4825 Phone: (07) 4743 3611
Local Government		
Cloncurry Shire Council	Local government in adjacent area	19-21 Scarr Street Cloncurry QLD 4824 Ph: (07) 4724 4100
Community Groups		
Southern Gulf Catchments	Community based natural resource management group of the southern gulf catchments which includes the Project catchment area.	81 Miles Street (PO Box 2211) Mt Isa QLD 4825 Ph: (07) 4743 1888 E: admin@southerngulf.com.au
Birds Australia	An interest in the Gouldian finch that is likely to occur in the area	Suite 2-05 60 Leicester Street Carlton VIC 3053 Ph: (03) 9347 0757

Mt Isa Chamber of Commerce	Serves commercial, industrial and general interests in the north-west region. Can assist with employment issues, economic development and government relations.	22 West Street Mt Isa QLD 4825 Ph: (07) 4743 9881 E: admin@mountisachamber.com.au
Mt Isa Community Development Association	To encourage active participation by community in decisions with a commitment to fostering innovative solutions which address quality of life needs of people living in Mount Isa and communities in the North West of Queensland.	Old Courthouse Isa Street (PO Box 345) Mt Isa QLD 4825 Ph: (07) 4743 9165 E: admin@micda.org.au
Mt Isa Landcare Group	Landcare Groups are autonomous groups of people who collaborate to manage their local environment using local solutions.	PO Box 815 Mt Isa QLD 4825 Ph: (07) 4743 7669
Business		
CS Energy	Possible source of power for the project from Mica Creek Gas Power Station	PO Box 1077 Mailing Distribution Centre Mt Isa QLD 4825 Ph: (07) 4740 0700
Ergon Energy	Potential construction of power transmission line that may supply electricity to the Project	Ergon Energy PO Box 308 Rockhampton QLD 4700 Ph: (07) 4921 6001
CST Minerals Lady Annie Pty Ltd	Possible to share an existing power line and infrastructure to Lady Annie Copper Project	Mr Jay Klopper Exploration Manager PO Box 2029 Mount Isa QLD 4825 Ph: (07) 4748 0000
Xstrata Copper North Queensland	Potential to smelt copper concentrate	Mr Steve de Kruijff Chief Operating Officer Railway Avenue Mt Isa QLD 4825 Ph: (07) 4744 2011
Port of Townsville Limited	Possible port facilities for export of copper concentrate	Mr Barry Holden Chief Executive Officer PO Box 1031 Townsville QLD 4810 Ph: (07) 4781 1500

5.4 STAKEHOLDER ENGAGEMENT PROCESS

Affected and interested persons will be included in the community consultation program for the Project and will be provided with a copy of the Terms of Reference (TOR) Notice and EIS Notice for public comment. The community consultation program will include meetings with affected and interested persons as required. All correspondence with interested and affected persons will be recorded in the



Consultation Register as part of the EIS.

The draft TOR will be released for public comment, and to interested and affected persons, and advisory bodies for at least 30 business days. Anyone can make comments to DERM on the draft TOR. At the end of the comment period, copies of all comments received by DERM will be given to the proponent. Mount Oxide Pty Ltd will then prepare the following:

- A written summary of the comments;
- A response to the comments; and
- Proposed amendments to the TOR as a result of the comments received.

DERM will issue the final TOR.

Mount Oxide Pty Ltd will then undertake the necessary assessments, research and consultations to prepare the EIS. On completion, an EIS Notice will be given to each affected and interested person. The submission period for public comment will be set by DERM and must be at least 20 business days. Copies of the EIS will be made available to all interested and affected persons and Advisory Bodies. DERM will accept all properly made submissions received during the submission period.

Mount Oxide Pty Ltd will then prepare a response to the submissions and make any necessary amendments to the submitted EIS.

DERM will prepare and issue an EIS Assessment Report to Mount Oxide Pty Ltd. This Assessment Report will consider the final TOR, the submitted EIS, all properly made submissions, Mount Oxide Pty Ltd's responses to submissions and the standard criteria in preparing the EIS Assessment Report. The Assessment Report will, among other things, recommend any relevant conditions that will be necessary for the Project to proceed.

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