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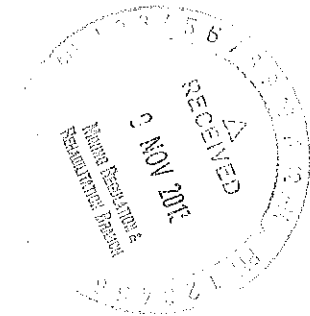


BusinessSA

South Australia's Chamber of
Commerce and Industry

1 November 2013

Mr Mark Howe
Mining Regulation and Rehabilitation Branch
DMITRE
GPO Box 1264
ADELAIDE SA 5001



Dear Mr Howe,

We write to you in relation to the Hillside Mine project being proposed by Rex Minerals (Rex).

Executive Summary:

The long term contribution of the Yorke Peninsula's (YP's) industries to South Australia's economy, particularly cereal cropping and historically copper mining, is well recognised and Business SA is keen to see future industry on the YP, including mining, complement existing industry and help grow the YP's economy to provide more local jobs and boost export and tax revenues for South Australia.

While Business SA, and in particular its YP based members, recognise the potential economic benefits to both the region and the State if the Hillside Mine proceeds, there is unaddressed concern about the current rehabilitation plans and the size of the area which could be permanently lost to cropping, which is the dominant form of the agriculture on the YP.

Business SA encourages Rex to reassess this aspect of the mine's design to ensure there is a long term solution which significantly limits the land lost to prime agriculture. The economic benefits of Hillside mine should be realised but the long term costs of lost agricultural production also need to be mitigated.

There are also some outstanding concerns about impacts of mining on surrounding agricultural operations which Rex may need to provide additional assurances to allay.

Business SA hopes to see an outcome which sees both industries forge ahead for the betterment of the YP and South Australia.

Background:

Business SA has a number of members on the Yorke Peninsula (YP) across various industries and sectors of commerce including, but not limited to, agriculture and agribusiness, manufacturing, mining, transport, construction, hospitality and retail. Given Business SA's diverse membership base on the YP, which is reflective of our membership at large, we are well placed to provide feedback based on the broad requirements of the business community.

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Business SA has surveyed all its YP based members with regards to the proposed Hillside Mine and makes comments below based on the evidence established from our survey:

1. Business SA members recognise the economic contribution, including job creation, which the Hillside Mine will make to the YP and to the State economy at large. This is reflected by 71% of our survey respondents who believe there will be substantial benefit for Yorke Peninsula based businesses from the mine's construction and operations.
2. While Business SA is supportive of mining development across South Australia, and has a large number of exploration and mining members, we are also cognisant of the need for mining to integrate with existing industries and communities, particularly where mines are proposed to be established in regional economies reliant on agriculture.

Primary industries, including Agriculture, account for the largest sector contribution to South Australia's exports while Food and Beverage manufacturing underpins the largest sector contribution to South Australian manufacturing.

While the Yorke Peninsula is South Australia's second largest grain growing region, second only to the Eyre Peninsula, it has an enviable record for rainfall reliability particularly in the centre of the Peninsula.

Business SA's YP members do recognise the potential benefits of the Hillside Mine to their local economy, but they have genuine concerns about the mine's design and the land which will be lost to agriculture following the mine's closure.

From our survey 71% of respondents were concerned about the height of permanent waste rock stacks, forecast to range from 20 to 112m high, while 86% of respondents were concerned about the land on the mine site which would be permanently lost to agriculture following remediation.

Business SA notes from the Federal Government's mining best practice guide 'Landform Design for Rehabilitation', in the South-Eastern States of Australia, any slope over about 8° is unsuited to cropping given the risk of soil erosion if it is regularly cultivated¹. From Rex's proposal, the slopes on the rehabilitated waste rock stacks will range from 10° to 20° which would appear unsuitable for cropping. If Rex has evidence to the contrary about the success of cereal cropping on slopes of the nature it is proposing for the Hillside Mine's waste rock stacks, this should be made public.

Given the nature of concerns about the potential for land to be permanently lost to agriculture, and that cropping is by far the dominant and highest yielding form of agriculture on the Yorke Peninsula, Rex may need to revisit the mine's design to ensure the area lost to cropping is as limited as possible.

While Business SA acknowledges there may be significant costs involved in backfilling the pit void, all costs of rehabilitation, including any changes to the waste rock stack design must be balanced against the long term interests of the surrounding region's economy. While there is considerable economic benefit to be gained from the Hillside Mine over its 15 year life, the land on which it is to be constructed can be used for cropping in perpetuity and it is not unreasonable for local business interests to be

¹ Landform Design for Rehabilitation – Department of the Environment 1998

concerned about the post closure impacts on their local economy if such a large proportion of the mine site is no longer suitable for cropping.

3. A majority (57%) of Business SA survey respondents are yet to be satisfied that all steps will be taken to ensure least impact on surrounding agricultural operations during the mine's operations, with a particularly concern regarding dust.

Business SA acknowledges the steps Rex is taking to mitigate dust emanating from the mine site but at this stage, it appears more needs to be done to reassure the local business community of how Rex will in practice ensure this occurs and what procedures will be in place if dust exceeds acceptable levels.

Business SA is also aware that the process of loading copper concentrate, particularly via bulk conveyors, can be quite hazardous unless all appropriate steps are taken to mitigate the risks involved. We note the loading procedures outlined in Rex's proposal are extensive but suggest some additional detail should be provided about how dust will be limited at the loading point and the types of risk management procedures that would be implemented for loading on days of high wind.

While the Ardrossan port no longer exports grain, it is still a major grain receipt site and as Rex correctly notes, cross contamination of grain bunkers would pose a high risk if not properly mitigated.

The State Government has just released its 'Premium Food and Wine from our Clean Environment Action Plan' to bring together the range of projects being delivered across Government and Industry to seize opportunities to expand South Australia's food and beverage industries, build SA's brand nationally and globally, and ensure secure production into the future.

Obviously farmers on the Yorke Peninsula rely on the reputation of their natural environment to market their grain and livestock and need appropriate assurances that all risks to that environment from the proposed mine are being thoroughly mitigated.

4. The majority of survey respondents believe there is an adequately skilled local workforce to provide 60% to 80% of Rex's labour requirements. Business SA notes this aligns with Rex's projections and reinforces the benefits which can be gained from a focus on employing locally. While some businesses do have concerns about losing staff to the mine and the mine driving up local wages, there is also recognition of the flow on benefits of wages funnelling back through local economies.

Should the mine proceed, Business SA suggests that if at all possible, Rex plan any shutdowns so as farmers can take advantage of surplus labour when their seasonal demands are highest.

5. Business SA and its YP members recognise the secondary benefits of infrastructure investments associated with the mine, such as power and water upgrades. South Australia is lacking infrastructure investment, particularly in the regions, and the State Government should be working to ensure that any pathways to getting infrastructure in place for the proposed mine are appropriately supported.

Who we are:

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Should you require any further information or have any questions, please contact Rick Cairney, Director of Policy, Business SA on [REDACTED] or [REDACTED]

[REDACTED]
[REDACTED]
Yours sincerely

[REDACTED]
[REDACTED]
Nigel McBride
Chief Executive Officer
[REDACTED]
[REDACTED]