**FREQUENTLY ASKED QUESTIONS ON THE AUSTRALIAN GRAPHITE PROPRIETARY LIMITED, KOOKABURRA GULLY MINING PROJECT.**

This document is designed to provide information on the Mining Lease granted to Australian Graphite Pty Ltd (Australian Graphite) in the Koppio region on the Eyre Peninsula. The questions and answers provided in this document are based on topics raised through the consultation and assessment process.

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# What has been assessed and approved by Government?

In February 2015, following an extensive period of technical investigations, design, and discussion with many stakeholders including the local community and Government, Australian Graphite lodged a Mining Lease Application, with the South Australian Government, for a mining tenement to support the development of their Kookaburra Gully, graphite mine.

Australian Graphite proposed an open cut mine producing 30,000 – 50,000 tonnes per year of graphite concentrates over a proposed mine life of 7.5 years. The final open pit at Kookaburra Gully would be approximately 100m deep, 700m long and 270m wide.

On June 3 2016, after a detailed assessment by technical experts working for and within the South Australian Government, the Minister for Mineral Resources and Energy formally offered to Australian Graphite, with conditions, a Mineral Lease (ML) for an open pit mine, a processing plant and waste storage landform.

# What comes next?

Currently, Australian Graphite has satisfied the first of the two stage process in developing a mine. The government has carefully considered the environmental, social and economic impacts posed by the operations, the potential for treatment, through mitigation or management, of those impacts, and whether any residual impact posed by the project is acceptable. Government has consequently offered the mining lease to Australian Graphite with a number of conditions and performance requirements that must be met.

The grant of mining tenements represents the primary mining approval. Before commencing mining operations or preparatory works Australian Graphite are required to develop and submit for approval, within 12 months, a comprehensive operational mining plan called a Program for Environment Protection and Rehabilitation (PEPR) for the Kookaburra Gully mine, and gain an operating licence under the Environment Protection Act.

The PEPR will describe how the conditions and requirements of the mining tenements will be achieved. It will include all of the specific details of any monitoring programs required to demonstrate the mine is meeting the conditions of the Lease.

Australian Graphite will also need to secure access to any land which it requires for operations but does not own, secure funding, employ a workforce of staff and key contractors to support their proposed activities, and pay the required rehabilitation liability bond to government to cover the maximum rehabilitation liability of the site as described in the PEPR.

# How does Government know the mine won’t damage the environment?

The Kookaburra Gully project has been subjected to a comprehensive environmental assessment, considering potential impacts from the mine during construction, operation and post mine completion.

The environmental assessment has used technical specialists from government including the Department of State Development, the Environment Protection Authority (EPA), and the Department of Environment, Water and Natural Resources (DEWNR).

During the public consultation of the project, held for six weeks, 29 submissions were received and many environmental considerations were raised, all of which were considered during the detailed environmental assessment by the government. These considerations include:

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| * Native Vegetation
 | * Noise and Vibration
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| * Weeds, Pests and Plant Pathogens
 | * Soil/Land Disturbance
 |
| * Native Fauna
 | * Heritage
 |
| * Groundwater
 | * Traffic
 |
| * Surface Water
 | * Visual Amenity
 |
| * Air Quality
 | * Public Safety
 |
| * Land Access
 | * Blasting
 |
| * Adjacent Land Use and Protection of Third Party Property
 | * Socio-economic Impacts
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In operation Australian Graphite will be subject to strict regulation, monitoring and reporting including annual compliance reporting (for the life of mine) which will contain the results of monitoring activities to demonstrate that all environmental outcomes have been complied with during the reporting period, and this will be available to the public.

# What if the Kookaburra Gully project changes, or Australian Graphite discovers another potential mine?

The assessment of the Kookaburra Gully project has been undertaken on the scope of work outlined in the proposal. If Australian Graphite propose changes to the scope of works beyond what has been outlined in the mining lease proposal these must go through a separate assessment and approvals process, which would include consultation with the community.

Any proposal to develop another mine on the Eyre Peninsula would require a new Mining Lease Application which would be subjected to the same studies, regulatory approval processes and public consultation processes.

# What happens next?

The process outlined below details the steps that will be undertaken following the grant of the Mining Lease.

1. The Minister (or delegate) made a decision to grant a Mining Lease to Australian Graphite and notified Australian Graphite in writing on 3 June 2016 subject to terms, conditions and requirements of the mining tenement.
2. The Minister has publicly released the Assessment Report and details of the terms, conditions and requirements of grant or refusal which is available on the DSD website at: <http://minerals.statedevelopment.sa.gov.au/mining/mines_and_quarries/kookaburra_gully_graphite_project>
3. The grant of the mining tenements does not give Australian Graphite the right to commence mining operations.  Australian Graphite are now required to prepare a comprehensive and detailed Program for Environment Protection and Rehabilitation (PEPR) for submission to DSD.
4. Mining operations cannot commence until the PEPR is approved and the bond is registered in the Mining Register to cover the maximum mine rehabilitation liability.
5. In addition, mining operations cannot commence on exempt land until Australian Graphite has obtained registered waivers of exemption in accordance with section 9AA of the Act. These waivers would then need to be registered in the Mining Register.
6. Australian Graphite may require approvals under other legislation including various EPA licences and works approvals.  These would also be required to be sought prior to commencing the relevant mining operations.

# How long will mining last?

Australian Graphite’s application for the Kookaburra Gully mine has indicated the resource will provide a mine life for 7.5 years.

The approval that has been offered to Australian Graphite for Kookaburra Gully is for operations and activities described in the mining lease proposal.

Should Australian Graphite propose to significantly modify those operations, then that proposal will also need to meet all of the extensive requirements of the Mining Act and any other relevant legislation.

The grant of mining tenements to Australian Graphite relates to the Kookaburra Gully project as described in the proposal. A term of 21 years has been offered to allow operational planning and post closure rehabilitation.

# Have Australian Graphite secured access to land needed for the Kookaburra Gully project?

The recent grant of the Mining Lease does not permit Australian Graphite any new rights to access land. Australian Graphite will need to either purchase or negotiate a land access agreement including any waiver agreements as required under the Mining Act 1971 before they are able to enter the land to commence mining operations.

Australian Graphite have recently secured access to a significant portion of the land required for the Kookaburra Gully project and have advanced discussions for the remaining land. Prior to the approval of a PEPR Australian Graphite are required to demonstrate that they have secured access to all land required to effectively and efficiently operate the mine.

# What will the landscape look like when it is finished?

A critical component in the assessment of Australian Graphite’s Kookaburra Gully project relates to rehabilitation and mine closure. The proposed lease conditions as well as the PEPR will require infrastructure on site to be removed, the site tidied, the waste rock landforms shaped and re-vegetated for long term stability and visual amenity, and measures put in place to protect public safety.

Government will also be requiring Australian Graphite to provide and maintain a financial bond to cover the full cost to government should Australian Graphite not be able to undertake rehabilitation and mine closure. The level of the bond is reviewed regularly to ensure the liability cost is covered.

The detailed plan outlining the mine closure and rehabilitation process will be provided in the PEPR, and must be developed in consultation with the local community and landholders throughout the life of the mine. Community input in relation to mine closure will be ongoing and critical throughout the life of the mine.

# Can the dust affect crops, livestock or water tanks?

The assessment of the proposed mine by the Department of State Development and the Environment Protection Authority included specific and detailed analysis of dust generated from the site. The conclusion of that assessment is that dust from the mine can be managed in a way that ensures there will be no adverse impact on human health, the environment, adjacent crops or livestock. The relevant management strategies and measurement criteria for demonstrating that this has been achieved must be described in the PEPR.

Australian Graphite will be required to carefully manage potential dust sources, and to evidence successful management through monitoring. Should the monitoring identify conditions that may lead to an exceedance of allowable dust limits, Australian Graphite must implement a range of strategies to modify operations and avoid a breach.

# Isn’t the mine located on agricultural land

The South Australian Government strongly believes that the coexistence of our agriculture, mining, energy, environment, community and other significant land users will continue to support both short and long term prosperity for our State, as it has throughout our history.

In South Australia, the rights of all land users are recognised and their intentions acknowledged and respected. Recognising the importance of this issue, the South Australian Government has taken a lead role in the development of a national Multiple Land Use Framework for maximising the benefits of our land assets for present and future generations of Australians.

Government assessment of all forms of development including mining is merit-based, and considers the benefits and consequences for other land users and the wider community. Comprehensive assessment processes take into account the location of any proposed development, including environmental, heritage, cultural value, commercial and land access issues.

All landholders and broader stakeholders of the Kookaburra Gully Project are strongly encouraged to engage with Australian Graphite in relation to their project.

# Will local landholders have a say in the approval process after the Government’s offer is made?

Australian Graphite will need to prepare a plan in consultation with the community for the safe operation of the mine. This plan is known as a Program for Environment Protection and Rehabilitation (PEPR). It will detail how it will listen to community concerns and achieve the required standards.

Australian Graphite, in direct consultation with the local community, is also required to develop a Community and Stakeholder Engagement Plan committed to in their Mining Lease Proposal. The government expects Australian Graphite to continually engage, communicate and interact with the community over the mine life to address their concerns.

# What if damage is caused to my land, crops or livestock as a result of the mine?

The Kookaburra Gully project has been subjected to a comprehensive environmental assessment of all relevant aspects of the environment, considering potential impacts from the mine during construction, operation and post mine completion.

Once Australian Graphite are authorised to operate the mine they will be subject to strict regulation and monitoring, including the continuous monitoring of dust, noise and meteorological conditions. Reporting of the monitoring results, including dust and noise monitoring, will provide the public the opportunity to validate the mines performance for themselves.

Any damage to neighbouring property that has not been previously agreed between the parties is unacceptable, and Australian Graphite will be required to prevent this from occurring. In the event that damage does occur, Australian Graphite would be required to rectify the damage or provide compensation for that damage.

# How do I get further information? Where do I go?

The full decision including the comprehensive Assessment Report for the Kookaburra Gully project will be made available online by the government at:

<http://minerals.statedevelopment.sa.gov.au/mining/mines_and_quarries/kookaburra_gully_graphite_project>

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