

Statement of Reasons

KGL RESOURCES – JERVOIS BASE METAL PROJECT

PROJECT

The Proponent, KGL Resources (formerly Kentor Gold Limited), proposes to commence open pit and underground mining and ore processing at the Jervois Base Metal Project (the Project), located approximately 270km east-north-east of Alice Springs, NT. The Project tenements have been the subject of historic exploration and mining by various operators since 1929. The current proposal is to mine copper and other base metals from four new and existing open pits and three new underground mines. Ore would be processed onsite using standard flotation to produce copper sulphide concentrate. The concentrate would be transported in truck containers via a haul road and the Plenty and Stuart Highways to the Alice Spring rail terminal. Concentrate would be subsequently transported by rail to Darwin for export.

The Project infrastructure would include workshops, laydown areas, an explosive magazine, offices, warehouses, a laboratory, haul roads, sewage treatment systems, 12MW diesel and/or gas fired power station, powerlines, water storages, an airstrip and accommodation camp. It is estimated that the workforce would peak at approximately 110 staff during full production of underground and open cut operations and would operate on a fly-in fly-out basis.

Areas of previous disturbance would be selected for use in preference to creating new disturbance. For example, the proposed processing plant would be located on the remnant Run of Mine pad and wall, and the existing Tailing Storage Facility (TSF) would be incorporated into the proposed TSF.

The Proponent predicted that the Project would have a mine life of approximately 7 years. This estimate was based on an extraction rate of approximately 2Mt of ore per annum, to produce approximately 250kt of contained copper for the life of the Project.

The Notice of Intent (NOI) for the Project was referred from the Department of Mines and Energy to the Northern Territory Environment Protection Authority (NT EPA) on 25 November 2013 for consideration under the *Environmental Assessment Act* (EA Act).

CONSULTATION

NT EPA staff have reviewed the NOI in consultation with Northern Territory Government (NTG) advisory bodies, as required by clause 8(1) of the Environmental Assessment Administrative Procedures.

JUSTIFICATION

A review of the NOI identified the following potential significant impacts and risks to the environment from the Project:

- Potential impacts on biodiversity from land clearing and mining activities proposed for the Project. Risks and mitigation measures have yet to be adequately addressed, especially in relation to the identification and protection of threatened species yet to be surveyed by the Proponent and in the control of declared weeds.

- Risk to the value status and condition of the Jervois Range Site of Bioregional Significance from the proposed development.
- Risks to the quality of and accessibility/availability to shared regional surface and groundwater resources from the development, operation and closure of the Project. The connectivity of groundwater aquifers, surface water systems and mine components; the sensitivity of the water resources to extraction and disturbance; the potential success of diversion works; water availability and accessibility; and the potential impact on downstream ecosystems and water users for the life of the Project are currently unknown risks.
- Uncertainties exist with regards to the extraction and processing of the ore and associated management of water, tailings and waste streams, including potentially acid forming material. Any disturbance to or contribution of materials to the existing mine components, such as the TSF, has the potential to impact on the geotechnical and geochemical integrity of the existing mine features.
- Increased risk of soil erosion and dust generation from the Project. Soils of the Jervois Ranges are highly sensitive to disturbance and have poor recovery potential once disturbed. Potential areas of high risk include the proposed the TSF, stockpile areas and access tracks.
- The Project is likely to increase demand and/or impact on existing services and infrastructure, including road, railway and air transport networks. NTG advisory bodies identified that the NOI lacked sufficient information to address service requirements; disruptions to services; capacity of current infrastructure to meet the demands of the Project; and appropriate mitigation measures. The increased demand on the transport network has the potential to damage local infrastructure and impact on the safety of transport network users.
- Potential for disturbance to heritage places and objects.
- Potential social, cultural and economic impacts, including the risks of the Project not realising its projected economic and social benefits.

Uncertainty exists around the scope of the Project in relation to the scale, operational factors, timeframes and complexity of all components with respect to the current disturbance and exploration activities, including closure, at the Project. It is essential that adequate assessment of existing and potential environmental impacts and well-defined closure objectives, acceptable to stakeholders, are established at an early stage to ensure proposed future activities do not further impact on existing environmental issues.

DECISION

The NT EPA considers that there is a risk of significant impact to the environment from the proposed action and a number of risks cannot be adequately characterised without further studies and a more comprehensive assessment. Therefore, the proposed action requires assessment under the EA Act at the level of an Environmental Impact Statement (EIS).



DR BILL FREELAND

CHAIR

NORTHERN TERRITORY ENVIRONMENT PROTECTION AUTHORITY

25 FEBRUARY 2014