

1 Introduction and Background

This report assesses the environmental impact of a proposal by Territory Iron Limited to mine iron ore deposits at Frances Creek in the Northern Territory. The site is located 25 km north of Pine Creek, and approximately 30 km south of Mary River National Park, 19 km west of the Kakadu National Park boundary and is in the headwaters of the upper Mary River catchment (Figure 1).

Territory Iron Limited proposes to use open pit mining techniques to mine the iron ore deposit at Frances Creek, and involves re-opening the old Frances Creek Mine. Since the closure of the mine in 1974, the area has had no active rehabilitation as this was not a common standard of practice or community expectation at the time of the disturbance. In particular, stockpiles were not built in a manner conducive to rehabilitation. Territory Iron Limited proposes to expand the mine by developing two new open pits and extending three existing open pits. The installation of a crushing and screening plant and upgrade of existing roads and tracks for road haulage of product is also proposed.

The mine is expected to produce up to 1.5 Mt of product a year with a project life of three years. Several ore bodies would be mined simultaneously to facilitate blending of the material. The ore would be crushed and screened and no chemicals will be used in the process. A new railway siding (Roney Siding) would be constructed adjacent to the Alice Springs to Darwin Railway to allow transport of product to the Bulk Storage Facility at East Arm Wharf in Darwin Port. The iron ore is destined for export by ship to China.

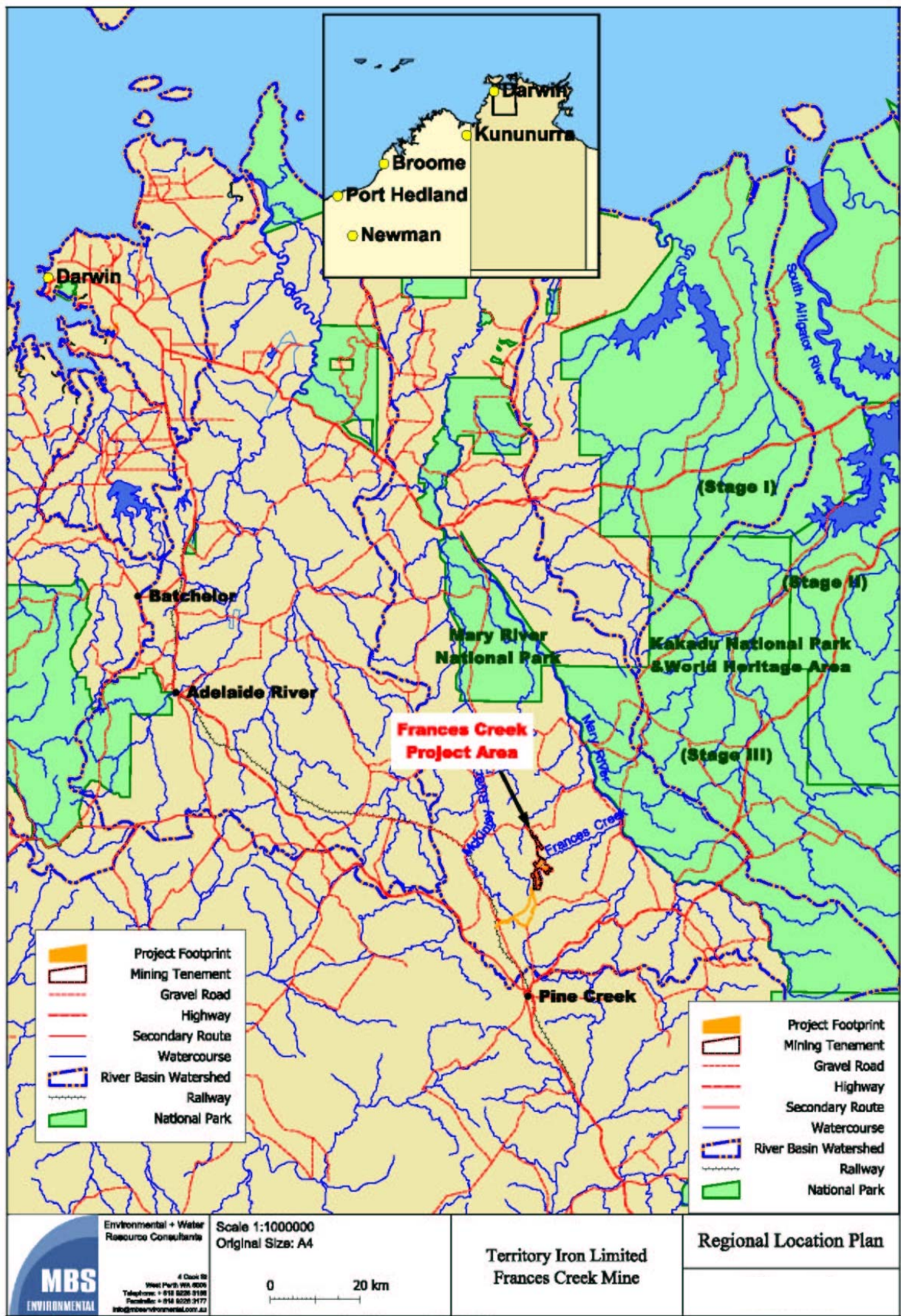


Figure 1: Regional location of the proposed Frances Creek Project (MBS Environmental, 2006a)

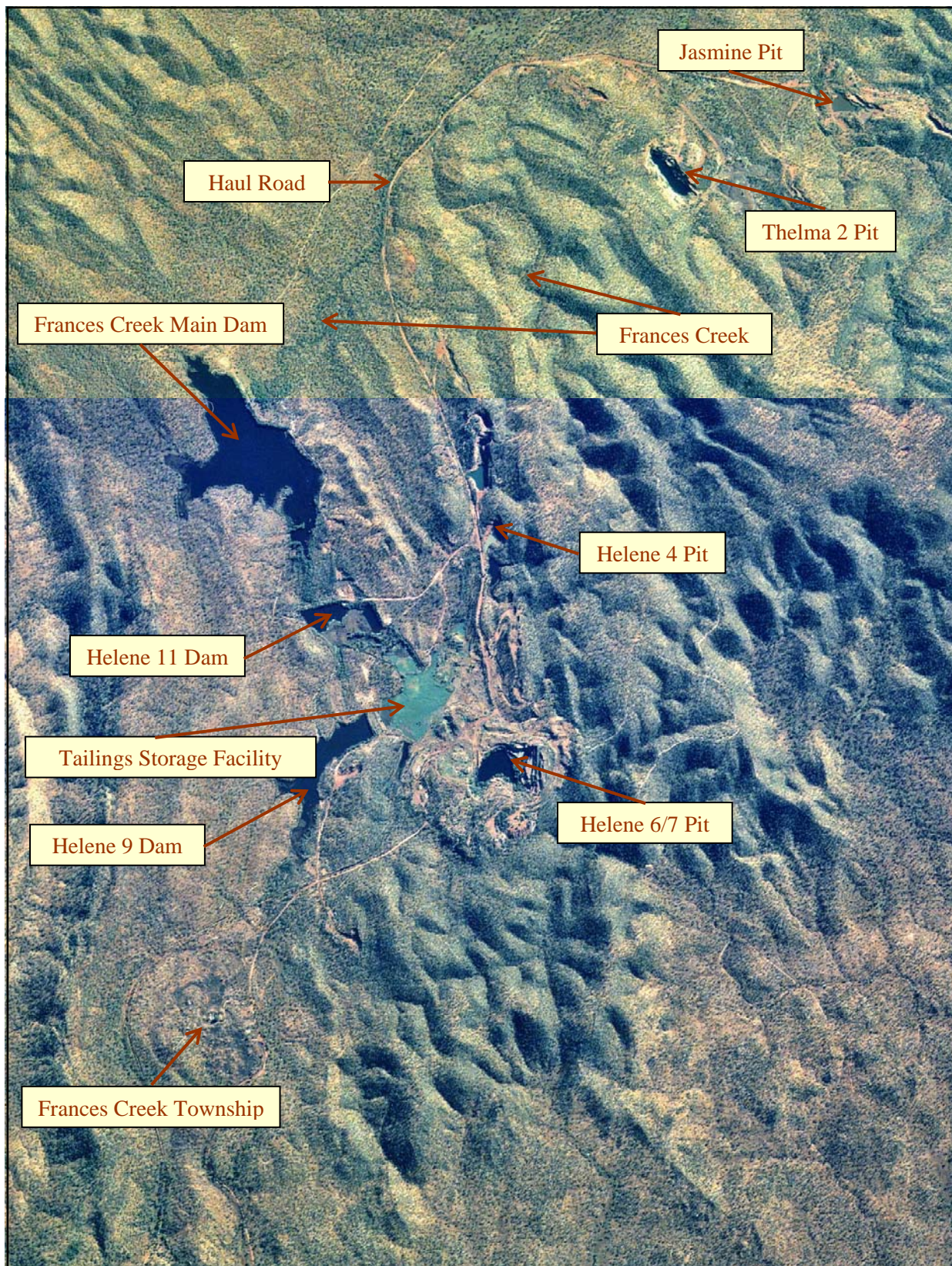


Figure 2: Aerial photo showing historic features of previous mining at Frances Creek.
(Source: Mary River Catchment 16/6/1999 - NTC 1413, Run 10: photo 154 and Run 11: Photo 111).

1.1 Environmental Impact Assessment Process

Environmental impact assessment is based on adequately defining those elements of the environment that may be affected by a proposed development, and on evaluating the significance, risks and consequences of the potential impacts of the proposal at both local and regional levels. This Assessment Report describes the adequacy of the PER and Supplement submitted by Territory Iron Limited in achieving these objectives. The report also evaluates the adequacy of the commitments and environmental safeguards proposed by the proponent in order to avoid or mitigate potential impacts associated with the proposed Frances Creek Project.

Where it is determined through the environmental assessment process that the potential impacts associated with aspects of the proposal can be adequately managed through the strategies presented by the proponent in the PER, these strategies are supported in the Assessment Report. Where it is determined that the potential impacts cannot be adequately managed through the safeguards presented by the proponent, additional safeguards are recommended to ensure that should the proposal be approved, it can proceed in an environmentally acceptable manner. The safeguards may be implemented at various levels within the planning framework of the project and include (but are not limited to):

- Design and layout of facilities;
- Management of construction activities; and
- Management of processes used in operation at the facility (i.e. inputs and outputs).

A list of commitments made by the proponent in the PER and Supplement, in response to submissions from the NT Government and the Australian Government, is provided in Appendix 1. These commitments, along with the recommendations made in this report form the basis of advice to the NT Minister for Natural Resources, Environment and Heritage on the environmental issues associated with the project.

1.2 Environmental Impact Assessment History

Territory Iron Limited lodged a Notice of Intent (NOI) with the Department of Primary Industry, Fisheries and Mines (DPIFM) on 9 November 2005, proposing the reinstatement of mining at Frances Creek. The proposal was referred to the EPA Program in November 2005. On 20 December 2005, the Minister for Natural Resources, Environment and Heritage determined that under the *Environmental Assessment Act* the Frances Creek Project was to be assessed through the PER process.

On 17 January 2006, Territory Iron Limited submitted an *Environment Protection and Biodiversity Act* (EPBC Act) Referral Report to Department of Environment and Heritage (DEH) for the Frances Creek Project. In response to this referral, DEH notified Territory Iron Limited on 17 February 2006 that the Frances Creek Project was deemed a Controlled Action under Part 9 of the EPBC Act and requires approval under the Act. The Australian and NT Governments agreed that the project would be assessed under the terms of the Bilateral Agreement between the Australian and Northern Territory Governments.

Draft guidelines covering issues to be addressed in the PER were developed by the NT EPA Program and Australian Government DEH. The Draft Guidelines were

subject to a statutory 14 day public review period in February 2006. Guidelines for the PER were finalised and issued on 29 March 2006, taking into account submissions and comments from non-government groups and NT Government agencies. The NT Minister for Natural Resources, Environment and Heritage directed the proponent to prepare the PER addressing matters set out in the final guidelines.

Territory Iron Limited submitted a PER on the Frances Creek Project to the NT EPA Program and Australian Government DEH in August 2006. The PER underwent a statutory public exhibition period of 28 days from 11 August to 8 September 2006, with the EPA Program accepting comments up to 15 September 2006. During the public exhibition period, the PER was also circulated to NT Government advisory bodies for review and comment. No public submissions were received. Submissions from NT Government agencies were provided to the proponent at the close of the review period. A list of respondents to the PER and issues raised in their submissions can be found at Appendix 2.

The proponent prepared a Supplement to the PER addressing issues raised in Government submissions. The Supplement was submitted to the EPA Program on 5 October 2006 and was circulated to the NT Government agencies and the DEH for review and comment. Following the review of the Supplement, this Assessment Report was prepared to report on the outcomes of the environmental assessment process, and to make recommendations on the environmental issues associated with the proposal, for consideration by the Minister.

Once the Minister for Natural Resources, Environment and Heritage has considered the findings of this Assessment Report, it will be forwarded to the Australian Government Minister for the Environment and Heritage. The Minister will consider the findings presented in this Assessment Report when determining whether to issue an approval under the EPBC Act. The Australian Government has 30 business days in which to issue an approval once it has received this Assessment Report and a notice issued by the Northern Territory's Minister for Natural Resources, Environment and Heritage, as required under Section 130 (1B) (b) of the EPBC Act.

1.3 Regulatory Framework

The NT Government has jurisdiction over environmental and other legislation relating to the siting, construction and operation of the proposed Frances Creek Project. Approval for the proposed Frances Creek Project is also required under the Northern Territory *Mining Management Act* (2001). Under the provisions of the *Environmental Assessment Act*, the Minister for Natural Resources, Environment and Heritage will inform the NT Minister for Mines and Energy of the findings of the review and assessment of the environmental aspects of the proposed action.

As the proposal is deemed a controlled action under the EPBC Act, approval will be required from the Australian Government Minister for the Environment and Heritage (or his delegate).