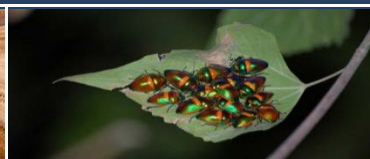




Appendix K3 Stakeholder Consultation Report



Sherwin Iron (NT) Pty Ltd
Sherwin Creek Iron Ore Project
Environmental Impact Statement



2013



Stakeholder Consultation Report

1.0 Stakeholder Consultation Overview

Sherwin Iron has undertaken a comprehensive stakeholder consultation process as part of the environmental impact assessment process for the Sherwin Creek Iron Ore Project (the Project). The engagement strategy is structured around four important cornerstones of Corporate Social Responsibility, which are applied across all of Sherwin's operations. These are:

- *Community engagement*: through which strong and sustainable relationships with local and regional communities and groups are built via direct and transparent communication. The region contains a large indigenous population, which means Sherwin Iron has placed a special focus on indigenous communication. This is done by listening to traditional Aboriginal owners and implementing work-based systems designed to overcome cultural barriers.
- *Workforce development*: through a strong commitment to train, educate and employ local people and in consultation with local communities, Sherwin Iron's action plans are developed so they ensure culturally appropriate effective education and training is available. This allows local people to make the most of employment opportunities at Sherwin's operation.
- *Business development*: Sherwin Iron seeks to build capacity at community and regional levels communities by assisting with development of sustainable businesses to provide goods and services to its operations, without impacting on their availability at community level.
- *Community investment*: Sherwin Iron invests in projects that support community initiatives in development, education and literacy, youth, health and wellbeing.

With these as its cornerstones, Sherwin Iron considers its consultation and engagement process complies with best practice principles for public participation issued by the International Association for Impact Assessment (Andre et al, 2004). Sherwin Iron believes this provides a solid foundation for quality outcomes and a strong basis development of sustainable, enduring and positive social relationships well beyond the life of its operations.

1.1 Stakeholder Consultation Objectives

The comprehensive consultation programme undertaken by Sherwin iron has four key objectives, which are designed to provide community members and key stakeholders with a range of opportunities to interact positively with the mine. These include:

- opportunities for all stakeholders to participate in and contribute to discussions; and to provide suggestions and advice with respect to the Project and its overall management;
- opportunities for Sherwin Iron to obtain input and feedback that can be fed into the decision-making process through the heritage management and environmental impact assessments;
- a mechanism through which stakeholder issues and concerns can be captured and responses made during the development of the Project and its formal reporting phases; and
- an opportunity to inform people about Sherwin Iron and the Project, including its goals and objectives as they relate to the individuals, communities and the region.

1.2 Key Stakeholders

Sherwin Iron has consulted with a broad range of stakeholders to provide information about the Project and to establish open and ongoing dialogue that addresses public interests, risks and concerns in relation to production and transport of iron ore. The following sections describe key consultation groups and activities undertaken for the Project.

Key stakeholders are those that may have a major impact on development of the Project (e.g. through provision of crucial services) or may be affected by the Project (e.g. landowners). Key stakeholders for the Sherwin Creek Iron Ore Project have also been identified during the development of the Project from its inception and as a result of the Economic and Social Risk Assessment process. They are largely restricted to those people living and working within a 110km radius of the proposed mine, as identified below in Table 1.

Table 1: Key Stakeholders Consulted

Interest Group	Key Stakeholders
Traditional Aboriginal Owners and Representatives	Alawa and Mumbaliya (Namumardidi) traditional owners; Northern Land Council
Local Communities	Badawarrka, Jilkminggan, Minyerri, Urapunga and Ngukurr
Pastoral (Cattle) Industry	Mt McMinn, Big River, Lonesome Dove, Namu-Namul, Flying Fox, Moroak Stations; Cattlemen's Association
Northern Territory Government	Department of Lands and Planning; Department of Mines and Energy; Environmental Protection Authority
Local Government	Roper Gulf Shire
Non-Government Organisations	Environment Centre of the Northern Territory; Yugal Mangi; Alawa Corporation

1.2.1 Traditional Aboriginal Owners

The Alawa and Mumbaliya (Namumardidi) people of the Roper Gulf Shire region are the original inhabitants of the land where the Project is located. On 25 October 2001 the Alawa and Mumbaliya people formally claimed attachment to the land and connection to country through lodgment of the Chatterhoochee-Mt McMinn Native Title Claim (number DC2001/064). The claim has yet to be determined, but Sherwin Iron is obliged to undertake consultations as part of the claimant's 'Right to Negotiate' a mining agreement.

The Northern Land Council (NLC) is the prescribed body corporate for the Alawa and Mumbaliya (Namumardidi) people.

Sherwin Iron has undertaken consultation about the Project with Native Title claimants through the NLC as required by the Native Title Holder's 'Right to Negotiate'. Through this process both parties are required to negotiate terms, to discuss potential environmental and social impacts, to resolve issues and reach suitable compromises where appropriate.

In the spirit of the Agreement, Sherwin iron has continued to engage and consult with the Alawa and Mumbaliya (Namumardidi) through the NLC. In general terms this has included: community visits; routine mine site visits and inspections by traditional Aboriginal owners; and the establishment of a Liaison Committee. Consultations have included discussion about the operational aspects of exploration at the Project, including road maintenance, land clearing on site, bulk sampling and management of cultural heritage. Other discussions have evolved around the development of long-term sustainable businesses to be owned and operated by traditional Aboriginal owners.

Sherwin Iron and the NLC are currently finalizing a Regional Agreement that will apply to exploration and mining at the Project and later, on other areas of mineralization on nearby areas of land that are subject to either the *Native Title Act 1993*; or the *Aboriginal Land Rights (Northern Territory) Act 1976*. The Agreement will include mechanisms through which the matters raised during the negotiation process (e.g. business development) may be resolved.

1.2.2 Local Communities

The four major communities affected by the Project are Ngukurr, Minyerri, Urapunga and Jilkminggan. The bulk of the local Aboriginal populations reside in these communities, however smaller outstations also exist at Badawarrka, Mole Hill and Kewulyi. Although more distant communities of Mataranka, Katherine, Borroloola and Numbulwar are contained within the Roper Gulf Shire, they will not be directly impacted by the Project's operations and consequently they were not visited.

Sherwin Iron has undertaken numerous community visits to consult with traditional Aboriginal owners and other affected Aboriginal groups since 2010. Sherwin Iron representatives, independent consultants and representatives of the NLC have been present during consultations to discuss various aspects of the Project primarily related to the Regional Agreement, but which are also important parts of the environmental impact assessment process.

In August 2013, additional targeted consultation was undertaken by two company representatives with other community residents of Ngukur, Minyerri, Urapunga and Jilkminggan, who were not directly involved in Agreement negotiations. These included community service providers, such as health service managers, shopkeepers, local businesses operators and community administrators.

These consultations served two purposes:

- to identify any additional issues and address the communities' concerns about potential social and health impacts arising from the project; and
- to allow Sherwin Iron to identify appropriate strategies to enhance the positive impacts and minimise the negative impacts of the Project on these community members.

1.2.3 Pastoral (Cattle) Industry

The Pastoral (Cattle) Industry has a long history of being an important contributor to local and regional economics. A list of regional cattle stations that may be impacted by this Project is provided in Table 1. This Project is located wholly on Mt McMinn Station, however other deposits that may be accessed in the future are known to exist on Big River, Hodgson Downs and Namul-Namul. Separate consultations will be held with managers of these stations, should mining of these additional deposits be sought. Other stations in the region will only be slightly impacted by the transport of ore along the Roper and Stuart Highways.

Two representatives of Sherwin Iron met with station managers in August 2013 to better understand the industry's concerns with the Project. Only four managers were available at the time – at Mt McMinn, Flying Fox, Hodgson Downs and Moroak. The main focus was placed on Mt McMinn station, where the Project is located. A number of interests raised at Mt McMinn Station (e.g. additional watering bores and access roads) represent activities that may be considered by Sherwin Iron as part of its package of proposed beneficial outcomes for the region. These are discussed in greater detail in section 1.4 of this report.

1.2.4 Northern Territory Government

Sherwin Iron has met extensively with Northern Territory government departments and agencies involved in assessing the Project since its inception in 2009. Through these meetings Sherwin Iron has provided information about the proposed development; heard concerns or interests these agencies have in aspects of the Project; and modified the proposal, where practicable, to respond to these concerns.

Particular focus has been placed on operational safety, especially those linked to transport of iron ore to the Port of Darwin. As a result, Sherwin Iron and the Northern Territory Department of Lands and Planning are currently discussing several transportation arrangement options, including a proposal to upgrade the Roper Highway.

1.2.5 Local Government

The Roper Gulf Shire manages local government functions in and around the Project area. This includes provision of utilities and services to communities; road maintenance and administration of Territory Government projects related to the area. In August 2013, a representative of the company travelled to Ngukurr to discuss the potential impacts of the Project on local government functions within the region. The key purpose of the engagement was to meet local government representatives, to understand and address their concerns and interests in the Project and its potential for providing community and regional benefits.

1.2.6 Non-Government Organisations

Non-government organisations are those that provide a platform for special interest groups to express a social opinion. Typically they represent the general population on a general range of matters associated with the environment or social reform. In the Project area, this includes community based associations and the Darwin-based Environment Centre of the Northern Territory.

Representatives of Sherwin Iron met with the CEO of Yugal Mangi in Ngukurr and members of the Alawa Council in Minyerri in August 2013. Both community associations provided Sherwin Iron with a comprehensive appraisal of their work and discussed a number of ongoing projects in which it is involved. Yugal Mangi outlined a number of resources (training facility, concrete batching plant and access to equipment) that it might be able to apply to the Project if required. Fewer options are available at Minyerri, but it was noted that both Associations are keen to be involved with Sherwin Iron as the Project develops. This led to discussions focused on a number of business opportunities that could be of mutual benefit to the associations and to Sherwin Iron.

A representative of Sherwin Iron met with a representative of the Environment Centre of the Northern Territory in Darwin in September 2013. The discussion focused on the risk of production of acid metalliferous drainage (AMD), transport of ore along the Roper Highway and the possibility of utilizing renewable energy resources during operations to create a positive future legacy. The possibility of minimizing greenhouse gas emissions during development of the mine through use of biofuels was raised, along with the potential for creating biodiversity offsets through the purchase of pastoral leases for joint management with traditional Aboriginal owners.

1.3 Engagement and Communication Mechanisms

Sherwin Iron's stakeholder consultation process used a number of engagement and communication mechanisms to both supply and gather data. The preference was for direct, face-to-face communication, however, the full range of consultation mechanisms used is summarised in Table 2.

Table 2: Stakeholder consultation mechanisms

Mechanism	Description
Public Review of EIS Documents	Sherwin Iron first submitted a notice of intent to mine to the Department of Mines and Energy in 2012. The NTEPA assessed the Project at EIS level and released guidelines for the EIS to a two-week public review period. Following consideration of public submissions received, Final guidelines were issued to Sherwin Iron in June 2013. Further public submissions are anticipated following release of the EIS for comment in late 2013.
Negotiations with traditional Aboriginal owners	As required by the 'Right to Negotiate' process, Sherwin Iron has held ongoing group consultations with affected Aboriginal people in collaboration with the NLC. These have been ongoing since 2009.
Site visits by traditional Aboriginal owners	Following identification of a major resource, bulk-sampling activities commenced in mid 2013. Traditional Aboriginal owners visit the site to inspect and discuss works with Sherwin Iron on a monthly basis.
Government Stakeholder Briefings	Regular briefings and discussions are held with Northern Territory government departments and audits and inspections held to demonstrate progress of the Project and discuss any additional issues that might arise.

Table 2: Stakeholder consultation mechanisms (continued)

Targeted Consultations	A series of face to face consultations were held with other community members and stakeholders to identify specific issues and opportunities for social and community development. These especially included potential impacts on tourism, pastoralism and other regional industries and services.
Media Releases	Numerous releases to the media that address topics related to progress of the Project and its development have been prepared and made.
Sherwin Iron Website	Sherwin Iron has established a website that covers all of its operations including this Project. The site hosts copies of all publicly available information and provides an email platform for the public to raise issues directly with the company.

1.4 Perceived Project Issues and Impacts

Consultation and engagement with stakeholders aims to ensure that all issues and impacts that may occur or be perceived to occur as a result of the development are identified and hopefully predicted. This allows the company to prepare plans and develop actions appropriate to successful resolution of these issues. A summary of the key issues identified by regulators and community stakeholders during the consultation process is provided in Table 3 and discussed in the following sections.

Table 3: Summary of stakeholder issues

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As shown in Table 3 a wide range of issues were raised during the consultation process and these have been loosely grouped according to five basic categories. Outcomes of the consultations are discussed briefly below and have been used to inform the Economic and Social Impact Assessment (ESIA) and assist with development of the Provisional Social Impact and Cultural Heritage Management Plans.

1.4.1 Safety Issues

Road safety: the potential for accidents caused by an increased volume of heavy vehicles (triple and quad ore trucks) travelling on the Roper Highway was the most common and frequently raised issue. Many respondents believe that the potential for serious accidents exists and will be compounded by the narrowness and poor state of maintenance of the Roper Highway and the onset of the wet season. Accordingly, Sherwin Iron has recognised this as a matter of utmost priority and has already commenced civil construction works required to stabilize the road shoulders prior to mining.

Mine safety: in addition to issues related to transportation of ore, the development of heavy industry poses risks to workers engaged at the mining operations. This was reflected in discussions with a number of stakeholders as it has ramifications at government level and may result in flow-on impacts to community and health services and the company's emergency preparedness. Accordingly, Sherwin Iron has recognised this also as a matter of utmost importance.

1.4.2 Sustainability Issues

Energy Futures: the potential for Sherwin Iron to be a contributor to the long-term energy needs of communities close to the Project was raised. It was suggested that the company should determine to leave a positive future energy legacy to the region by investing in alternative energy sources (e.g. solar, biofuels and/or hybrid systems) for its operations. This could result in an immediate decrease in carbon emissions and encourage development of non-fossil fuel based energy production systems across the region. Discussions revealed that research into growth and manufacture of biofuels at Ngukurr is expected to commence in 2014 and this might serve as a platform for investment by Sherwin Iron.

Water Futures: potential contamination of groundwater and the water requirements of the mine, especially if it moves to beneficiation of lower grade ore, were important concerns particularly at Mt McMinn station where there appears to be a shortage of high quality groundwater. It was also suggested that if Sherwin Iron needed to construct a dam to meet its water needs in the future, that the dam could be used as a potable water supply for local communities once mining was completed.

Community Futures: there was considerable general discussion about the need to create self-sustaining communities that exist long after the mine has ceased to operate. Sherwin Iron agrees that leaving a positive long-term legacy of this nature through development of appropriate infrastructure and business development is an important aim of its operations. Further discussions with respect to individual processes that might aid in developing community futures were held and are summarized below.

1.4.3 Human Resource Issues

Employment and Training: Opportunities for employment were an important topic raised by a number of key stakeholders. The presence of a large mine in the region is seen as an effective drawcard for skilled workers and an opportunity to reduce the high employment levels currently experienced across the region. Many people expressed interest in obtaining training and employment on the mine, however it is noted that training needs to meet cultural needs and employment needs to be guaranteed once training has been completed. There is an expectation that Aboriginal people will receive wages and conditions commensurate with those other employees and this may need to be tempered with the realization that extensive training will be required before this can be achieved.

Business Opportunities: Stakeholder consultations revealed that business opportunities that are potentially of mutual benefit to stakeholders and the mine exist. This includes availability of existing equipment and services (as listed in the ESIA) and the potential for development of local Joint Venture arrangements or subcontracting opportunities with businesses already providing goods and services at community level. Sherwin Iron is conscious that successful development of viable businesses of this nature will go a long way towards increasing the likelihood of sustainable futures being generated for nearby communities.

Tourism Opportunities: Tourists were not specifically consulted during the community consultation programme as most of the regional tourism ventures are too distant to be directly impacted by the Project. However, Yugal Mangi Corporation provided additional information about the potential for tourism development. This included their vision for management of tourist trails in the south-east Arnhem land region, which would have potential to significantly increase tourist traffic using the Roper Highway.

Community deskilling: some community service providers raised the concern that, while they welcomed the opportunities for employment that would be offered to local Aboriginal people, their own community businesses may be threatened by the loss of the better workers to the mine. Interest was expressed in the potential to work with Sherwin Iron to develop systems that would also allow school-leavers and those not successfully employed by the mine to be better trained in terms of service delivery skills at community level.

1.4.4 Social Service Issues

Provision of goods and services: the potential for the Project to place an excessive drain on availability of goods and services to communities was not raised as a concern during stakeholder discussions. Community store managers believed that the systems in place were robust and could be expanded as required and would welcome the opportunity to service or subcontract to the Project.

Health services: the consultation process revealed that community health services at Ngukurr and Minyerri, although small, appeared capable of handling an emergency at the mine, should one occur. Services would be stretched and in the event of an emergency, the community may need to forego its health services for a day, but local health service providers are integrated into a wider Northern Territory system and can draw upon its services if necessary. However, there appears to be a shortage of and need to upgrade some vital equipment at both Ngukurr and Minyerri, rendering both clinics less effective than they could be.

Money Management: there was a lot of discussion about what the influx of increased availability of disposable income at community level might mean. Topics raised included criminal activities (see below), improved choices, localized inflation and 'carpet-bagging' and how these matters could be controlled. It was generally felt that many Aboriginal community members did not have the skills necessary to manage their money well and that this could result in serious problems should the amount of money coming into communities be large.

Crime: most of the discussion about crime-related matters revolved around drugs and alcohol and the propensity for this to increase as more people obtained employment and the quantum of disposable income across the community increased. Concerns were also raised that the presence of a wet-mess at the mine site may also provide an additional source of alcohol to nearby communities.

1.4.5 The Environment

Natural Environment: Few concerns were raised about direct environmental impacts. Those raised relate to the potential for generation of large amounts of dust by mining activities, potential for groundwater and surface water to be contaminated and loss of some of the landscape's aesthetic appeal. However, changes to the landscape were not considered to be of major importance, providing that the land was left accessible and useful once mining was finished.

Other matters raised included the suggestion that Sherwin Iron should investigate purchasing one or more of the marginal cattle stations in the region and using them as a potential environmental offset, or develop them as a nature conservation zone to help protect the Roper River. Matters related to offsets through the development of low-carbon energy futures have previously been outlined.

Cultural Environment: Members of the Alawa and Mumbaliya (Manumardidi) clan groups expressed concern that aspects of their culture are dying out and expressed an explicit desire to preserve them. While they do not link cultural loss directly to the Project, the company's presence may be seen as exacerbating the problem. However, the company's presence is also recognised by clan members as an opportunity to assist with developing programmes to help with protection of culture. Four important, specific concerns that were raised are:

- loss of language;
- loss of access to land for activities such as hunting and gathering;
- impact on and change to the landscape; and
- protection of cultural materials, particularly rock art.

1.5 Ongoing Engagement

The stakeholder consultation process described in this report is the first step in an on-going process designed to ensure that robust, sustainable and positive relationships are built and maintained between Sherwin Iron and its key stakeholders. Although a wide range of issues have already been raised, it is anticipated that numerous others will become apparent as the Project progresses. For this reason, it is important that Sherwin Iron maintains dialogue with its stakeholders to ensure its management plans continue to be relevant and current.

As part of its ongoing management of stakeholder relationships, Sherwin Iron will continue to undertake engagement and consultation activities with stakeholders throughout all stages of the Project to identify ~~any and all~~ ongoing impacts and concerns. At Sherwin Iron, ongoing engagement is proactive and will be driven in the first instance through the Stakeholder Engagement Management Plan (attached as part of the wider Social Impact Management Plan). Communication mechanisms identified in Table 2 will continue to be implemented, with a preference for direct, face-to-face contact wherever possible.

During operations, ongoing engagement will primarily take the form of:

- Liaison Committee meetings with traditional Aboriginal owners and their representatives;
- Annual meetings with other stakeholder groups (especially pastoral stations and community association);
- Continued site visits by traditional Aboriginal owners;
- Occasional site visits by other community members and residents; and
- Regular inspections and audits by the Northern Territory Government.

Two-way communication between stakeholders and Sherwin Iron will be actively encouraged through the company website over the life of the Project. In addition, the wider public will remain informed of progress and activities at the Project through the company's media releases, annual sustainability and other reports.

