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Published on: 9 January 2017

Statement No. 1052

STATEMENT THAT A PROPOSAL MAY BE IMPLEMENTED
(*Environmental Protection Act 1986*)

CYCLONE MINERAL SANDS PROJECT

Proposal: Develop and operate the Cyclone Mineral Sands Mine, including open cut pits, mining and processing infrastructure, airstrip, accommodation camp, bore fields, and haul road from the mine site to the Forrest rail siding.

Proponent: Lost Sands Pty Ltd (Wholly owned subsidiary of Diatrema Resources Limited)
Australian Company Number 101 269 747

Proponent Address: Level 2, 87 Wickham Terrace
SPRING HILL, QLD 4000

Assessment Number: 1970

Report of the Environmental Protection Authority: 1575

Pursuant to section 45 of the *Environmental Protection Act 1986* it has been agreed that the proposal described and documented in Schedule 1 may be implemented and that the implementation of the proposal is subject to the following implementation conditions and procedures:

1 Proposal Implementation

1-1 When implementing the proposal, the proponent shall not exceed the authorised extent of the proposal as defined in Table 2 in Schedule 1, unless amendments to the proposal and the authorised extent of the proposal have been approved under the EP Act.

2 Contact Details

2-1 The proponent shall notify the CEO of any change of its name, physical address or postal address for the serving of notices or other correspondence within twenty eight (28) days of such change. Where the proponent is a corporation or an association of persons, whether incorporated or not, the postal address is that of the principal place of business or of the principal office in the State.

3 Time Limit for Proposal Implementation

- 3-1 The proponent shall not commence implementation of the proposal after five (5) years from the date on this Statement, and any commencement, prior to this date, must be substantial.
- 3-2 Any commencement of implementation of the proposal, on or before five (5) years from the date of this Statement, must be demonstrated as substantial by providing the CEO with written evidence, on or before the expiration of five (5) years from the date of this Statement.

4 Compliance Reporting

- 4-1 The proponent shall prepare, submit and maintain a Compliance Assessment Plan to the CEO at least six (6) months prior to the first Compliance Assessment Report required by condition 4-6, or prior to implementation, whichever is sooner.
- 4-2 The Compliance Assessment Plan shall indicate:
 - (1) the frequency of compliance reporting;
 - (2) the approach and timing of compliance assessments;
 - (3) the retention of compliance assessments;
 - (4) the method of reporting of potential non-compliances and corrective actions taken;
 - (5) the table of contents of Compliance Assessment Reports; and
 - (6) public availability of Compliance Assessment Reports.
- 4-3 After receiving notice in writing from the CEO that the Compliance Assessment Plan satisfies the requirements of condition 4-2 the proponent shall assess compliance with conditions in accordance with the Compliance Assessment Plan required by condition 4-1.
- 4-4 The proponent shall retain reports of all compliance assessments described in the Compliance Assessment Plan required by condition 4-1 and shall make those reports available when requested by the CEO.
- 4-5 The proponent shall advise the CEO of any potential non-compliance within seven (7) days of that non-compliance being known.
- 4-6 The proponent shall submit to the CEO the first Compliance Assessment Report fifteen (15) months from the date of issue of this Statement addressing the twelve (12) month period from the date of issue of this Statement and then annually from the date of submission of the first Compliance Assessment Report, or as otherwise agreed in writing by the CEO.

The Compliance Assessment Report shall:

- (1) be endorsed by the proponent's Chief Executive Officer or a person delegated to sign on the Chief Executive Officer's behalf;

- (2) include a statement as to whether the proponent has complied with the conditions;
- (3) identify all potential non-compliances and describe corrective and preventative actions taken;
- (4) be made publicly available in accordance with the approved Compliance Assessment Plan; and
- (5) indicate any proposed changes to the Compliance Assessment Plan required by condition 4-1.

5 Public Availability of Data

5-1 Subject to condition 5-2, within a reasonable time period approved by the CEO of the issue of this Statement and for the remainder of the life of the proposal the proponent shall make publicly available, in a manner approved by the CEO, all validated environmental data (including sampling design, sampling methodologies, empirical data and derived information products (e.g. maps)) relevant to the assessment of this proposal and implementation of this Statement.

5-2 If any data referred to in condition 5-1 contains particulars of:

- (1) a secret formula or process; or
- (2) confidential commercially sensitive information;

the proponent may submit a request for approval from the CEO to not make these data publicly available. In making such a request the proponent shall provide the CEO with an explanation and reasons why the data should not be made publicly available.

6 Haul road - baseline flora and vegetation survey and road design and alignment

6-1 Prior to the commencement of ground disturbing activities the proponent shall prepare and submit to the CEO a baseline flora and vegetation survey plan on advice from Parks and Wildlife.

6-2 The survey plan shall:

- (1) design an appropriate baseline survey to inform the final design and alignment of the haul road, to minimise impacts to conservation significant species and communities;
- (2) identify, describe and spatially define the proposed baseline survey locations and reference/control sites for monitoring and rehabilitation purposes, and provide rationale for the location of the sites;
- (3) describe how the information collected by the baseline survey will provide a suitable basis to monitor impacts to vegetation during operations and to monitor the progress of rehabilitation;
- (4) detail the proposed frequency and timing of the surveys; and

- (5) define information to be collected to inform the setting of completion criteria for the rehabilitation of the haul road.
- 6-3 After receiving notice in writing from the CEO, on advice from Parks and Wildlife, that the baseline flora and vegetation survey plan satisfies the requirements of condition 6-2, the proponent shall undertake the baseline survey in accordance with the survey plan.
- 6-4 On completion of the baseline survey, the proponent shall report to the CEO on the following, within 6 months of completion of the survey or as otherwise agreed in writing by the CEO:
 - (1) completion of the baseline survey in accordance with the survey plan;
 - (2) the results of the baseline survey; and
 - (3) the final design and alignment of the haul road.
- 6-5 After receiving notice in writing from the CEO, on advice from Parks and Wildlife, that the final design and alignment of the haul road is acceptable, the proponent may commence construction of the haul road in accordance with the final design and alignment of the haul road required by condition 6-4(3).

7 Management-based Condition Environmental Management Plans

- 7-1 The proponent shall prepare and submit Condition Environmental Management Plans, in consultation with Parks and Wildlife, following submission of the baseline survey report required by condition 6, which the CEO has confirmed by notice in writing, satisfies the requirements of conditions 6-2, 6-3 and 6-4.
 - (1) prior to the commencement of ground disturbing activities, to demonstrate that the **environmental objective** in condition 8-1 will be met; and
 - (2) within 12 months of the commencement of construction of the haul road or as otherwise agreed in writing by the CEO, to demonstrate that the **environmental objective** in condition 9-1 will be met;
- 7-2 The Condition Environmental Management Plans shall:
 - (1) specify the **environmental objectives** to be achieved, as specified in conditions 8-1 and 9-1;
 - (2) specify risk-based **management actions** that will be implemented to demonstrate compliance with the environmental objectives specified in 8-1 and 9-1. Failure to implement one or more of the management actions represents non-compliance with these conditions;
 - (3) specify measurable **management targets** to determine the effectiveness of the risk-based management actions;
 - (4) specify **monitoring** to measure the effectiveness of management actions against management targets, including but not limited to, parameters to be measured, baseline data, monitoring locations, monitoring methods, and frequency, timing and intensity of monitoring;

- (5) specify and describe methods for **analysis** of monitoring data and evaluation of monitoring results against environmental objectives and management targets;
 - (6) specify a process for **revision** of management actions and changes to proposal activities, in the event that the management targets are not achieved. The process shall include an investigation to determine the cause of the management targets being exceeded;
 - (7) provide the format and timing to demonstrate that conditions 8-1 and 9-1 have been met for the reporting period in the Compliance Assessment Report required by condition 4-6 including, but not limited to:
 - (a) verification of the implementation of management actions; and
 - (b) reporting on the effectiveness of management actions against management target(s).
- 7-3 After receiving notice in writing from the CEO, on advice from Parks and Wildlife, that the Condition Environmental Management Plans satisfy the requirements of condition 7-2 for conditions 8-1 and 9-1, the proponent shall:
- (1) implement the provisions of the Condition Environmental Management Plans; and
 - (2) continue to implement the Condition Environmental Management Plan required under condition 8 until the CEO has confirmed by notice in writing, on the advice of the CEO and Parks and Wildlife, that the proponent has demonstrated the objectives specified in conditions 8-1 and 9-1 have been met.
- 7-4 In the event that monitoring, tests, surveys or investigations indicate exceedance of management targets specified in the Condition Environmental Management Plans, the proponent shall:
- (1) report the exceedance in writing to the CEO within 21 days of the exceedance being identified;
 - (2) investigate to determine the cause of the management targets being exceeded;
 - (3) provide a report to the CEO within 90 days of the exceedance being reported as required by condition 7-4(1). The report shall include:
 - (a) cause of management targets being exceeded;
 - (b) the findings of the investigation required by conditions 7-4(2);
 - (c) details of revised and/or additional management actions to be implemented to prevent exceedance of the management target(s);
 - (d) relevant changes to proposal activities.
- 7-5 In the event that monitoring, tests, surveys or investigations indicate that one or more management actions specified in the Condition Environmental Management Plan have not been implemented, the proponent shall:
- (1) report the failure to implement management action/s in writing to the CEO within 7 days of identification;

- (2) investigate to determine the cause of the management action(s) not being implemented;
- (3) investigate to provide information for the CEO to determine potential environmental harm or alteration of the environment that occurred due to the failure to implement management actions;
- (4) provide a report to the CEO within 21 days of the reporting required by condition 7-5(1). The report shall include:
 - (a) cause for failure to implement management actions;
 - (b) the findings of the investigation required by conditions 7-5(2) and 7-5(3);
 - (c) relevant changes to proposal activities; and
 - (d) measures to prevent, control or abate the environmental harm which may have occurred.

7-6 The proponent:

- (1) may review and revise the Condition Environmental Management Plans, and
- (2) shall review and revise the Condition Environmental Management Plans as and when directed by the CEO.

7-7 The proponent shall implement the latest revision of the Condition Environmental Management Plans, which the CEO on advice of Parks and Wildlife has confirmed by notice in writing, satisfies the requirements of condition 7-2.

8 Haul road design, construction, maintenance and operation

8-1 The proponent shall manage the implementation of the proposal to meet the following **environmental objective**:

- (1) Design, construct and operate the haul road to minimise impacts on flora and vegetation, and terrestrial fauna values of the GVDNR.

8-2 The plan required by condition 7-1 shall include provisions required by 7-2 to manage impacts from the haul road that address the following, including, but not limited to:

- (1) delineating the limits of approved direct and indirect impacts;
- (2) minimising clearing of vegetation through the use of an internal clearing permit system for each section of the haul road, that includes management actions to be taken prior to clearing;
- (3) maximising the potential for rehabilitation success (including topsoil collection and appropriate storage, seed collection, management and remediation (if required) of the soil profile, and rehabilitation trials);
- (4) minimising the disruption of surface water flows to prevent impacts associated with drainage shadows, ponding, and erosion;

- (5) defining the source of borrow and demonstrating that no borrow pits would be located within the GVDNR;
- (6) managing potential impacts of any material that may be imported into the GVDNR;
- (7) managing light, noise and vibration during haul road construction;
- (8) minimising and managing the impacts of dust on vegetation during construction and operation of the haul road;
- (9) preventing unauthorised access to the haul road, to avoid increased access to the GVDNR;
- (10) preventing the introduction of new weeds and spread of existing weeds within the GVDNR during, and as a consequence of, the construction and operation of the haul road;
- (11) managing access of feral animals to the GVDNR during construction and operation of the haul road to minimise impacts to the GVDNR;
- (12) minimising the risk of vehicle strike on native animals;
- (13) fire prevention, preparedness and management; and
- (14) communication protocol with Parks and Wildlife regarding cooperative management of the haul road and the reserve.

9 Rehabilitation of the haul road within the Great Victoria Desert Nature Reserve (GVDNR)

9-1 The proponent shall manage the implementation of the proposal to meet the following **environmental objective**:

- (1) The proponent shall ensure that the haul road is decommissioned and rehabilitated in an ecologically sustainable manner such that the post-haul road environment is ecologically stable, resilient and consistent with the purpose and values of the GVDNR.

9-2 The provisions required by 7-2 for the plan required by condition 7-1 shall include, but not be limited to

- (1) rehabilitation investigations, including trials to commence within 12 months of the commencement of ground disturbing activities or as otherwise agreed in writing by the CEO, to assist in determining the most effective and efficient means to revegetate areas of direct and indirect impact within the GVDNR;
- (2) quantitative completion criteria that address, but are not limited to, landform, soil integrity, percentage cover, abundance, and species diversity of living self-sustaining native vegetation and weeds are developed from information collected during the rehabilitation trials required by condition 9-2(1), and baseline flora and vegetation survey required by condition 6, to the satisfaction of the CEO on advice of Parks and Wildlife;

- (3) management actions to prevent unauthorised access to the haul road during and following the completion of rehabilitation works;
 - (4) rehabilitation management actions to achieve targets for percentage cover, abundance, and species diversity of living self-sustaining native vegetation comparable to that of undisturbed natural analogue sites consistent with the completion criteria required by condition 9-2(2);
 - (5) actions (monitoring and management) required to prevent unauthorised access by people and feral animals following closure; and
 - (6) monitoring of the progress of rehabilitation required by condition 9-2(4) annually for the first 5 years after Operations cease and thereafter at a frequency agreed by the CEO, on advice of Parks and Wildlife.
- 9-3 The proponent shall prepare and submit to the CEO a performance report on the progress of the implementation of the plan required by condition 9-2 every 2 years or at a frequency agreed by the CEO and provide the report to Parks and Wildlife.

10 Offsets

- 10-1 In view of the significant residual impacts and risks to the GVDNR as a result of implementation of the proposal, the proponent shall provide direct funding of \$3,600,000 AUD (excluding GST) to be paid at a rate of \$360,000 AUD (excluding GST) per annum for 10 years following the commencement of operations (as defined in Table 3 of Schedule 1) to Parks and Wildlife or an alternative offset arrangement providing an equivalent outcome as determined by the Minister.
- 10-2 The proponent's contribution identified in condition 10-1 shall be paid annually, the first payment due 18 months after the commencement of ground disturbing activities in the GVDNR.
- 10-3 The **environmental outcome** of the offset contribution is to improve the environmental values of the GVDNR.
- 10-4 The proponent shall prepare an offsets plan to the satisfaction of the CEO, on advice of Parks and Wildlife, prior to the commencement of ground disturbing activities, to demonstrate that the **environmental outcome** in condition 10-3 will be met.
- 10-5 The plan shall specify the following:
- (1) that the offset contribution is for the GVDNR and the area subject to the plan is the GVDNR;
 - (2) details of on-ground management actions, including but not limited to, fire management; biological surveys and weed control; and feral animal management.
 - (3) the funding schedule and financial arrangements including the amount of the offset contribution to be used for purposes including, but not limited to:

- (a) salaries for supervisory and/or operational positions within Parks and Wildlife and funding of external contract positions, for the purpose of carrying out offset activities within the GVDNR;
 - (b) operation costs including vehicles, aircraft time and machine hire; and
 - (c) on-ground management actions, including but not limited to, fire management; biological surveys and weed control; and feral animal management.
- (4) information on how the on-ground management actions required by condition 10-5(2) will be additional to current management activities and work programs for the GVDNR.
- 10-6 To demonstrate that the **environmental outcome** required by condition 10-3 has been met for the reporting period, the proponent shall include evidence, prepared in consultation with Parks and Wildlife, in the Compliance Assessment Report required by condition 4-6 including, but not limited to:
- (1) a description of the allocation of funds;
 - (2) verification of the implementation of the management actions within the GVDNR against the offsets plan required by condition 10-4; and
 - (3) information on the effectiveness of the management actions.
- 10-7 The real value of contributions described in conditions 10-1 will be maintained through annual indexation to the Perth Consumer Price Index, with the first adjustment to be applied to the first contribution and each subsequent contribution to be calculated from the previous year's amount.

[Signed 9 January 2017]

Albert Jacob MLA
MINISTER FOR ENVIRONMENT; HERITAGE

Table 1: Summary of the Proposal

Proposal Title	Cyclone Mineral Sands Project
Short Description	<p>The proposal is for the construction and operation of the Cyclone Mineral Sand Mine 317 km north of Eucla.</p> <p>The proposal includes open cut mine pits, supporting infrastructure (including tailings storage, processing facilities, water storage, offices, accommodation camp and airstrip, construction and operation of a borefield for water supply, and construction and operation of a 240 km haul road through the Great Victoria Desert Nature Reserve from the mine to the Forrest rail siding for purposes limited to mining under this proposal.</p>

Table 2: Location and authorised extent of physical and operational elements

Column 1	Column 2	Column 3
Element	Location	Authorised Extent
Mine and supporting infrastructure	Figure 2	Clearing of no more than 805 hectares (ha) of vegetation within the 1,028 ha Mine Area Development Envelope.
Haul road	Figure 1	<p>Clearing of no more than 467 ha of vegetation within the 2,561 ha Haul Road Development Envelope.</p> <p>The total clearing of 467 ha includes clearing of no more than 306 ha within the Great Victoria Desert Nature Reserve.</p>

Table 3: Abbreviations and Definitions

Acronym or Abbreviation	Definition or Term
CEO	The Chief Executive Officer of the Department of the Public Service of the State responsible for the administration of section 48 of the <i>Environmental Protection Act 1986</i> , or his delegate.
EPA	Environmental Protection Authority
EP Act	<i>Environmental Protection Act 1986</i>
GVDNR	Great Victoria Desert Nature Reserve (class A)
ha	Hectare
OEPA	Office of the Environmental Protection Authority
Operations	Any year or part of a year following the commencement of ground disturbance, including years in which the mine is in care and maintenance, until the haul road is decommissioned.

Acronym or Abbreviation	Definition or Term
Weed	<i>“Weed - Any species (native, or more frequently exotic to a region) “which has the potential to have detrimental effects on economic, social, or conservation values” (ARMCANZ, ANZECC and Forestry Ministers 1997).</i>
Haul road	The section of road constructed by the proponent between the boundary of the Mine Area Development Envelope and the Forrest Rail siding, within the Haul Road Development Envelope as shown in Figure 1.
Parks and Wildlife	The Department of Parks and Wildlife, or the state government agency currently responsible for the management of the Great Victoria Desert Nature Reserve.

Figures (attached)

Figure 1 Haul Road Development Envelope

Figure 2 Mine Area Development Envelope

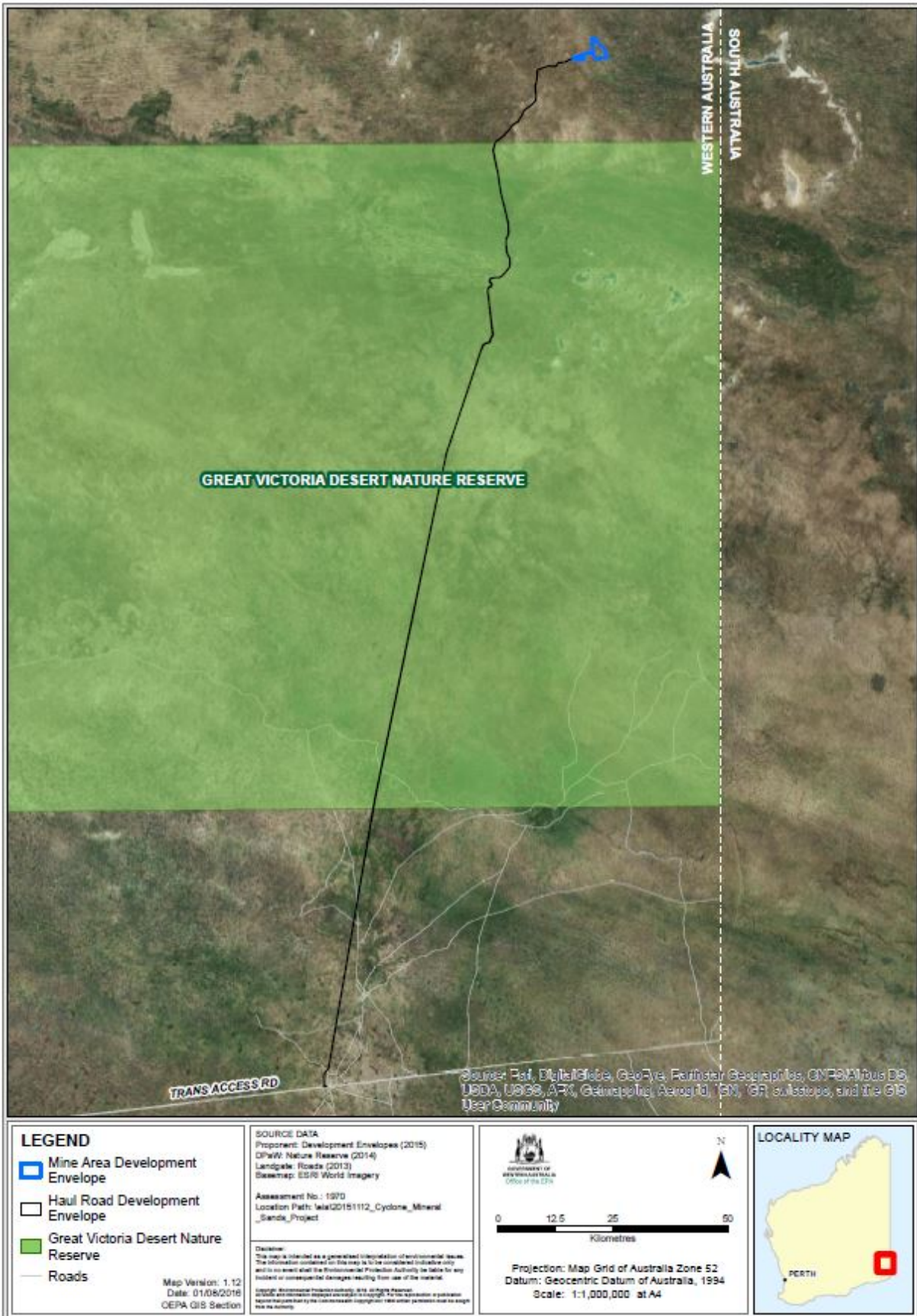


Figure 1: Haul Road Development Envelope

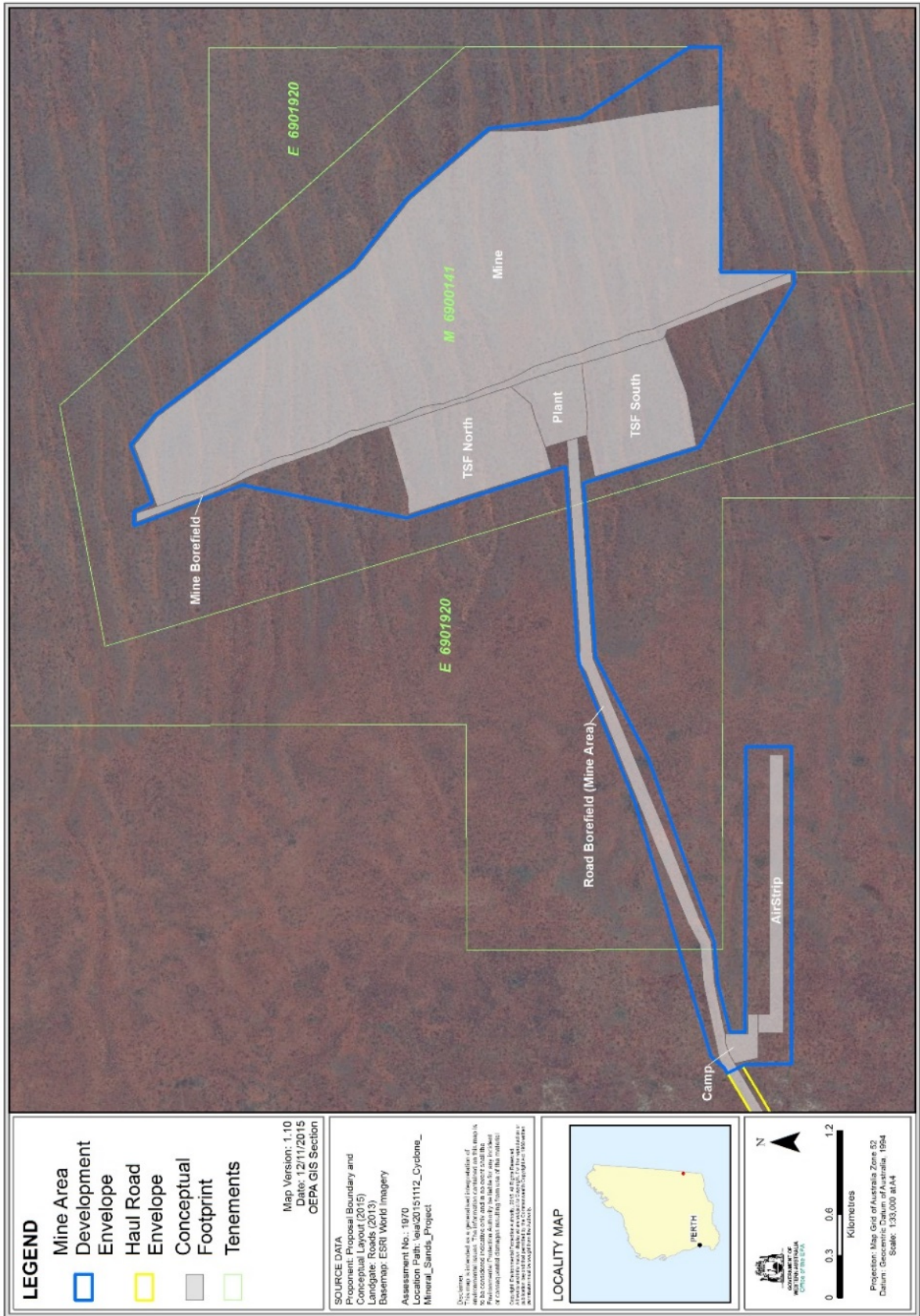


Figure 2: Mine Area Development Envelope

Schedule 2

Coordinates defining the two Cyclone Mineral Sands Project development envelopes are held by the Office of the Environmental Protection Authority:

- Mine Area Development Envelope – Document reference number 2016-1467008015102, dated 27 June 2016.
- Haul Road Development Envelope – Document reference number 2016-1467008014323, dated 27 June 2016.