

Murray Mallee Community Consultative Committee (Mineral Sands)

Summary of Meeting No 7 Held at East Murray Community Centre 10:00 am Wednesday, 22 February 2006

Attendees: Ted Tyne (Minerals & Energy), Garry Wardle (M&E), Margaret Size (DCKEM), Grant Dixon (landowner), Darren Eatts (landowner), John Berger (Mallee Strategic Task Force), Peter Smithson (CEO – DCKEM), Damian Berger (Soil Conservation Board), Gerard Bosch (Australian Zircon NL (AZC)), Peter Hinner (AZC), Andrew Faulding (landowner), Patrick Vowles (landowner).

Apologies: Brenton Lewis (Murraylands Regional Development Board), Mark Bell (Riverland Development Corp), Gale Pfitzner (landowner), Kevin Heidrich (landowner), Kevin Burdett (Mayor - DCKEM).

Ted Tyne, Director – Mineral Resources Group, chaired the meeting and welcomed Patrick Vowles and Andrew Faulding, representing Derrick landowners and also Margaret Size the Deputy Mayor of DCKEM.

1 Minutes

- The distributed minutes of the previous meeting of 3rd August 2005 were accepted without amendment.

2 Business Arising

Action items from the previous meeting.

1. Landowners from Balmoral and Derrick strandlines to be invited to participate on Committee. Representatives present.
2. Public meeting to be held for AZC to present the current status of project to the community.
Action: To remain on Agenda for discussion at the next meeting
3. Committee seeking input into MARP document.
MARP is to be presented to MMCCC at April meeting.
4. The matter of landowner representation was raised as with the change of mining from the Mercunda area to Mindarie area the landowners first affected by mining operations also changes. Should these new landowners be invited to participate in the committee, should totals numbers remain the same, or the committee further expanded?

Action: This matter is to remain on the agenda for discussion at the next meeting.

3 AZC - Mindarie Project update

Peter Hinner and Gerard Bosch discussed the recent developments and future progress.

- AZC shareholders at a meeting on 9th February 2006 approved a Share Purchase Plan to raise \$14m. AZC has an agreement with the Commonwealth Bank for a Senior Debt Facility of A\$47 million and has also executed a MOU with DCM DECOMetal to provide a further \$18 million finance.
- AZC need to satisfy certain criteria, eg locking in contracts and heads of agreement etc, before gaining final approval. This is expected to happen in the next four weeks with AZC shortly thereafter making a public announcement regarding project go-ahead.
- Work has continued on details of funding requirements, negotiation of principal contracts, marketing and engineering studies, permitting approvals and licences with EPA, DCKEM and PIRSA.
- Work is continuing on the Mining and Rehabilitation Program (MARF), which is expected to be submitted to PIRSA by the end of March. The MARF will be available to the Committee for the April Meeting.

Rehabilitation Trials

- Committee members inspected the rehab trial sites on 15th November 2005. Chris McDonough explained methodology and issues impacting on crop yield. A final report discussing results of the program should be available by the next Committee meeting scheduled for April. Yield results to be calculated and included in a report for the April meeting.
- Some of the issues raised include – tyre ruts from heavy equipment on soft ground, compaction/swell factor, the distribution of sodic clays at the surface restricting seed development, hay die and other ailments.
- AZC plans to continue to monitor yield from these areas in the future and conduct further trials. The possibility of additional trials on the same site with different methodology and also trials in sandy soils was raised.
- AZC confirmed landowners/farmers will have a continuing input from day one on rehabilitation programs and any necessary remediation requirements.
- The Chairman briefly explained the next steps in the mining lease approval process-
 - AZC accepts lease offers after financial approval process finalised.
 - The Minister for Mineral Resource Development releases his decision on mining lease rental.
 - AZC submits MARF to PIRSA for approval.
 - PIRSA assess MARF in consultation with relevant agencies.

- PIRSA approves MARP and construction commences.
 - This process runs in parallel with other approval required eg EPA licences, Native Vegetation Clearance etc.
- Mineral Separation Plant approval (DCKEM)
 - Development Application lodged with Council in August 2005. Revisions have been made.
 - EPA licence application submitted.
 - Building approval consent - further detail required by Council before approval. Final development approval of MSP is expected by May 2006.
 - AZC will fund the sealing and straightening of 1.5 km of the Knights Well Road to the MSP site. DCKEM will carry out the work and will schedule the design, construction and sealing with appropriate seasonal conditions.
 - Concerns were raised by several Committee members as to the water usage of the project and the effect that moisture introduced with tailings may have on groundwater salinity. The water allocation approved by DWLBC effectively has an upper limit of 4.3 GL compared to the total annual amount for the Hundred of Mindarie of 2.5 GL. DWLBC assessed all aspects of the proposed impacts on drawdown and salinity prior to approving the application. Water consumption from the project is expected to be in the order of 2.5 – 3.0 GL per annum initially, ramping up to 4.3 GL. Water will be recycled throughout the system and tailings dewatered as much as possible.
Action Item: PIRSA & AZC to liaise with Steve Barnett (DWLBC) and Peter Woods (Parsons Brinkerhoff) to address these concerns at the next meeting.

4 Public meeting to be scheduled following formal announcement on project approval by AZC.

It was decided appropriate to hold a public meeting following the next MMCCC meeting rescheduled for April 10th. The MMCCC meeting is to commence at 5.00 pm and cover the minutes and Action Items and expected to be complete by 6.00 pm when we will break for a light meal.

The public meeting will commence at 7.00 pm and will include a project update by AZC and presentations on rehabilitation and water usage from Steve Barnett (DWLBC), Chris McDonough (PIRSA Rural Solutions) and Peter Woods (Parsons Brinkerhoff) if available.

5 Committee membership.

This issue is to remain as an Agenda item for discussion and resolution at the next meeting.

Damian Berger mentioned the Soil Conservation Board was now defunct and indicated his willingness to continue as a representative of the new Mallee Coorong Natural Resource Management Group if the Committee considered this appropriate.

Action Item: PIRSA to confirm nomination with the Chair of the Mallee Coorong NRM Group.

6 General Business.

Nothing was raised under General Business

7 Next meeting

The next meeting will be held at the East Murray Community Centre @ 5.00 pm on Monday, 10th April 2006, this is to be followed by a light meal at 6.00 pm and Public Meeting at 7.00pm.

Future meetings are planned to follow our original bi-monthly timetable and will be held on the 7th June 2006, 2nd August 2006, and 4th October 2006 with the first meeting for the New Year on the 7th February 2007. These meetings will be held on the first Wednesday of the month.

Meeting closed at 12:00 pm.

Signed.....

Chair

Date...../...../.....