Department of Industry
Resources & Energy

OUT16/24331

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Dear Ms Duncan

Nyngan Scandium Project (SSD-5157)
Review of Environmental Impact Statement

I refer to your email of 25 May 2016 regarding an application from EMC Metals Australia Pty Ltd (the Proponent) for the Nyngan Scandium Project.

The NSW Department of Industry, Division of Resources & Energy (the Division) has reviewed the *Nyngan Scandium Project Environmental Impact Statement*, May 2016.

It is noted that the proposal includes:

- an operation comprising two open cuts utilising free digging mining techniques with extraction occurring on a campaign basis (three times per year proposed) for a period of up to 21 years;
- ore production would be up to 80,000tpa of high grade ore, and up to 95,000tpa of low grade ore;
- the construction of an acid leach processing plant and associated infrastructure to produce 45tpa of scandium oxide which will be transported offsite in 100 litre sealed containers;
- construction of a residue storage facility, water management structures, evaporation pond, levee bunds and water and power (electricity) supply infrastructure;
- ancillary infrastructure including a site access road and an administration area; and
- establishment of a biodiversity offset area located along the eastern edge of the site.

MINERAL TITLES

As scandium is a prescribed mineral under the Mining Act 1992, the proponent is required to hold appropriate mining titles from the Division in order to mine this mineral. The project is within Exploration Licence (EL) 6096 and 8316 and Exploration Licence Application 5232 held by the Proponent. As stated in the EIS the company will need to submit a mining lease application for this project. The proponent should be aware that the project must obtain development consent before a mining lease can be granted.

MINERAL RESOURCE

It should be noted that the global scandium market is very small, estimated at around 5 to 10 tonnes per annum. Historically there has been a lack of reliable, stable and long term production sources which has constrained the commercial application of scandium.

The Division notes that the EIS contains an adequate description of the geological setting of the deposit however, if development consent is granted and a Mining Lease Application is lodged then additional information regarding the geometry of the resource will be required.

Furthermore, the Division notes that without specific information relating to the location and extent of the resource it is difficult to evaluate if the proposed biodiversity offset area would sterilise or preclude access to future potential resources.

REHABILITATION AND MINE CLOSURE

Post-Mining Land Use

- Within the EIS the Proponent has considered several alternative final land uses for the Project Site. These have included the development of another industry to utilise infrastructure associated with the facility. The EIS correctly states that any such proposal will require development consent and possible rezoning of the land; and
- The EIS concludes that the following final land uses for the various Project Site domains will be; Nature conservation (grassland), Water storage/final void, Nature conservation (woodland), and agriculture.

Rehabilitation Objectives, Monitoring and Completion Criteria

The EIS states that rehabilitation activities will be planned and undertaken in accordance with a Mining Operations Plan (MOP) approved by the Division. The EIS lacks any specific detail relating to performance/completion criteria, remediation and rehabilitation monitoring, but commits to compiling this detail fully within the MOP. The EIS however does provide indicative completion criteria for key components of the final landform. These will need to be refined as part of the MOP process under the mining lease to be specific, measurable, achievable, realistic and time bound (SMART).

Rehabilitation Methodology

- Rehabilitation methodologies as described in the EIS, whilst conceptual, are sufficiently detailed to demonstrate the case that sustainable rehabilitation can be achieved. The EIS contains some specific details on methodologies such as capping depth for the Residue Storage Facility and other infrastructure areas. These details are based on specialist studies mentioned in the document. It should be noted that any final decision on specific completion criteria methodologies are to be based on a risk management approach and these must be presented in detail within the body of the MOP;
- The EIS describes the functional domains of the project and in turn proposes satisfactory rehabilitation strategies for these domains; and
- In general other risks on environmental values have been well defined in the EIS and it is considered that they can be effectively managed by conventional mining and rehabilitation techniques as regulated by DRE under the mining lease.

The Division supports the Nyngan Scandium Project as a responsible utilisation of the State's mineral resources that will, if approved, create 60 full time positions during the construction period and 75 full time jobs required for the on-going operations. The proponent estimates the project would contribute approx. $12.4 million per annum to the local economy and approx. $39 million per annum to the State and national economies.

Should you have any enquires regarding this matter please contact Steve Cozens, Senior Project Officer on (02) 9842 8573.

Yours sincerely

Zane West
Manager
Royalties & Advisory Services