

Mr Anthony Sutton
Director, Assessment and Compliance
Division
Office of the Environmental Protection
Authority
Locked Bag 10
East Perth, WA 6892

Dear Mr Sutton

RE: NOTICE REQUIRING FURTHER INFORMATION – EXPLORATION DRILLING MUNGADA / BLUE HILLS EAST

Thank you for your letter of 2 September 2014 regarding the request for further information on Sinosteel Midwest Corporation Limited's (SMC) proposed exploration drilling at Mungada / Blue Hills East (**Proposal**).

The requested electronic spatial data requested in your letter is provided in the attached CD. The following information has also been provided:

- Flora survey report titled "SMC: Blue Hills (Tenements M59/595 & M59/596) Targeted Flora Survey, June 2014";
- Fauna clearance memo (results of a fauna clearance survey);
- A detailed map showing the proposed program in relation to areas of pre-existing clearing;
- Photographic evidence of rehabilitation of exploration pads and tracks in the Blue Hills area; and
- SMCs' Exploration Environmental Management Plan July 2010.

As stated in SMC's letter of 2 September 2014, the Proposal was referred by the Department of Mines and Petroleum (**DMP**) without prior consultation with or notification of SMC. SMC only became aware that a formal referral had been made when the referral was advertised for public consultation on the Environmental Protection Authority (**EPA**) website.

SMC is strongly of the view that on any reasonable and objective review of the Proposal it is not a proposal likely, if implemented, to have a significant effect on the environment. The Proposal therefore does not require assessment and approval under Part IV of the *Environmental Protection Act 1986* (WA) (EP Act).

This view is supported on the following basis:

- Clearing is limited to a very small area, 0.72 hectares (not 0.86 hectares as stated in DMP's referral). The majority of the program will be conducted on a previously cleared track.
- While clearing will occur on Mungada Ridge, no clearing of rare flora will occur and, contrary to the DMP referral, the program is not located in a Threatened Ecological Community. The majority of clearing will occur in an area off the ridge, away from significant flora.
- While protected fauna species have been recorded in the region, the limited scope of works proposed and very small footprint of the Proposal mean there is a negligible risk of impacts to fauna. In addition, a fauna survey of the area has been completed to record the presence of any protected fauna.
- Subsequent to the detailed flora and fauna surveys carried out, SMC will amend the drilling program where required to avoid or minimise impacts on all flora and fauna.
- The proposed works will be undertaken in accordance with a robust environmental management plan.
- SMC has achieved a very high standard of rehabilitation with respect to exploration tracks and pads at Mungada Ridge. DMP has been provided with numerous Program of Works close out reports for drilling conducted in the area that demonstrate SMC's compliance with DMP rehabilitation standards. Attached is photographic evidence of SMC's rehabilitation conducted at various locations at Blue Hills.
- Neither the inherent or residual impacts of the Proposal can be characterised as significant. Applying the EPA's significance framework, implementation of the Proposal will clearly meet the EPA's objectives for all relevant environmental factors. Further, the Proposal can readily be managed under the DMP's regulatory processes, as is the case for the vast majority of exploration activities in Western Australia.
- It is clear from recent correspondence between SMC and the EPA that any mining development in the Mungada Blue Hills Region may have a significant impact on the environment and will require formal assessment. That development would be considered then and is not a relevant consideration for this Proposal.
- The Proposal will be subject to an appropriate level of assessment by DMP under the Program of Works process (the Proposal will be referred to DPaW for comment) and the Native Vegetation Clearing Permit process.

As you may be aware, SMC had intended to commence these works in early September and continuing delays in the program will result in material disadvantage for SMC. SMC requests an urgent meeting to receive your feedback on the above.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wayne Ennor'. The signature is fluid and cursive, with a large initial 'W'.

Wayne Ennor
Environment and Approvals Manager
Sinosteel Midwest Corporation Limited

18 September 2014