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Published on: 15 July 2021

Statement No. 1170

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

COVALENT LITHIUM HYDROXIDE REFINERY

Proposal: The proposal is for the construction and operation of a lithium hydroxide refinery at Lot 15 Mason Road, Kwinana, within the Kwinana Industrial Area. The proposal will process spodumene ore concentrate, sourced from the Earl Grey Lithium Project at Mt Holland, to produce battery grade Lithium Hydroxide Monohydrate, primarily for use in lithium-ion batteries for electric vehicles.

Proponent: Covalent Lithium Pty Ltd
Australian Company Number 623 090 139

Proponent Address: Level 3 109 St Georges Terrace Perth WA 6000

Assessment Number: 2282

Report of the Environmental Protection Authority: 1700

Pursuant to section 45 of the *Environmental Protection Act 1986*, it has been agreed that the proposal described in section 2.3 of the proponent's Environmental Referral Supporting Report (November 2020), as amended by the change to proposal approved under section 43A on (8 April 2021) may be implemented and that the implementation of the proposal is subject to the following implementation conditions and procedures:

1 Limitations and Extent of Proposal

When implementing the proposal, the proponent shall ensure the proposal does not exceed the following extents:

Proposal element	Location	Limitation or maximum extent
Physical elements		
Development envelope	Figures 1 and 2	76 ha
Disturbance footprint	Figure 2	Up to 44.5 ha

Proposal element	Location	Limitation or maximum extent
Direct disturbance of native vegetation		Up to 11.2 ha
Operational elements		
Processing of spodumene ore		Up to 382,860 dry tonnes per annum
Lithium hydroxide production		Up to 50,276 dry tonnes per annum
Wastewater disposal via Sepia Depression Ocean Outfall Line at Cape Peron	Figure 1	Up to 252 Megalitres per annum
Refinery Co Product		Up to 116,531 dry tonnes per annum Sodium Sulphate Anhydrous
Refinery process derived waste volume		Up to 380,551 dry tonnes per annum De-lithiated Beta Spodumene. Up to 9,479 dry tonnes per annum Mixed Salt Material. Up to 4,394 dry tonnes per annum Polished Filter Material.
Timing elements		
Project life		40 years

2 Greenhouse Gas Management

2-1 The proponent shall take measures to ensure that **net greenhouse gas (GHG) emissions** do not exceed:

- (1) The **first emissions limit**, for the period between the **commencement date** and 30 June 2025;
- (2) 799,370 tCO₂-e for the period between 1 July 2025 and 30 June 2030;
- (3) 649,685 tCO₂-e for the period between 1 July 2030 and 30 June 2035;
- (4) 500,000 tCO₂-e for the period between 1 July 2035 and 30 June 2040;
- (5) 333,335 tCO₂-e for the period between 1 July 2040 and 30 June 2045;
- (6) 166,665 tCO₂-e for the period between 1 July 2045 and 30 June 2050;
and
- (7) zero (0) tCO₂-e per annum for every five (5) year period from 1 July 2050 onwards.

- 2-2 The proponent shall submit a report to the CEO each year by 31 March, commencing on the first 31 March after the date of this Statement specifying for the previous financial year:
- (1) the quantity of **proposal GHG emissions** and lithium hydroxide produced; and
 - (2) the **emissions intensity** for the proposal.
- 2-3 The proponent shall submit to the CEO by 31 March 2026, and every fifth 31 March thereafter:
- (1) a report specifying:
 - (a) for each of the preceding five (5) financial years, the matters referred to in conditions 2-2(1) and (2);
 - (b) for the period specified in conditions 2-1(1), (2), (3), (4), (5), (6) or (7) that ended on 30 June of the year before the report is due:
 - (i) the quantity of **proposal GHG emissions**;
 - (ii) the **net GHG emissions**;
 - (iii) the type, quantity, identification or serial number, and date of retirement or cancellation of any **authorised offsets** which have been retired or cancelled and which have been used to calculate the **net GHG emissions** referred to in condition 2-3(1)(b)(ii), including written evidence of such retirement or cancellation; and
 - (iv) any measures that have been implemented to avoid or reduce **proposal GHG emissions**.
 - (2) an audit and peer review of the report required by condition 2-3(1), carried out by an independent person or independent persons with suitable technical experience dealing with the suitability of the methodology used to determine the matters set out in the report, whether the report is accurate and whether the report is supported by credible evidence. This report is to be made publicly available as required by condition 2-8.
- 2-4 A summary document comprising of a summary plan and progress statement outlining key information from the **greenhouse gas management plan** (and reports to that time) must be provided within six (6) months and every five (5) years thereafter as per condition 2-3 and also if the **greenhouse gas management plan** is revised under condition 2-6. The summary, where feasible must include:

- (a) a graphical comparison of scope 1 emission reduction commitments in the **greenhouse gas management plan** with 'actual' emissions for compliance periods;
 - (b) proposal performance against benchmarking for comparable facilities;
 - (c) **emissions intensity**;
 - (d) a summary of emission reduction measures undertaken by the proponent; and
 - (e) a clear statement as to whether emission limits to date have been achieved, and whether future emission limits are likely to be achieved.
- 2-5 Subject to, and consistently with condition 2-1, the proponent shall implement:
- (1) **greenhouse gas management plan** revision 7 dated February 2021; or
 - (2) if that plan has been revised, the latest version of the plan that the CEO has confirmed in writing meets the requirements of condition 2-7.
- 2-6 The proponent:
- (1) may revise the **greenhouse gas management plan** at any time;
 - (2) must revise the **greenhouse gas management plan** if there is a change to the proposal which means there is a material risk that condition 2-1 will not be achieved;
 - (3) must revise the **greenhouse gas management plan** at least every five (5) years to align with the five (5) yearly reporting requirements specified in condition 2-3; and
 - (4) must revise the **greenhouse gas management plan** as and when directed to by the CEO, within the time specified by the CEO.
- 2-7 Each revision of the **greenhouse gas management plan** referred to in condition 2-6 which is submitted to the CEO shall:
- (1) be consistent with the achievement of the emission limits in condition 2-1 (or achievement of emission reductions beyond those required by the emission limits);
 - (2) specify the estimated **proposal GHG emissions** and **emissions intensity** for the remainder of the life of the proposal;
 - (3) include comparison of the estimated **proposal GHG emissions** and **emissions intensity** for the remainder of the life of the proposal against other comparable projects;
 - (4) identify and describe any measures that the proponent will implement to avoid, reduce and/or offset **proposal GHG emissions** or reduce the **emissions intensity** of the proposal; and

- (5) provide for a program for the future review of the plan to:
 - (a) assess the effectiveness of measures referred to in condition 2-7(4); and
 - (b) identify and describe options for future measures that the proponent may or could implement to avoid, reduce and/or offset **proposal GHG emissions** or reduce the **emissions intensity** of the proposal.

2-8 The proponent shall make all **greenhouse gas management plans** and all reports required under this condition 2 (including audits and peer reviews, summary plans and progress statements) publicly available on the proponent's website within the timeframes specified below for the life of the proposal, or in any other manner or time specified by the CEO:

- (1) the **greenhouse gas management plan** referred to in condition 2-5(1) within two (2) weeks of the issue of the Statement;
- (2) the report referred to in condition 2-2 within two (2) weeks of the report being accepted by notice in writing by the CEO;
- (3) the reports, audits and peer reviews, summary plans and progress statements referred to conditions 2-3 and 2-4 within two (2) weeks of the relevant reports, summary statements and progress reports being accepted by notice in writing by the CEO; and
- (4) any revised **greenhouse gas management plan** referred to in condition 2-6 within two (2) weeks of receiving confirmation from the CEO as referred in condition 2-5(2).

3 Terrestrial Environmental Quality Outcomes

3-1 The proponent shall ensure the following outcomes are achieved:

- (1) no contamination of soil through the handling and transport of refinery **process derived waste** as a result of the implementation of the proposal; and
- (2) no disposal of any refinery **process derived waste** to landfill on the Swan Coastal Plain.

4 Waste Management

4-1 During operation of the Covalent Lithium Hydroxide Refinery, the proponent shall, within twelve (12) months of any production of refinery process derived waste, or ensuring storage does not exceed the capacity of any dedicated storage infrastructure, remove that waste to:

- (1) an approved waste facility located at the Earl Grey Lithium - Mt Holland Mine; or

- (2) an alternate location, as agreed by the CEO in writing, where the proponent has identified the **process derived waste** as a secondary co-product which is able to be reused for a beneficial purpose.

4-2 Within three (3) years of the publication of this Statement or six (6) months prior to the reuse of secondary refinery co-products, whichever is sooner or as otherwise agreed by the CEO, the proponent shall prepare and submit a waste management plan to the CEO. The waste management plan shall:

- (1) when implemented, substantiate and ensure that condition 4-1 is being met;
- (2) specify targets to be met, and detail actions undertaken to meet those targets by applying principles of Waste Management Hierarchy under the *Waste Avoidance and Resource Recovery Act 2007*, including Avoidance, Recovery and Disposal;
- (3) quantify the outcome/s of applying the principle of the Recovery (re-use, reprocessing, recycling) under the *Waste Avoidance and Resource Recovery Act 2007*; and
- (4) provide evidence that all reasonable and practicable measures have been undertaken to avoid and recover waste.

5 Environmental Management Plan: Monitoring and Adaptive Management

5-1 The proponent must prepare and submit to the CEO an Environmental Management Plan to substantiate that the outcomes of condition 3-1 will be met.

The Plan must include:

- (1) threshold criteria that provide a limit beyond which the environmental outcomes are not achieved;
- (2) trigger criteria that will provide an early warning that the environmental outcomes are not likely to be met;
- (3) monitoring parameters, sites, control/reference sites, methodology, timing and frequencies which will be used to measure threshold and trigger criteria. Include methodology for determining alternate monitoring sites as a contingency if proposed sites are not suitable in the future;
- (4) baseline data;
- (5) data collection and analysis methodologies;
- (6) adaptive management methodology; and
- (7) contingency measures which will be implemented if threshold or trigger criteria are met.

5-2 The exceedance of a threshold criteria (regardless of whether threshold contingency measures have been or are being implemented), and/or failure to comply with the requirements of the environmental management plan represents a non-compliance with these conditions.

5-3 The proponent must not commence operations until the CEO has confirmed in writing that the environmental management plan satisfies the requirements of this condition.

6 Environmental Management Plans: General Provisions

6-1 After receiving notice in writing from the CEO that the management plans in conditions 2, 4 and 5 satisfy the requirements of conditions 2, 4 and 5 respectively, the proponent shall:

- (1) implement the proposal in accordance with the management plans; and
- (2) continue to implement the management plans until the CEO has confirmed by notice in writing that it has been demonstrated that the outcomes specified in conditions 3-1 and 4-1 have been met and therefore the implementation of the actions in the management plans are no longer required.

6-2 The proponent may review and revise the management plans.

6-3 The proponent shall review and revise the management plans as and when directed by the CEO.

6-4 The proponent shall implement the latest version of the management plans, which the CEO has confirmed by notice in writing, satisfies the requirements of conditions 4 and 5 respectively.

6-5 Despite condition 6-4, but subject to conditions 6-6 and 6-7, the proponent may implement minor revisions to a management plan if the revisions will not result in a new or increased adverse impacts to the environment or result in a risk to the achievement of the management plan limits, outcomes or objectives.

6-6 If the proponent is to implement minor revisions to a management plan under condition 6-5, the proponent must provide the CEO with the following at least twenty (20) business days before it implements the revisions:

- (a) revised management plan clearly showing the minor revisions;
- (b) explanation of reasons for the minor revisions; and
- (c) explanation of why the minor revisions will not result in a new or increased adverse impacts to the environment or result in a risk to the achievement of the management plan limits, outcomes or objectives.

6-7 The proponent must cease to implement any revisions which the CEO notifies the proponent (at any time) in writing may not be implemented.

6-8 Management Plans must be provided in electronic form suitable for publication on the EPA's website within ten (10) business days of endorsement, and also be published on the proponent's website.

7 Contact Details

7-1 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.

8 Time Limit for Proposal Implementation

8-1 The proponent shall not commence implementation of the proposal after five (5) years from the date of this Statement, and any commencement, prior to this date, must be substantial.

8-2 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.

9 Compliance and Exceedance Reporting

9-1 The proponent shall prepare and maintain a Compliance Assessment Plan which is submitted to the CEO at least six (6) months prior to the first Compliance Assessment Report required by condition 9-5, or prior to implementation of the proposal, whichever is sooner, or as agreed in writing by the CEO.

9-2 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.

9-3 After receiving notice in writing from the CEO that the Compliance Assessment Plan satisfies the requirements of condition 9-2, the proponent shall assess compliance with conditions in accordance with the Compliance Assessment Plan required by condition 9-1.

- 9-4 The proponent must provide an annual Compliance Assessment Report to the CEO for the purpose of determining whether the implementation conditions are being complied with.
- 9-5 The first annual Compliance Assessment Report must be submitted by the first 31 March after the date of this Statement, and subsequent Compliance Assessment Reports must be submitted annually from that date, unless a different date is approved by the CEO.
- 9-6 Each annual Compliance Assessment Report must be endorsed by the proponent's Chief Executive Officer and must:
- (1) state whether each condition of this Statement has been complied with;
 - (2) provide evidence to substantiate statements of compliance, or details of where there has been a non-compliance and describe corrective and preventative actions taken; and
 - (3) be provided in a form suitable for publication on the EPA website.
- 9-7 If the proponent becomes aware a limit, outcome or threshold criteria contained in these conditions, or a management plan required in these conditions, has, or is likely to be exceeded, the proponent must:
- (a) report this to the CEO within seven (7) days;
 - (b) implement contingency measures;
 - (c) investigate the cause of the exceedance;
 - (d) investigate environmental impacts of the exceedance;
 - (e) propose rectification measures;
 - (f) propose measures to ensure no further impact as a result of the exceedance; and
 - (g) provide a further report to the CEO within twenty-one (21) days of the original report, detailing the measures required under this condition.

10 Public Availability of Data

- 10-1 Subject to condition 5-1, 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)), management plans and reports relevant to the assessment of this proposal and implementation of this Statement.
- 10-2 If any data referred to in condition 10-1 contains particulars of:
- (a) a secret formula or process; or

(b) 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.

[signed on 15 July 2021]

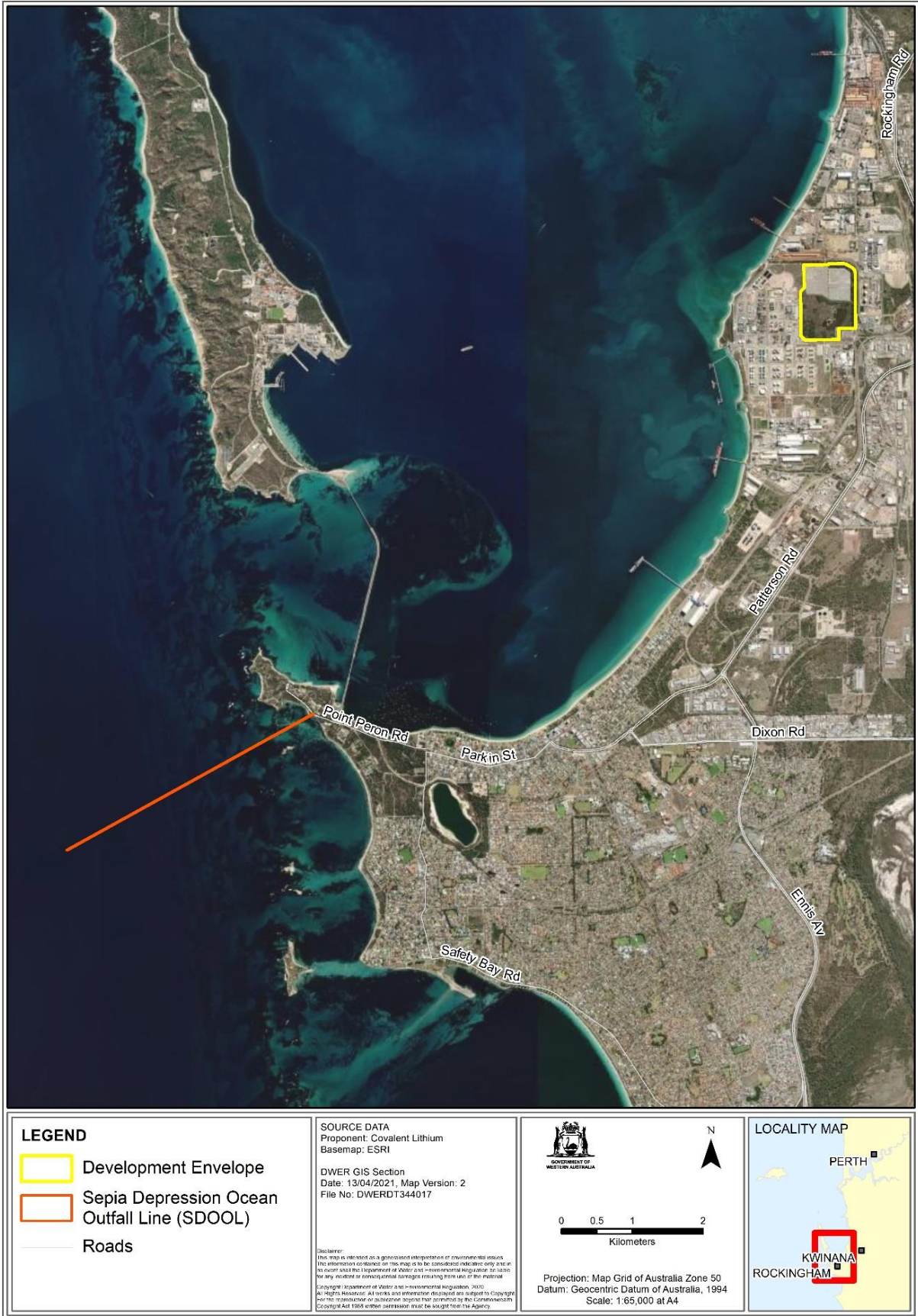
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MINISTER FOR ENVIRONMENT; CLIMATE ACTION

Table 1: Abbreviations and definitions

Acronym or abbreviation	Definition or term
Authorised offsets	<p>Units representing GHG emissions issued under one of the following schemes and cancelled or retired in accordance with any rules applicable at the relevant time governing the cancellation or retiring of units of that kind:</p> <ul style="list-style-type: none"> (a) Australian Carbon Credit Units issued under the <i>Carbon Credits (Carbon Farming Initiative) Act 2011</i> (Cth); (b) Verified Emission Reductions issued under the Gold Standard program; (c) Verified Carbon Units issued under the Verified Carbon Standard program; or (d) other offset units that the CEO has notified the proponent in writing meet integrity principles and are based on clear, enforceable and accountable methods.
CEO	<p>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/her delegate.</p>
Commencement date	<p>The date on which a licence under Part V of the <i>Environmental Protection Act 1986</i> is granted for the operation of the lithium hydroxide refinery that is the subject of this proposal.</p>
Emissions intensity	<p>Proposal GHG emissions per tonne of lithium hydroxide produced.</p>
EPA	<p>Environmental Protection Authority</p>
First emissions limit	<p>The limit on net GHG Emissions for the period between the commencement date and 30 June 2025 calculated as follows:</p> <ul style="list-style-type: none"> • 159,874 divided by 365 multiplied by the number of days in the 2020–21 financial year that are on or after the commencement date • plus 159,874 divided by 365 multiplied by the number of days in the 2021–22 financial year that are on or after the commencement date • plus 159,874 divided by 365 multiplied by the number of days in the 2022–23 financial year that are on or after the commencement date • plus 159,874 divided by 365 multiplied by the number of days in the 2023–24 financial year that are on or after the commencement date

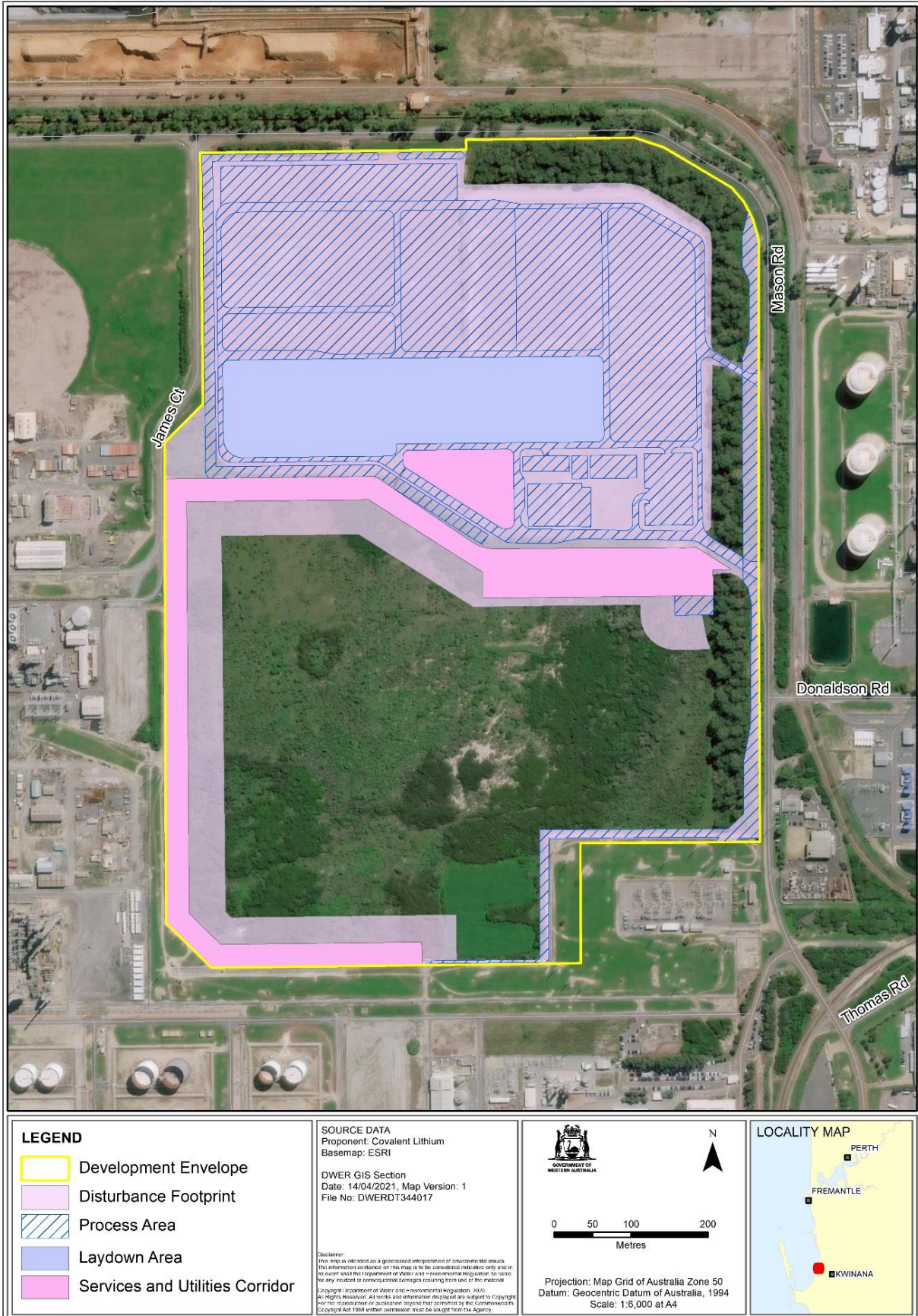
Acronym or abbreviation	Definition or term
	<ul style="list-style-type: none"> plus 159,874 divided by 365 multiplied by the number of days in the 2024–25 financial year that are on or after the commencement date.
GHG emissions	Greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent (CO ₂ -e) as calculated in accordance with the definition of 'carbon dioxide equivalence' in section 7 of the <i>National Greenhouse and Energy Reporting Act 2007</i> (Cth), or, if that definition is amended or repealed, the meaning set out in an Act, regulation or instrument concerning greenhouse gases as specified by the CEO.
Greenhouse gas or GHG	Has the meaning given by section 7A of the <i>National Greenhouse and Energy Reporting Act 2007</i> (Cth) or, if that definition is amended or repealed, the meaning set out in an Act, regulation or instrument concerning greenhouse gases as specified by the CEO.
Greenhouse gas management plan	<i>Greenhouse Gas Management Plan – Lithium Hydroxide Refinery Project</i> Version 7 dated February 2021 or subsequent versions of the plan that the CEO has confirmed in writing meets the requirements of condition 2-7.
Hectares	ha
Net GHG emissions	<p>Proposal scope 1 GHG emissions for a period less any reduction in GHG emissions represented by the cancellation or retirement of authorised offsets which:</p> <ul style="list-style-type: none"> (a) were cancelled or retired between the first day of the period until 1 March in the year after the period has ended; (b) have been identified in the report for that period as required by condition 2-3(1)(b)(iii); (c) have not been identified as cancelled or retired in the report for that period as required by condition 2-3(1)(b)(iii); (d) have not been used to offset GHG emissions other than proposal GHG emissions; and (e) were not generated by avoiding proposal GHG emissions.
Process derived waste	A by-product material produced through the refining process which is surplus to any specific customer demand and is not used as a recognised commodity or material within an established commercial application.
Proposal GHG emissions	GHG emissions released to the atmosphere as a direct result of an activity or series of activities that comprise/s or form/s part of the proposal.

Acronym or abbreviation	Definition or term
tCO₂-e	Tonnes of carbon dioxide equivalent. A metric used to compare emissions from various greenhouse gases by converting amounts of other gases to the equivalent amount of CO ₂ based on their Global Warming Potential.



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Figure 1: Project location



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Unique Record ID:

Figure 2: Development envelope and disturbance footprint

Schedule 1

All coordinates are in metres, listed in Map Grid of Australia Zone 51 (MGA Zone 51), datum of Geocentric Datum of Australia 1994 (GDA94).

Coordinates defining the development envelope are held by the Department of Water and Environmental Regulation, Document Reference Number 2021 – DWERDT370213.

Notes

The following notes are provided for information and do not form part of the implementation conditions of the Statement:

- The EPA notes that many of the potential emissions and discharges associated with the proposal will be regulated under Part V of the *Environmental Protection Act 1986* via the implementation of a licence. This includes the storage of process derived waste which is expected to be far less than 12 months prior to removal off site. The Department of Water and Environmental Regulation will assess the emissions and discharges in detail, and mitigation and monitoring conditions are expected to be applied to the proposal.