

Dubbo Zirconia Project (DZP) Community Newsletter

ISSUE 010 / JAN 2014

PROJECT UPDATE

Response to submissions on the Environmental Impact Statement (EIS)

Australian Zirconia Ltd (AZL) received submissions from 13 local, NSW and commonwealth government agencies or authorities, 48 individuals and nine special interest groups on the Dubbo Zirconia Project (DZP) EIS. The main community concerns related to the potential emissions from the DZP on the surrounding environment and the increased traffic proposed for the Obley Road.

In responding to these submissions AZL has made further modifications to the project design, in particular numerous additional improvements to the Obley Road to minimise noise and maximise road safety.

The Response to the Submissions document, which identifies and responds to each of the issues raised in the submissions received from the public, special interest groups and relevant government agencies and authorities, can be viewed on the NSW Department of Planning & Infrastructure's (DP&I) State Significant Development register at:

http://majorprojects.planning.nsw.gov.au/page/development-categories/mining--petroleum---extractive-industries/mining/?action=view_job&job_id=5251

Where submissions were very similar they have been grouped in the response.



Alkane team at the Toongi Community meeting

Obley Road upgrade

AZL is committed to upgrading the Obley Road and Toongi Road, from the Newell Highway to the DZP Site, to a standard suitable for use by B-Double trucks. The sealed pavement and shoulders will be widened to provide a 3.5m lane and 1.5m shoulder in both directions (10m wide pavement) over a 12m wide formation (the same arrangement as for the Newell Highway). The horizontal alignment (road curves and cambers) will be improved at selected locations and several creek crossings will be upgraded to provide better flood protection.

An asphaltic concrete seal will be used in preference to standard bitumen between the Newell Highway and the Dundullimal/Zoofari Lodge entrances, and on approach to the Toongi Road intersection,



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to account for greater traffic volume and provide additional noise mitigation. In addition, AZL will manage the scheduling of heavy transport traffic to minimise its occurrence during peak traffic periods, such as school pick-up and drop-off.

Despite the increase in traffic proposed by the DZP, the Obley Road will be of a much higher standard than that which currently exists.

Emissions Minimisation

Using best practice dust minimisation methods, the concentration of deposited dust (heavier material which settles on the ground, roofs, window sills) and airborne particles (suspended in the air and can be inhaled) will increase only marginally and will remain well below the relevant environmental and health criteria, even at residential locations within the Site. Similarly, emission reduction technology such as scrubbers in the process plant stacks, will ensure the concentration of gases such as NO₂, SO₂ and HCl will easily comply with the stringent EPA criteria (even at residences located several hundred metres from the processing operations).

Very small levels of radiation will be associated with both dust and gas emissions (reflecting the Naturally Occurring Radioactive Material [NORM] of the local setting). A detailed review of potential exposure for workers, the general public and local biota is provided in the EIS and Response to Submissions. In summary, on assessment by a radiation expert commissioned by AZL, the risk of adverse impact to those living in the immediate vicinity was determined to be extremely small given that the maximum likely dose of radiation (generated by the DZP) would be <0.03mSv/yr. In Australia the average annual dose of radiation received by an adult is approximately 1.5-2mSv/yr (Radiation Health & Safety Advisory Council (2005)).

Naturally-Occurring Radioactive Material (NORM) in Australia: Issues for Discussion 17 August 2005. Report prepared for the CEO of ARPANSA (p.8).

Road versus Rail study

AZL has recently engaged a logistics consultant to firm up reagent supply for the DZP. The consultant has a brief to determine where reagents can be sourced from (e.g. Newcastle, Sydney, Wollongong, Geelong) where they can be temporarily stored at port and how they can be most efficiently transported to site at Toongi.

The preferred transport option would be a combination of rail (for the bulk reagents of Sulphur, Hydrochloric Acid, Caustic Soda and Soda Ash, as well as the DZP products) and road (for other reagents, materials and goods). However, acknowledging the operational, logistical and economic complexity of implementing the preferred rail/road transport option, and the fact that many of these issues cannot be fully resolved until certainty over project approval and operations is obtained, AZL has provided for initial operation utilising road transportation only for the last leg of the journey to Toongi. There will certainly be some reagents for the project railed to Dubbo and transferred to trucks.

Should the logistics study demonstrate that the reagents can be grouped to fully utilise a train three days per week (and evidence to date is positive), AZL will then undertake a more detailed assessment of the economic and operational factors likely to influence the feasibility of the rail transport option. This assessment will consider the costs associated with the rail transport option, both capital and operational, comparing these

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to the costs associated with the road transport option. Detailed design work will also be undertaken during this stage to ensure that cost calculations are accurate.

Power Supply to DZP

AZL has engaged Energy Serve, Dubbo to consult with landholders between Geurie and the DZP Site to determine a route for the proposed 132kV electricity transmission line to supply power to the DZP. This line will be supported by single poles (concrete or steel). An easement (in favour of Essential Energy) will be negotiated with each of the affected landholders.

It is not easy finding a route that minimises impact on existing infrastructure, agricultural uses, biodiversity and amenity. Essential Energy expect more than one route to be considered to ensure that they ultimately have an asset that will be as maintenance free as possible.

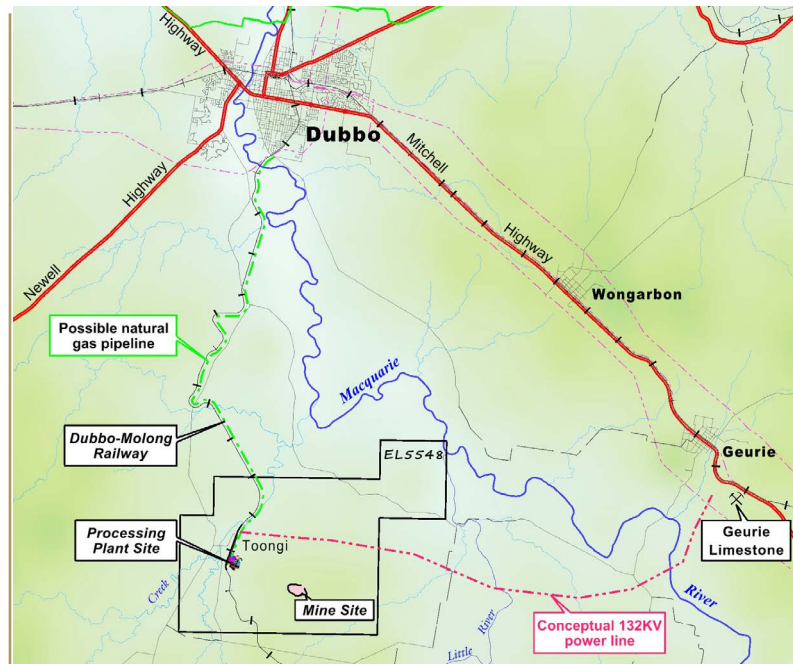
AZL would like to thank all landholders who have been patient, generous and cooperative to date with this process.

Project finance and construction schedule

As detailed in recent release to the ASX, Alkane continues to engage with financiers for the project, with a view to putting the finance package in place by the end of 2014. With approval by mid 2014 and financing occurring in parallel, Alkane continues to target construction commencement in the second half of 2014 and plant start-up in 2016.

Approvals Process from here

The DP&I are currently assessing the EIS, Response to Submissions and recommendations of various



Map showing the DZP site

government agencies and authorities. The DP&I will prepare their own assessment report on the DZP before referring all documents to the Planning and Assessment Commission (PAC), an independent panel of experts in fields including planning, architecture, the environment, urban design, land economics, traffic and transport, law, engineering, tourism, heritage or government and public administration, for determination of the development application.

Prior to completing the determination of the development application, the PAC will schedule a public meeting (in Dubbo) to hear public views on the DZP.

For more information on the function and processes of the PAC, and its role in improving transparency and independence in the planning and decision making process of the Government of NSW, see www.pac.nsw.gov.au.

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Given the rigorous process to date and proactive response to concerns raised in submissions, AZL is confident of receiving project approval by mid 2014.

A Mining Lease and an Environment Protection Licence (issued by the EPA) are required before construction can commence on site.



Have a question?

Contact Mike Sutherland, General Manager, NSW

Frequently asked questions (FAQ's)

The Frequently Asked Questions pages on the Alkane website (www.alkane.com.au) are constantly updated to answer your questions.

We encourage everyone to read them and email any further questions they may have.

Mike Sutherland, the General Manager, NSW is based in Dubbo and is happy to meet with community members to discuss their concerns.

Vocational Pathways At DZP



Skilling up for the DZP - Careers

Alkane will employ over 250 people to staff the mining and processing operations at the Dubbo Zirconia Project. Unlike the majority of mining projects around Australia the DZP will employ approximately ten people in mining related roles and the rest in mineral processing and other project supporting roles. The mine is a very small part of the overall project with the focus on the downstream value add in the separation and processing of mineral products .

Operations are expected to commence by mid 2016 . There is a wide range of long-term career options on offer. Download a copy of the DZP Careers Poster and Career Pathway sheets.

Contact Us

Subscribe to our Community Newsletters and find out more information about Alkane Resources and the Dubbo Zirconia Project on our website:

www.alkane.com.au

Or you can email us at:

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