

KANMANTOO-CALLINGTON COMMUNITY CONSULTATIVE COMMITTEE (KCCCC)

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Chairperson:

Bob Goreing, Mob 0418 816 788

DRAFT NOTES TO THE MEETING **21st July 2016**

In attendance

Bev Robertson
Ed Thomas
Harry Seager
Carol Bailey
Lachlan Wallace
Alistair Walsh
Bob Goreing (Chair)

Guests

Airlie Keene representing Mark Goldsworthy
MP (State Member for Kavel)
Greg Tyczenko and Prabhu Shanker (EPA)
Steve McClare (CEO Hillgrove Resources)
Kelly Manning and Terry Townley (Hanson)
Angus Irwin (Neutrog)
Inara Beecher and Sara Manser
(Commonwealth Regional SA PHN)

Apologies

Garry Duncan
Fiona Challen
Kathy Schneider Roberts
Mark Goldsworthy MP (State Member for
Kavel)

There was a gallery of approximately 30 persons.

1. Welcome and introductions

The Chair welcomed the KCCCC members, guests and members of the community to the meeting.

The Chair said that a priority for this KCCCC meeting was to provide the local community with an opportunity to gain a clearer understanding of the status of the mine given recent media reports about issues the mine is facing in relation to cash flow and operational performance. Other priority agenda items were identified by the meeting as Standing Items, next steps in the Master Planning process, introductions from Hanson and Neutrog and the Country SA PHN. The meeting agreed that time should be managed to allow adequate time for these priority items.

The Chair invited all present to ask questions or to comment during the meeting.

2. Confirmation of the notes of the previous meeting of 21st April 2016

The draft notes of the previous meeting were accepted without alteration.

The Chair reported that all action items from this meeting had been addressed and were covered under relevant agenda items to this meeting.

3. Kanmantoo Copper Mine update

Steve McClare, CEO Hillgrove Resources, provided a report on the operational performance and a follow up to the recent announcements on balance sheet restructure and discussions with stakeholders.

Steve said that the company was in the process of restructuring its balance sheet to align the cash flows of the business with the current Life of Mine Plan and allow for the cutback required in the Giant pit to access the higher grade ore in this area.

Key achievements that Steve mentioned were to reach in principle agreement with the mine's financiers and the SA Government that would allow access to the value in their hedging arrangements as well as cash that was previously restricted.

These arrangements included releasing the Bank Guarantee that covered obligations like the Bond under the Mining Act and securing this directly with the SA Government on a first ranking basis. In answer to a question from the gallery, Alistair said that the first ranking basis was important in that it meant that obligations like rehabilitation commitments described in the PEPR (Mine Plan) remained guaranteed under a worst case scenario as they would be covered by the assets of the mine before other creditor commitments.

Steve said that the company would realise (bring forward) a significant proportion of its hedge book, repay significant debt (over US \$13m) to one of its financiers and secure a \$4m loan from the SA Finance Authority to use as working capital.

Steve said that discussions with stakeholders like suppliers were also progressing which would strengthen this position.

Steve made the point that the 'value proposition' of the mine remained strong despite the recent fall in copper prices with the carrying value of the Kanmantoo Operations currently estimated by the Hillgrove Board at about \$60m.

He said that the overall aim of the new arrangements was to move to a more conservative approach and ensure sufficient cashflow to unlock future value.

4. Standing items

Environmental emissions

Lachlan said that noise and dust impacts are expected to reduce as the pit gets deeper. He said that the mine is not far away from optimum depth.

Lachlan presented a set of graphs showing community complaints over the past five years. Dust and blasting continued to be the two priorities for the community. The graphs showed dust complaints rising in 2014 and then declining from that point and blasting complaints rising in 2016. Lachlan explained that the blasting result was mainly attributable to the test blasting that was a major issue of community concern in early 2016 with this program since being cancelled.

Mention was made of the program to backfill two of the satellite pits with one complete (Nugent) and the other (Emily Star) progressing well. The risk of dust being raised from the backfilling operations as the next 'dust season' approached was discussed. Lachlan explained that a cyclone affect that draws dust out of the pit was possible as the backfilling progressed but the mine was aware of this risk and would be responding by managing

operations day to day based on predicted weather conditions and implementing the Dust Trigger and Response Plan linked to real time monitoring.

A member of the gallery spoke about health concerns from dust that had been the subject of considerable KCCCC discussion and action particularly during dust seasons in the past. The Chair said that representatives from the Commonwealth Regional SA PHN (Health Network) had been invited to this meeting to discuss their role in community health and this followed on from the Regional Health Plan that had been discussed at the last KCCCC meeting.

Mine Closure and Completion Plan

Lachlan presented maps contained in the PEPR that showed landscape design and rehabilitation work planned for 2015 – 2019. Lachlan said that strong progress had been made against this commitment. The maps showed that the 2015 work was complete, the 2016 work was well underway and some of the 2017 work was ahead of schedule. All in all, Lachlan reported that about 35% of the total landscape and rehabilitation work had been completed.

In answer to a question, Lachlan said that it was important for the community to present any possible modifications to landscape design that may emerge from the Master Planning process as soon as possible so that they could be considered before the work in these areas was completed. It was pointed out that some lead time would be required to affect any changes as they would need to be approved by the mining regulator as amendments to the Mine Closure and Completion Plan contained in the PEPR.

Action: The Master Planning Working Party was asked to identify suggested landscape design and rehabilitation amendments to the Mine Closure and Completion Plan for consideration by Hillgrove as soon as possible.

Community Action List (CAL)

The Chair said that the updated CAL had been circulated to the KCCCC between meetings for their review. In the interests of time, the committee agreed to complete the review over the coming days and then upload the July 2016 version to the KCCCC webpage.

5. Master Planning Working Party

Feedback from the SA Mining History Group's workshop

The Chair reported that the SA Mining History Group had passed on their thanks to the KCCCC and the wider community for its contribution to a very successful workshop held at Callington on 14th and 15th May 2016. The event was attended by over 70 people.

The Chair said that one session of the workshop was dedicated to a consideration of mining heritage areas from around the world and how they had built a future for their communities after mining had concluded.

A list of ideas including similarities and differences between these examples and Kanmantoo and Callington had been provided to the KCCCC for consideration in its Master Planning process.

Action: The Chair was asked to pass on the ideas from the SA Mining History Group's workshop to the Master Planning Working Party.

A reconciled financial report for the event was provided. This showed the involvement of local businesses in the event which was acknowledged as a good result. The report was forwarded to Lachlan for filing.

Next steps in Master Planning process

The Chair said that the Master Planning Working Party had met on 30th June 2016. Key issues discussed were:

- moving from Master Plan ‘vision’ to an Action Plan and Implementation Strategy
- the roles of the KCCCC / community, company and the mining regulator in this process
- scope and format for the Action Plan
- priorities for projects under the Action Plan
- potential supporters and partners for priority projects

The main outcome of the Working Party meeting was Harry volunteering to work with Lachlan to prepare topographic / aerial photographic maps of the mining lease to which could be added GIS layers including mining heritage relics, vegetation and existing infrastructure.

Harry presented progress on this work including first draft maps.

It was agreed that in light of the earlier presentation by Lachlan that raised the urgency of identifying potential amendments to the Mine Closure and Completion Plan, the mapping should identify infrastructure priorities as soon as possible. These included potential roadways, walking / riding trails, vantage points, mining facilities / features and possible signage as examples.

Given that Harry was a volunteer it was suggested that this activity should be considered as a project and that Hillgrove be asked to support this work.

Action: The Chair and Harry were asked to meet with Lachlan to discuss the opportunities for progressing the mapping (action planning) work of the Master Planning Working Party as a project, identify potential resources and provide a more detailed timeline linked to the Mine Closure and Completion Plan.

6. KCCCC business

KCCCC Work Plan

The Chair said that a draft KCCCC Work Plan had been circulated to the KCCCC between meetings for their review. In the interests of time, the committee agreed to settle the Work Plan by e mail and then publish it on the KCCCC webpage before the next KCCCC meeting.

KCCCC website review

The Chair said that the new KCCCC webpage had been in place for about 12 months. A review of the webpage had been completed that included identifying where documents needed updating.

7. Other local major enterprises with relevance to KCCCC

Hanson

Kelly Manning, Operations Manager for Hanson, followed up Keith George’s introduction to Hanson as the new owner / manager of the Kanmantoo Bluestone Quarry which Keith presented at the February 2016 KCCCC meeting.

Kelly said that the previous owner of the quarry had been retained and continues to work at site which is a great help in transitioning to the new ownership.

Kelly said that activity at the site was currently relatively quiet and that this was common for the time of year (winter). He said that recent major projects where the quarry had contributed materials included the Canberra War Memorial and Adelaide Airport redevelopment.

Kelly said that the quarry was moving through the process of applying for an EPA (licenced facility) licence as it looked forward to expanding its operations. A notification and call for public submissions had recently been completed as part of this process.

Kelly said that Hanson was also working through a process with DSD (the mining regulator) to expand its ‘footprint’ on the site. This process included ‘pegging’ a mineral claim in May 2016 which would lead to pursuing a mining lease proposal over the next 12 months. Kelly said that engaging with the community was an important part of this process.

There was some discussion around the potential for the KCCCC to be involved in this community engagement, acknowledging that the Terms of Reference for the Committee was restricted to the Kanmantoo Copper Mine and that Hillgrove was responsible for the KCCCC currently.

Action: The Chair was asked to discuss with Hanson, Hillgrove and DSD, the potential role of the KCCCC in a broader community engagement process that may include the Kanmantoo Bluestone Quarry.

In answer to a question from the gallery, Kelly explained that the EPA licencing and the DSD mining lease application processes were quite different.

He said that the quarry had a current PEPR (Mine Plan) which was about 2 years old. The PEPR is the mining plan attached to the current mining lease approvals. Part of any successful mining lease application for an expanded footprint would be to produce a new PEPR. This is where the issues of dust management, blasting etc. that may be of concern to the community would be addressed. Currently the mine was complying with the existing PEPR and managing these risks as they had been managed in the past.

Neutrog

Angus Irwin, Managing Director, provided an introduction to Neutrog which included a review of its history in the Kanmantoo / Callington district, its current activity and a short vision for the future.

Angus said that Neutrog was a manufacturer of organic fertilisers. The company began operations in 1988 working out of a small factory at Kanmantoo. The factory site now covers an area of about 20 hectares and employs more than 50 people.

Angus said that Neutrog had grown to become the largest manufacturer of its kind in Australia. In response to a comment made by a member of the gallery, Angus said that Neutrog now exports to many countries around the world and has established licensed manufacturing and marketing operations in South Africa.

Angus said that developing strong and positive relationships with local communities where it has its operations was very important to Neutrog. He made the observation that the company had been slow in engaging with the wider Callington / Kanmantoo community (through a group like the KCCCC) and hoped that this introduction would be the beginning of such a relationship.

Angus pointed out that the company did engage with individuals within the community and was always keen to hear from people in order to resolve any issues that may arise and improve Neutrog's performance. In that light, Angus offered an invitation to the community to contact him if they had any concerns or feedback and to organise a visit to the site if they were interested.

8. Other business

Introduction to Inara Beecher, Regional Manager, Commonwealth Regional SA PHN (Health Network)

The Chair pointed out that he had invited Inara to attend this meeting following the last KCCCCC meeting where the Regional Health Plan was discussed.

Inara introduced her colleague Sarah Manser and explained that the Regional SA PHN was a Commonwealth Government initiative introduced about 18 months ago and replacing the previous Medicare Local service.

Inara said that the key role of the PHN was to increase the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, and improve the coordination of care to ensure patients received the right care in the right place at the right time.

Inara said that the relationship between the PHN and local GPs was an important one that may be of value to the KCCCCC in the context of the local Council's Health Plan (that was discussed at the April 2016 KCCCCC meeting).

Inara acknowledged the community health priorities that had been raised in previous meetings of the KCCCCC (that she had read in previous notes to meetings) and those touched on earlier in this meeting. She said that there was a lack of fine grained health data at a local community level and a reluctance by GPs to share (even aggregated information) at local level where there was any chance that an individual may be recognisable from the data.

Inara provided some information packs for collection after the meeting that more fully explained the role and function of the PHN. She agreed to further consider how the PHN may be a useful resource for the Callington / Kanmantoo community. Inara asked to be kept informed of the work of the KCCCCC and agreed to remain in contact if and when opportunities arose.

9. Next meeting and close

The meeting closed at 9.40pm.

Next meeting TBA