



SINO STEEL MIDWEST CORPORATION

**KOOLANOOKA/BLUE HILLS DIRECT SHIPPING ORE MINING PROJECT
SHIRES OF MORAWA AND PERENJORI
EPBC 2007/3809**

**ANNUAL REPORT
JUNE 2016**

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1.0 INTRODUCTION

This annual report has been prepared by Sinosteel Midwest Corporation (SMC) for the Koolanooka/Blue Hills Direct Shipping Ore Mining Project, Shires of Morawa and Perenjori (The Project). The report is in accordance with Condition 3 of Approval Decision 2007/3809, published by the Federal Department of the Environment, Water, Heritage and the Arts (DEWHA), now the Department of the Environment (DOE), on 4 January 2010, requiring the submission of an annual report addressing compliance with approval conditions.

Commencement of the action (ground disturbance) occurred at the Koolanooka mine on 2 April 2010. This is the sixth annual report submitted for the Project and covers the period April 2015 to March 2016.

SMC is committed to ensuring all its activities comply with statutory requirements as a minimum and are undertaken so that adverse environmental impacts are avoided or appropriately managed.

2.0 PROPONENT

SMC is a developing iron ore producer with one of the largest land holdings in the expanding Mid West region of Western Australia. Sinosteel Corporation, one of China’s biggest suppliers of raw materials to Chinese steel mills, purchased Midwest Corporation in 2008. Sinosteel Corporation is committed to the responsible and sustainable development of SMC’s assets.

Head Office	Koolanooka Site	Blue Hills Sites
7 Rheola St West Perth WA 6005	Munckton Road Shire of Morawa WA 6623	Mungada Road Shire of Perenjori WA 6620
PO Box 529 West Perth WA 6872	PO Box 529 West Perth WA 6872	PO Box 529 West Perth WA 6872

With a significant pipeline of projects (Figure 1), SMC is strongly positioned to become one of the largest iron ore producers in the Mid West. In addition to the Koolanooka/Blue Hills Project, SMC has the Weld Range Project located 65 km north-west of Cue and approved by the State Minister for the Environment in August 2012. SMC also has robust exploration opportunities at Jack Hills and Robinson Range.

3.0 PROJECT BACKGROUND

The Koolanooka mine was the first stage of SMC’s Koolanooka/Blue Hills Project and is located approximately 180kms south-east of Geraldton and 20kms east of the Morawa township (Figure 1). The Blue Hills component of the project, which encompasses the Mungada East and Mungada West

pits, is located a further 60kms east of Koolanooka. The overall project will produce around 8 million tonnes of hematite Direct Shipping Ore (DSO) over a period of five to seven years.

At Koolanooka, operations comprised of mining the South-fold Cutback; a small extension to the existing pit previously mined in the 1960s and 70s by Western Mining Corporation (WMC); and mining of the Detritals pit, a shallow extension of between 10 – 35 m on the south-western flank of the existing Koolanooka pit. Ore was crushed and screened on site and transported by road train to Geraldton Port for storage and shipment. All waste rock generated was either backfilled into the existing Koolanooka pit, or placed in nearby waste dumps. Mining does not extend below the water table so dewatering was not necessary. A site layout plan for Koolanooka is shown in Figure 2.

The Blue Hills mine consisted of extending the two previously mined pits by WMC in the early 1970's at Mungada East and Mungada West. Processing and transport of ore was similar to Koolanooka. The site layout for Blue Hills is shown in Figure 3.

4.0 PROJECT STATUS

Mining activity ceased at Koolanooka in January 2013 with the scheduled depletion of the resource. Crushing activities ceased in late March 2013 and transport of ore to Geraldton ceased in July 2013. Ninety five (98%) of SMC's Koolanooka mining disturbance has been mechanically rehabilitated and seeded with the remainder to be completed by 2017.

SMC suspended Blue Hills operations in May 2015, pending approvals for expansion of operations in 2016.

Both of the sites have been put into Care and Maintenance and there has been no further action conducted since last year's annual report.

The Botanic Gardens and Parks Authority of Western Australia (BGPA) rehabilitation research program continues at both Koolanooka and Blue Hills.

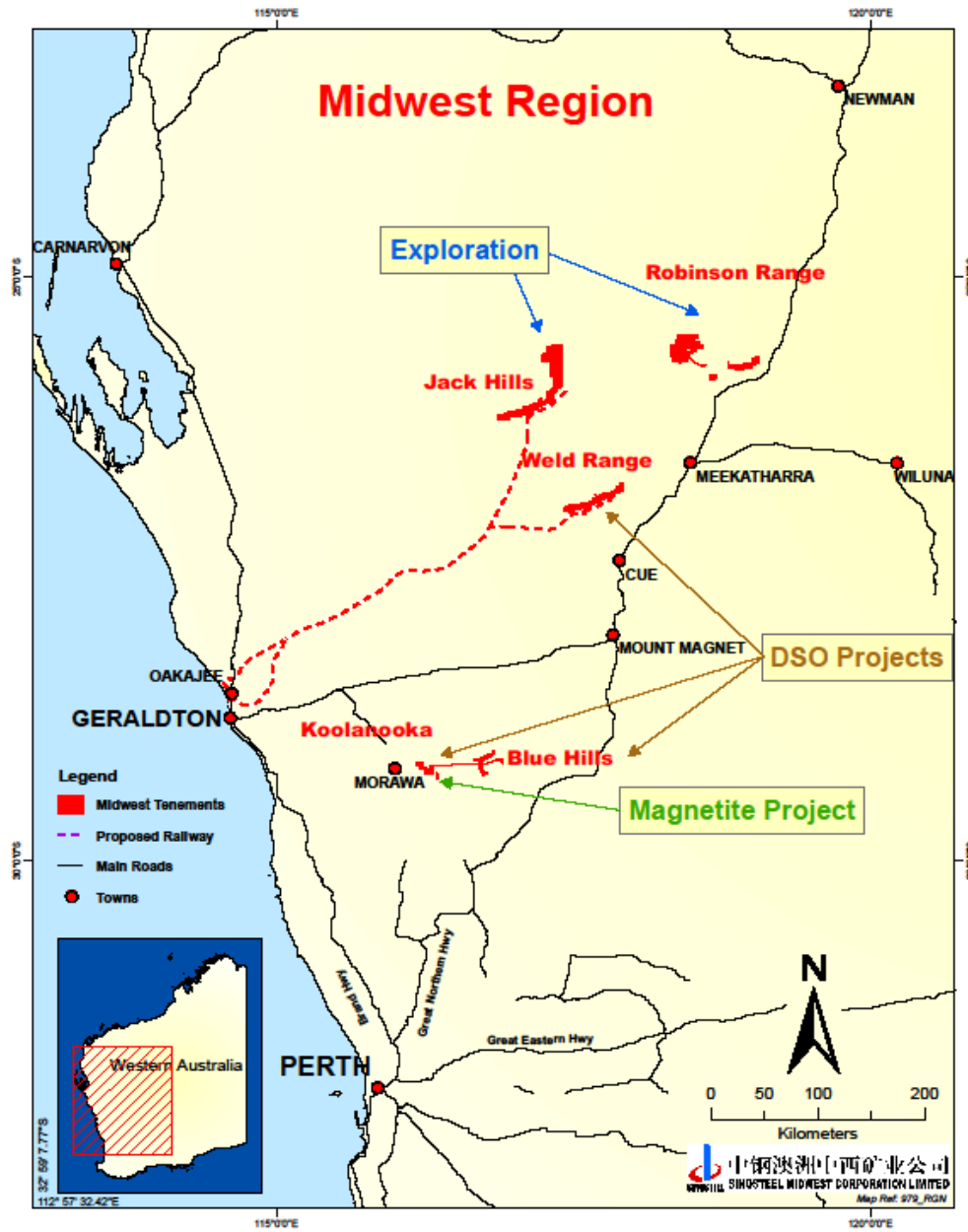


Figure 1: Sinosteel Midwest Corporation Projects

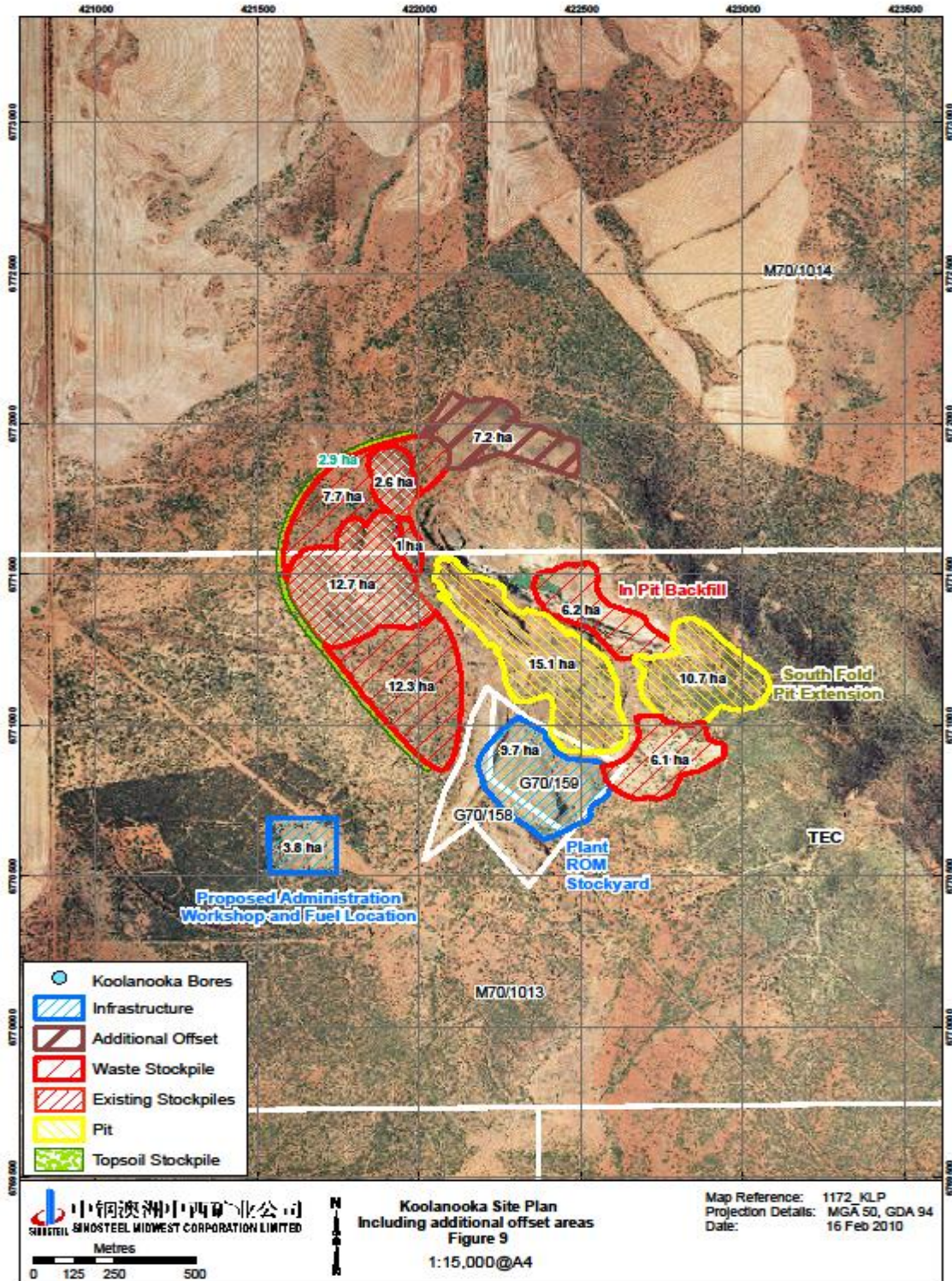


Figure 2: Koolanooka Mine Site Layout

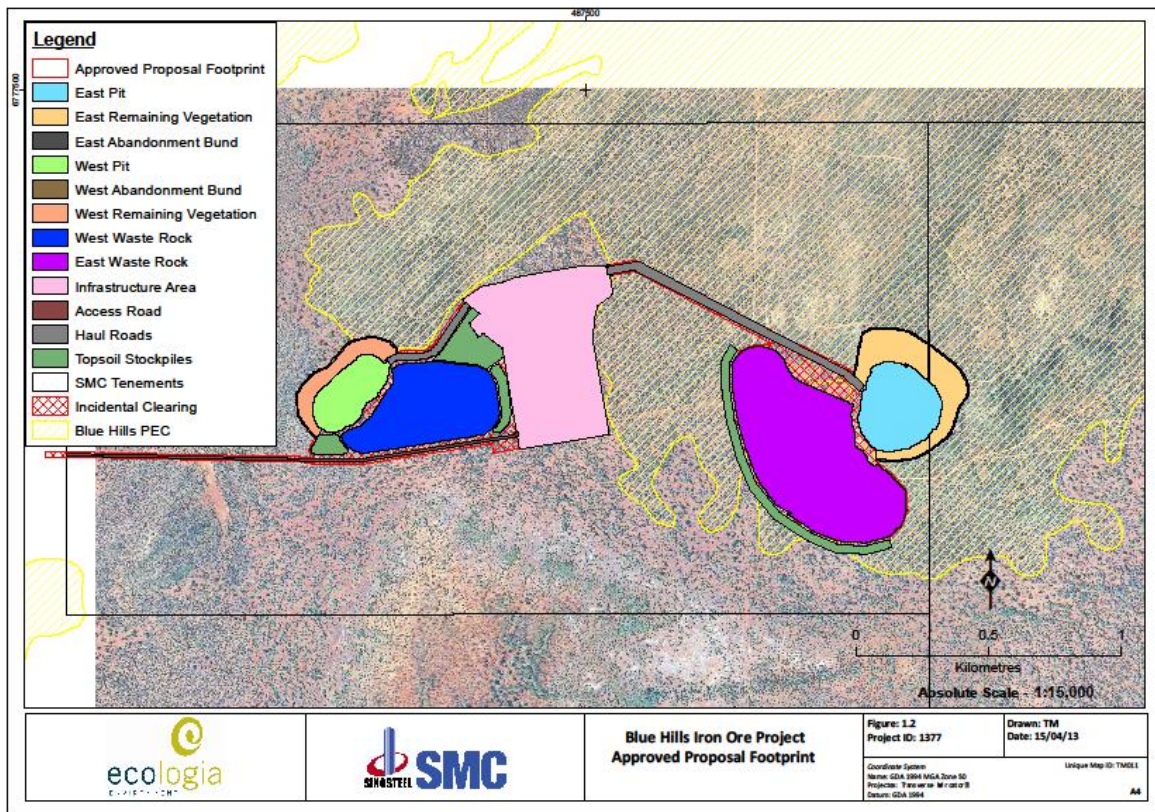


Figure 3: Blue Hills Mine Site Layout

5.0 COMPLIANCE

SMC is committed to best practice environmental performance and strives to ensure all its activities comply with statutory requirements and are planned and performed so that adverse environmental effects are avoided or appropriately managed.

SMC has complied with all conditions of approval EPBC 2007/3809 where relevant to date, as described in the Compliance Table in Section 6.

6.0 PUBLIC AVAILABILITY

This report is made publicly available via the SMC website at www.smcl.com.au

6.0 COMPLIANCE TABLE

Federal Approval Decision EPBC 2007/3809

Condition No.	Action	Compliance	Evidence	Reference
1	<p>For the better protection of the Malleefowl (<i>Leipoa ocellata</i>), the person taking the action must produce a management plan for this species. The management plan must include:</p> <ul style="list-style-type: none"> a) The purpose of the plan, including desired outcomes of implementing the plan; b) Performance criteria for assessing the outcomes of implementing the plan; c) Details of measures to avoid Malleefowl mortality along the proposed haul road; and d) Details of measures to offset residual impacts to Malleefowl, including details of how \$100,000 will be used to enhance conservation values in the Blue Hills area in consultation with WA DEC. <p>The management plan must be submitted to the Minister for approval within 3 months of the date of this approval. The approved management plan must be implemented. If within 5 years of the date of this decision the 5,270 ha land parcel as specified on the map in Appendix 1 (E59/1059) has not been subject to formal reservation by the WA Minister for Lands under Part IV of the WA Land Administration Act 1994, and this land parcel has not become subject to management under the WA Conservation and Land Management Act 1984, then the person taking the action must advise the Minister of this fact in writing. At the same time the person taking the action must provide a plan to provide an alternative area of protected habitat or an alternative package of measures to offset residual impacts to the Malleefowl for the approval by the Minister.</p>	<ul style="list-style-type: none"> - Malleefowl Management Plan (MMP) developed for the Project. - The MMP includes all criteria (a – d) specified in Condition 1. - SMC submitted the MMP to the Department in March 2010, within the 3 month timeframe of date of approval decision (4 January 2010). - The MMP was approved by the Department in June 2010. - The MMP has been implemented. - No non-compliances were recorded against the MMP during the reporting period. - No individual sightings of Malleefowl were recorded in project areas during the reporting period. - No injury or death of any Malleefowl was recorded during the reporting year. - No incidents of protected fauna deaths occurred during the year. - Malleefowl awareness information is included in the site induction. - All vegetation clearing occurs in approved areas only and is controlled via internal processes (Vegetation Clearing Approval Form). - SMC has been a full member of the WA Malleefowl Preservation Group. - SMC has funded conservation management in the Blue Hills area to DPaW for an aerial assessment over the former Karara station; wild dog control; feral goat control and weed management. By 2015 SMC's contribution had reached the agreed \$100,000 and thus completed SMC's commitment for the project. Correspondence detailing this funding was provided in the 2015 compliance report. 	<p>SMC Malleefowl Management Plan</p> <p>Malleefowl Sighting Forms</p>	<p>EPBC 2007/3809: DEWHA approval letter for the MMP - dated 11 June 2010.</p>
2	<p>Within 14 days of commencement of the action, the person taking the action must advise the Department of the actual date of commencement.</p>	<p>Completed - No Further Action Required".</p>	<p>As reported in previous annual report.</p>	<p>SEWPac letter dated 10 July 2012 confirming no further action required.</p>
3	<p>Within 3 months of every 12 month anniversary of the commencement of the action, the person taking the action must submit to the Department an annual report addressing compliance with the conditions of this approval. This must include reporting on progress towards the formal reservation of 5,270 ha of land as described on map at Appendix 1 (E59/1059). Annual reports must be provided until the Minister is satisfied that the proponent has complied with all the conditions of approval. This report must be made publically available on the internet within 30 days of it being provided to the Minister.</p>	<ul style="list-style-type: none"> - Previous annual reports submitted in 2011, 2012, 2013, 2014, 2015 and 2016 within timeframe. - This is the 6th annual report submitted for the Project within timeframe. 	<p>Annual report submitted on or before 4 July annually.</p>	<p>Annual Reports</p>

Condition No.	Action	Compliance	Evidence	Reference
4	The person taking the action must maintain accurate records substantiating all activities associated with or relevant to the above conditions of approval and make them available upon request to the Department. Such records may be subject to audit by the Department, and used to verify compliance with the conditions of approval. Summaries of audits may be posted on the Department's website. The results of audits may also be published through the general media.	<ul style="list-style-type: none"> - Accurate records of all activities associated with or relevant to the above conditions of approval are maintained in electronic and hardcopy format. - SMC will make the relevant records available to the Department upon request. 	SMC's electronic and hardcopy files.	SMC's electronic and hardcopy files.
5	If the person taking the action wished to carry out an action otherwise than in accordance with the plans approved at Condition 1 in relation to this approval, then they may submit a revised plan for the Minister's approval. If the Minister approves a revised plan pursuant to Condition 1, the person taking the action must implement that plan instead of the plan originally approved.	Not applicable during the reporting period.		
6	If the Minister believes that it is necessary for the better protection of the Malleefowl (Leipoa ocellata) to do so, the Minister may request the person taking the action to make specified revisions to a plan approved pursuant to Condition 1 and to submit the revised plan for the Minister's approval. The person taking the action must comply with any such request. If the Minister approves a revised plan pursuant to Condition1, the person taking the action must implement that plan instead of the plan originally approved.	Not applicable during the reporting period.		
7	If the action has not been substantially commenced within 5 years of the date of this approval the action must not proceed without the written consent of the Minister.	"Completed - No Further Action Required".	As reported in previous annual report.	SEWPac letter dated 10 July 2012 confirming no further action required.