

Olympic Dam Expansion Project

November 2012

On Tuesday 13 November 2012, South Australian Premier Jay Weatherill announced that the South Australian Government had granted an extension to the indenture for BHP Billiton's (BHPB) Olympic Dam expansion project. The period by which BHPB is required to provide project notice for the expansion has been extended to October 2016.

The initial deadline under the indenture agreement had been 15 December 2012. On Wednesday 22 August 2012 BHPB issued a press release announcing that they would not be ready to go ahead with the proposed expansion of the Olympic Dam Project by that deadline, and that the expansion would therefore be deferred.

Premier Weatherill's press release is available [here](#).

Extension Agreement

The extension is the result of a series of negotiations between the South Australian Government and BHPB regarding the future of the expansion project following BHPB's August announcement. In announcing the extension, Premier Weatherill said it would allow BHPB to develop a revised plan for the expansion, involving new and innovative ways of mining and processing. The revised plan is likely to incorporate new technologies for the extraction of material from the mine pit and processing of the ores, including heap leach processing.

As part of the extension agreement BHPB has committed to spend more than \$650 million over the next four years at Olympic Dam and on other initiatives within South Australia. Of this \$650 million, \$540 million will be spent on the re-scoping of the project itself, including the new technology studies and on-site works. The remaining \$110 million will be spent on other initiatives within South Australia, including:

- Substantial mine-related research;
- Investments in building capacity of mining services enterprises, including clustering arrangements;
- Environmental works, including partnerships with research institutions about marine impacts of Olympic Dam related activity;
- Supporting greater participation by Aboriginal people and businesses led by Aboriginal people; and
- Establishing a major national Aboriginal cultural event.

The extension requires a variation to the provisions of the indenture agreement. A written agreement on the variation between the Government and BHPB must be introduced into both Houses of Parliament. If there is no resolution to disallow, the variation is passed within 12 days, and the extension will then take effect.

The Indenture Agreement

The indenture agreement sets out the rights and obligations of both parties in relation to the South Australian Government's approval of BHPB proposed expansion. The indenture is then given the force of law through a Ratification Act passed by the Parliament, the *Roxby Downs (Indenture Ratification) (Amendment of Indenture) Bill 2011*.

BHPB and the South Australian Government were already parties to an existing indenture agreement to enable the original underground mine at Olympic Dam, and this agreement was revised to allow for the new open-pit mine as well as the new processing plants and supporting infrastructure that were part of the proposed expansion. The revision process involved lengthy negotiations and environmental impact statements, before the *Roxby Downs (Indenture Ratification) (Amendment of Indenture) Bill 2011* was passed through Parliament.

The rights and obligations of the indenture become legally enforceable once BHPB gives a project notice. BHPB initially had a twelve month period to give such notice from the date that the Bill came into operation as a law, which was 15 December 2011. However following the extension granted by the South Australian Government, BHPB now have until October 2016.

The Original Proposed Expansion

In 2011, following a six year environmental assessment process, BHPB received approval from the Commonwealth, South Australian and Northern Territory governments to significantly expand its mining and processing operations at Olympic Dam, near Roxby Downs in South Australia.

The original expansion approval allowed BHPB to:

- construct of a new open pit mine that will eventually consume the existing underground mine with a potential to increase production to approx 750,000 tonnes a year of refined copper plus associated products (uranium oxide, gold and silver);
- to expand the existing smelter and build new concentrator and hydrometallurgical plants to process the additional ore and generate additional concentrate for export;
- to construct a waste rock storage facility (RSF) that would cover 6,720ha and eventually reach a height of approx 150m;
- to construct a new tailings storage facility (TSF) which would eventually reach a height of about 65m, with the total area of the facility measuring approx 4,000ha;
- to develop a new airport to replace the existing facility at Olympic Dam, which will be larger and able to handle aircraft such as the Boeing 737-800 or A320 and support both day and night flights;
- to build a new gas-fired power station supplied by a new gas supply pipeline from Moomba;
- to build a cogeneration power station to supplement primary electricity supply;
- to build a desalination plant at Port Bonython connected to Olympic Dam by a 320km pipeline;
- to excavate saline wellfields providing up to 50 ML/day of water, largely used for dust suppression;
- to build a new 270km electricity transmission line from Port Augusta;
- to build a 105km rail line connecting Olympic Dam to the national rail network near Pimba; and
- to build a rail/road intermodal freight terminal at Pimba.



BHPB had estimated that the above proposal for the expansion of Olympic Dam would generate up to 6000 new jobs during construction, a further 4000 full time positions at the expanded open pit mine and an estimated 15,000 new indirect jobs throughout the State to support the expansion.

BHPB's draft Environmental Impact Statement (2009) for the original proposed expansion can be found [here](#).