



# MT CARBINE BANKABLE FEASIBILITY STUDY

## CHAPTER 15: OWNERSHIP, LEGAL AND CONTRACTUAL

DECEMBER 2021



## Document History

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# 1. Introduction

## 1.1. Context

This Chapter 15: Ownership, Legal and Contractual shall be read in conjunction with Chapter 1: Executive Summary and additional references as listed in Section 4.

## 1.2. Purpose

The purpose of Chapter 15: Ownership, Legal and Contractual is to focus on the key legal and regulatory approvals (and related agreements) held by EQ Resources for the Mt Carbine Upgrade Project (the Project). These legal and regulatory approvals are required to enable project activities.

This chapter provides an overview of the following:

- Key approvals, land use agreements, and ownership held by EQ Resources in respect to the Project;
- Land ownership and tenure considerations; and
- The legal and regulatory requirements in respect to the Project. This includes, at a high level, environmental and mining safety considerations (noting that these are separately dealt with in detail in Chapter 10: Environment and Approvals and Chapter 4: Mining).

## 2. Key Approvals, Land Use Agreements and Ownership

This section summarises the key approvals and agreements required for affected land use considerations for the execution of the project.

### 2.1. Summary of Key Approvals

Table 1 identifies the key approvals (and related land use agreements) held by EQR in respect to the Project.

Table 2 identifies the local approvals required for the Project these are detailed further in Chapter 10: Environment and Approvals.

Table 1: Current Approvals and Related Land Use Agreements

Approval	Legislation	Approval Body	Status
ML 4867	Mineral Resources Act 1989	Department of Resources	Granted
ML 4919	Mineral Resources Act 1989	Department of Resources	Granted
EA EPML00956913 (mine) and EA EPPR00438313 (quarry)	Environmental Protection Act 1994	Department of Environment and Science	Granted

Table 2: Approvals Required

Approval	Intended Use	Legislation	Approval Body	Status
<b>Identified Approvals</b>				
For on-mining lease infrastructure, development permits may be required for: <ul style="list-style-type: none"> <li>Occupied building/structures</li> <li>Plumbing and drainage works</li> </ul>	On-mining lease buildings, including administration, offices, ablutions etc.	Building Act 1975	Mareeba Shire Council	Pending Approval requirements for on-lease infrastructure will continue to be assessed as detailed design becomes available.
ERA 31 – mineral processing	Increased process plant throughput	Environmental Protection Act 1994	Department of Environment and Science	Pre-lodgement meetings held with DES. EA amendment to be issued.
ERA 16 – extractive and screening activities	Increase in on- mining lease open pit mining production	Environmental Protection Act 1994	Department of Environment and Science	Pre-lodgement meetings held with DES. EA amendment to be issued.
<b>Related Approvals That May Apply</b>				
Road Corridor Permit	Piping of slurry across	Transport Infrastructure Act 1994	Department of Transport and	The Project area has been dissected by the State Road since grant

Approval	Intended Use	Legislation	Approval Body	Status
	Mulligan Highway		Main Roads (DTMR)	of title. It is expected that use of the culvert for conveyance of pipes will prevail without the need for additional permitting.
	Pit Blasting			It is expected that the Blast Management Plan, developed with stakeholder engagement, will address DTMR requirements.
<b>Approvals Deemed Not Required</b>				
Water License	Raw water supply from bores (post dewatering of open pit)	Water Act 2000	Department of Regional Development, Manufacturing and Water	There is no moratorium over the area, or a groundwater management plan, and no requirement for development approval for drilling. It is not expected that a licence will be required.

## 2.2. Tenure

Mt Carbine Quarries Pty Ltd, a wholly owned subsidiary of EQR, is the authorised holder of mining leases ML 4867 and ML 4919, with the boundaries shown in Figure 1 in relation to the existing site infrastructure. All operations on the Mt Carbine site are carried out by either Mt Carbine Quarrying Operations Pty Ltd or Mt Carbine Retreatment Management Pty Ltd based on their operational areas. Mt Carbine Quarrying Operations Pty Ltd is 100% owned by EQR. Mt Carbine Retreatment Management Pty Ltd which is an unincorporated Joint Venture (JV) between EQR and CRONIMET Australia (Pty) Ltd (CRONIMET). This structure is detailed further in Section 2.2.1.





Figure 1: Mining Lease Boundaries

In the event of non-compliance in relation to the conditions imposed on the mining lease, it is likely that the Queensland Department of Natural Resources (DNR) will impose additional conditions in order to ensure compliance. In extreme circumstances of non-compliance, DNR may impose penalties that are more severe. These may include initiating forfeiture proceedings for the mining lease in its entirety, and the imposition of fines. Prior to any forfeiture action, DNR has advised that it would likely give the tenement holders an opportunity to rectify non-compliance by way of Notice to Show Cause under Section 386 of the Mineral Resources Act 1989.

### 2.2.1. Mt Carbine Retreatment Management Pty Ltd (MTCRM)

MTCRM is the operating company for the unincorporated JV between EQR and CRONIMET Australia. The JV was established for the funding and processing of the historic tailings at Mt Carbine and the 12,000,000t Low Grade Stockpile (LGS) and the recovery of the tungsten contained therein. As it is a 50/50 JV, funding for the establishment of the gravity processing plant, XRT Sorting Plant, earth moving fleet and ongoing operational costs have been carried by the JV since 2019 on an equal basis. Where either of the parties have carried additional costs, this has been accounted for in the accounts of the JV.

Capital equipment has been contributed to the JV on a low interest, financial lease basis and financial contributions have been accounted for as Shareholder loans to cover the ongoing operational. Concentrates purchased from the JV by CRONIMET are in line with the terms of the off-take agreement in place governing the purchase of concentrates from MTCRM which was secured through a cash advance and capital injection to restart the processing of tungsten bearing material at Mt Carbine.

The EQR and CRONIMET company structures and ownership of MTCRM is shown in Figure 2.

For further information on the commercial JV structure (incl. a 2.5% sub-lease royalty from MTCRM to EQR) refer to EQR ASX announcement dated 14 May 2019).

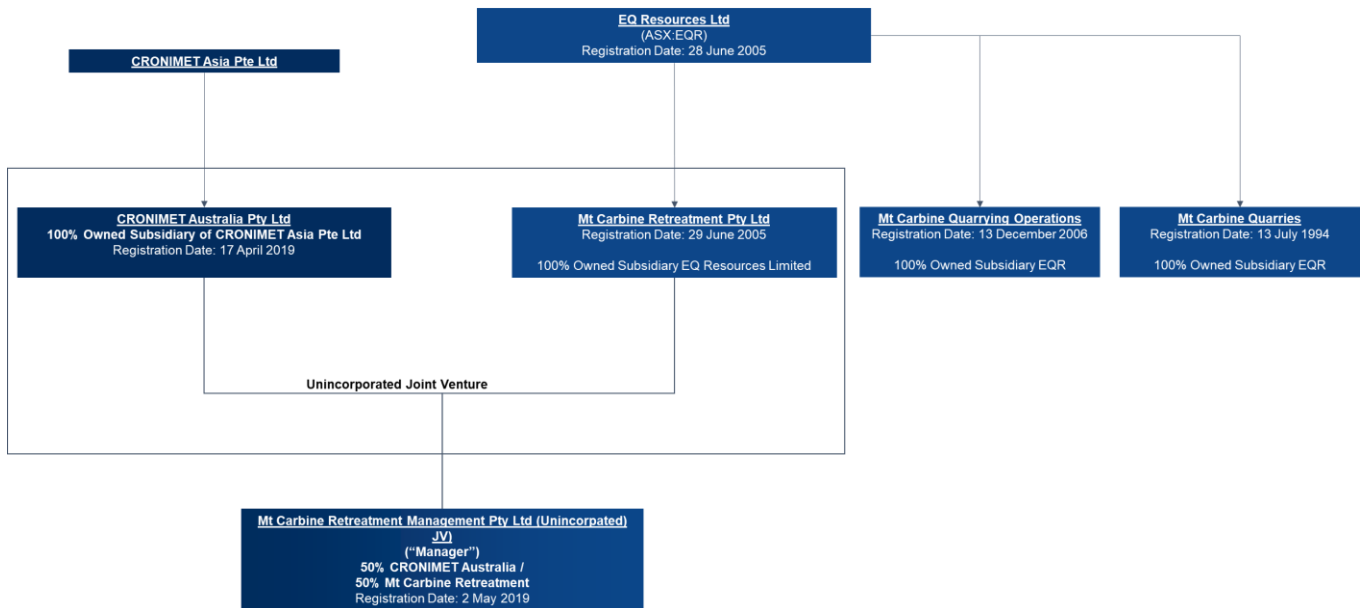


Figure 2: Mt Carbine Structure

### 2.3. Environmental Approvals

The land relevant to the Project site is used for quarry and mining activities as per the respective licenses (EA EPPR00438313, dated 16 March 2021 for the quarry and EA EPML00956913, dated 1 December 2020 for the mine).

The Environmentally Relevant Activities (ERAs) listed in Table 3 summarise the current environmental approvals of Mt Carbine.

Table 3: Existing ERAs for the Project Site

ERA No.	Activity	Threshold
<b>EA EPPR00438313 for the quarry activity</b>		
16	Extractive and Screening	Extraction and Screening 3: Screening, in a year, the following quantity of material (b) more than 100,000t but not more than 1,000,000t
16	Extractive and Screening	Extraction and Screening 2: Extracting, other than by dredging, in a year, the following quantity of material (b) more than 100,000t but not more than 1,000,000t
<b>EA EPML00956913 for the mine activity</b>		
14	Electricity Generation	Ancillary 14 - Electricity Generation 2: Generating electricity by using a fuel, other than gas, at a rated capacity of (a) 10MW electrical to 150MW electrical
8	Chemical Storage	Ancillary 08 - Chemical Storage 4: storing 200t or more of chemicals that are solids or gases, other than chemicals mentioned in items 1 to 3, under subsection (1)(d)
15	Fuel Burning	Ancillary 15 - Fuel burning: Using fuel burning equipment that is capable of burning at least 500kg of fuel in an hour
31	Mineral Processing	Ancillary 31 - Mineral processing 2: Processing, in a year, the following quantities of mineral products, other than coke (a) 1000t to 100,000t



ERA No.	Activity	Threshold
8	Chemical Storage	Ancillary 08 - Chemical Storage 3: Storing more than 500 cubic metres of chemicals of class C1 or C2 combustible liquids under AS 1940 or dangerous goods class 3 under subsection (1)(c)
8	Chemical Storage	Ancillary 08 - Chemical Storage 5: storing 200 cubic metres or more of chemicals that are liquids, other than chemicals mentioned in items 1 to 3, under subsection (1)(d)
8	Chemical Storage	Ancillary 08 - Chemical Storage 1: Storing a total of 50t or more of chemicals of dangerous goods class 1 or class 2, division 2.3 under subsection (1)(a)
Schedule 3 19	Mining	Schedule 3 19: Mining metal ore, other than a metal ore mentioned in items 11, 12, 14, 15, 16,17 or 18

The status and future requirements for the environmental approvals are detailed further in Chapter 10: Environment and Approvals.

## 3. Legal and Regulatory

### 3.1. Relevant Legislation

Mt Carbine is required to comply with the following State and Federal Legislation:

- Mining and Quarrying Safety and Health Act 1999
- Mining and Quarrying Safety and Health Regulation 2017
- Environmental Protection and Biodiversity Conservation Act 1999
- Native Title Act 1993
- National Environmental Protection Council Act 1994
- National Greenhouse and Energy Reporting Act 2007
- Energy Efficiency Opportunities Act 2006
- Clean Energy Act 2011
- Environmental Protection Act 1994
- Mineral and Energy Resources (Financial Provisioning) Act 2018
- Mineral Resources Act 1989
- Aboriginal Cultural Heritage Act 2003
- Queensland Heritage Act 1992
- Water Act 2000
- Planning Act 2016
- Transport Infrastructure Act 1994
- State Development and Public Works Organisation Act 1971
- Nature Conservation Act 1992
- Environmental Offsets Act 2014
- Vegetation Management Act 1999
- Biosecurity Act 2014
- Waste Reduction and Recycling Act 2011
- Local Government Act 2009
- Radiation Safety Act 1999

### 3.2. Planning

The Planning Act 2016 generally governs development in Queensland (and the issue of development approvals), including those in respect of building works. however:

- Mining activities carried out on a mining tenement are generally exempt from this legislation. It is likely that most development works for the Project would fall within the relevant exemption, and therefore would not require development approval under the Planning Act.
- Any construction works that are to be carried out outside of the boundaries of a mining tenement are likely to require development approvals under the Planning Act.

The current scope of work does not anticipate any work being carried out outside of the mining tenement and therefore no activities are deemed to require approval under the Planning Act.

### **3.2.1. Occupied Building/Structures—Plumbing and Drainage Works**

Under the Mineral Resources Act 1989, the Planning Act 2016 applies to building work under the Building Act 1975 that is authorised under this Building Act, including under a mining tenement.

The project will require all necessary approvals for buildings/structures, plumbing and drainage works. These approvals may be included in the scope of works for infrastructure contractors, but ultimate responsibility will lie with EQR.

Identification of on-lease infrastructure, such as plumbing and drainage works, will be undertaken as a component of the detailed design. Minor approvals for on-lease infrastructure will continue to be assessed as detailed design becomes available.

### **3.2.2. Regulated Structures**

The Department of Environment and Science requires that any regulated structure be designed, constructed, operated and maintained to an engineering standard appropriate to the nature of the contents of the structure, the purpose for which it is to be used, and the environment in which it is located and may discharge if authorised to. The Department of Environment and Science also requires that the condition of regulated structures and their operations will be monitored on a regular basis, and that timely action will be taken to prevent or minimise any actual or potential environmental harm.

Mt Carbine does not have any regulated structures on the site, and the Project will not introduce any changes to these requirements. All regulated dams were removed from the mine's Environmental Authority in 2016 through a consequence assessment and amendment application process.

### **3.2.3. Water**

For Phase 2, the construction of a production water bore will be required. This will be located on the mine site.

There is no moratorium over the area and no requirement for development approval for drilling. It is not expected that a water licence will be required.

### **3.2.4. Power**

All required power for Phase 1 and Phase 2 is being supplied to the site. No additional power connection agreements or increases to the existing capacity is anticipated.

## **3.3. Community**

Recent resource activity in Queensland has included new mining ventures in the Bowen Basin coal region, north-west minerals region, and investment in coal seam gas extraction in south west Queensland. In light of these activities, and despite the fact that the resource industry contributes significantly to the economy, many resource communities have expressed concerns that the increased use of non-residential fly-in, fly-out (FIFO) workers by resource companies detrimentally affects communities.

As a result of these concerns, the Queensland Government introduced the Strong and Sustainable Resource Communities (SSRC) Act 2017, with the purpose of ensuring that residents of communities near large resource projects benefit from the construction and operation of those projects.

A component of the SSRC Act 2017 requires large resource projects to conduct a formal Social Impact Assessment.

This Project is not deemed a large resource project as it does not meet the criteria of requiring an Environmental Impact Statement. Based on this outcome, a Social Impact Assessment in accordance with the SSRC Act 2017 is not required.

Regardless of not being required to meet the SSRC Act 2017 compliance requirements, EQR is committed to engaging with the local community and employing people from nearby regional communities for operational roles to grow and support local communities.

EQR's approach to community and stakeholder engagement is detailed in Chapter 11: Community and Stakeholders.

## 3.4. MEROLA Act

### 3.4.1. Introduction

On 4 February 2020, the Queensland Mineral and Energy Resources and Other Legislation Amendment (MEROLA) Bill was introduced into the Queensland State Parliament. The MEROLA Bill amends 14 State Acts and two regulations.

On 20 May 2020, Queensland Parliament passed the MEROLA Bill as the MEROLA Act 2020 and was assented on 25 May 2020.

### 3.4.2. Industrial Manslaughter

The MEROLA Act introduces industrial manslaughter as an offence by amending various pieces of Queensland legislation (together known as the Resources Safety Acts), including:

- Mining and Quarrying Safety and Health Act 1999;
- Coal Mining Safety and Health Act 1999;
- Petroleum and Gas (Production and Safety) Act 2004; and
- Queensland Explosives Act 1999.

Mt Carbine falls under the Mining and Quarrying Safety and Health Act 1999.

The MEROLA Act aligns the offence provisions of the Coal Mining Safety and Health Act 1999, the Mining and Quarrying Safety and Health Act 1999 and the Petroleum and Gas (Production and Safety) Act 2004 (collectively referred to as Resources Safety Acts) with the WHS Act. Under the WHS Act, industrial manslaughter, already exists as an offence.

The MEROLA Act amends the Resource Safety Acts so that an offence will be committed where:

- A worker dies, or is injured and later dies, while carrying out work at a mine, operating plant or place where gas work is carried out.
- The employer or senior officer's conduct causes the death of the worker.
- The employer or senior officer's criminal negligence causes the death of the worker.

This can be both or either a corporate offence (committed by an employer) or an individual offence (committed by an 'executive officer'). The MEROLA Act defines an executive officer as 'a person who is concerned with, or takes part in, its management, whether or not the person is a director or the person's position is given the name of executive officer', and defines a 'senior officer' (where the employer is a corporation) to be an executive officer of the corporation, or, otherwise the holder of an executive position (however described) in relation to the employer who makes, or takes part in making, decisions affecting all, or a substantial part, of the employer's functions.

Industrial Manslaughter, under the MEROLA Act, is considered an indictable offence, with no limitation period for commencing prosecution. The proposed penalties are up to 20 years' imprisonment for an individual and 100,000 penalty units (approximately AU\$13 million) for a body corporate.

### **3.4.3. MEROLA Impacts on Mt Carbine**

Whilst the safety-specific amendments in the MEROLA Act will not fundamentally alter what is required of EQR, to comply with its obligations under the Resources Safety Acts, the risk profile has increased.



## 4. References

- Chapter 1: Executive Summary
- Chapter 4: Mining
- Chapter 10: Environment and Approvals
- Chapter 11: Community and Stakeholders

## 5. List of Abbreviations

Abbreviation	Description
CRONIMET	CRONIMET Australia (Pty) Ltd
DNR	Department of Natural Resources
EA	Environmental Authority
ERA	Environmentally Relevant Activity
JV	Joint Venture
LGS	Low Grade Stockpile
MEROLA	Mineral and Energy Resources and Other Legislation Amendment
ML	Mining Lease
MTCRM	Mt Carbine Retreatment Management Pty Ltd

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