

Australia approves BHP's huge Olympic Dam expansion

October 10 2011, by Madeleine Coorey



This undated BHP Billiton file photo shows BHP Billiton's Olympic Dam copper and uranium operation at Roxby Downs. Australia on Monday gave environmental approval for BHP Billiton to expand its Olympic Dam project and create what officials said would be the world's largest open pit mine.

Australia on Monday gave environmental approval for mining behemoth BHP Billiton to expand its Olympic Dam project and create what officials said could be the world's largest open pit mine.

Federal Environment Minister Tony Burke gave the green light to BHP's proposals, but set more than 100 conditions on the uranium, copper and gold project which is hoped will boost exports and create thousands of jobs.

"While I have considered the economic and jobs benefits of this project,

my focus has been on protecting matters of national environmental significance," Burke said.

"The strict conditions I've imposed will help ensure protection of the natural environment, including [native species](#), [groundwater](#) and vegetation, for the long-term."

BHP Billiton has proposed creating a massive open mine pit, which will operate alongside its existing underground mine, to deliver more copper and uranium to meet global demand.

It will also expand its processing operations at the site if it commits to the expansion at a board meeting early next year.

Analysts estimate the expansion will cost 20 bn Australian dollars but BHP says the project will be worth around 50 bn to the Australian economy over the next three decades.

BHP welcomed the government's decision as a milestone as the company seeks to develop the world class ore-body which it says has the potential to increase copper production from about 180,000 to 750,000 tonnes per year for decades to come.

But it noted that the first phase of the Olympic Dam project was currently in feasibility and its execution depended on the Board's go-ahead.

"We will now take these conditions into account and incorporate them into our final assessment and recommendation to the Board next year," BHP's uranium president Dean Dalla Valle said.

Under the government's conditions, the Anglo-Australian miner will be required to establish an offset area of about 140,000 hectares (346,000

acres) -- eight times the amount of land forecast to be cleared for the project.

The conditions apply to all parts of the project, as far as the proposed desalination plant in the Upper Spencer Gulf which would be built to supply water to the mine to ensure the area's marine life was protected.

When the mine is closed, BHP Billiton must cover the tailings, or run-off waste, storage facility to ensure the long-term protection of the environment.

BHP has forecast expansion of the site, about 570 kilometres (350 miles) north of Adelaide, will create more than 13,000 jobs.

"Today marks this state being one step closer to being the home to the world's largest open pit mine," South Australian Mineral Resources Development Minister Tom Koutsantonis said.

"That in itself is an economic game changer for this state."

BHP's existing underground mine at Olympic Dam is already Australia's largest and national Resources Minister Martin Ferguson said the site had the potential to become one of the world's largest mines, if not the largest.

"Olympic Dam is a standout, its size and scale unprecedented for a single mining project in Australia," Ferguson said.

Under the South Australian development approval the company can build a new mine to produce about 19,000 tonnes of uranium oxide each year while the waste rock facility will cover close to 7,000 hectares.

BHP refused to comment on the cost of the expansion, which would be

completed in stages over 11 years. But the company has said it could spend up to US\$80 billion over the next five years on projects around the world.

In August BHP Billiton announced its full-year net profit almost doubled to US\$23.6 billion -- the biggest-ever profit result for an Australian company -- citing robust demand from China and India for commodities.

BHP closed down 10 cents at Aus\$37.10 in an overall rising market.

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Citation: Australia approves BHP's huge Olympic Dam expansion (2011, October 10) retrieved 18 April 2024 from <https://phys.org/news/2011-10-australia-bhp-huge-olympic-expansion.html>

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