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Australian Energy Market Operator

By email: ISP@aemo.com.au

Submission - Draft 2023 Transmission Expansion Options Report May 2023

Reference:

- A. AEMO Paper 'Draft 2023 Transmission Expansion Options Report May 2023' Draft Report for Consultation, 2 May 23

Dear Sir/Madam,

We wish to write in support for the expansion of the SA transmission network to incorporate Options 3 and 4 for the Mid North of SA (S3) as outlined at Reference A.

Lodestone Mines is the developer of the Olary Flats Project in the Northeast of South Australia. The Olary Flats Project is a significant project for South Australia that will involve mining a large magnetite resource in the Braemar Iron region.

The regional location of the Olary Flats Project is illustrated in Figure 1 and aligns with **South Australia's Magnetite Strategy** to help grow the mineral resources sector and provide jobs and growth in our regional and remote communities.

The Magnetite Strategy recognises that South Australia needs to enhance economic growth, employment and business development opportunities for regional areas and future generations. The Olary Flats Project would assist the South Australian Government in their focus on the development of the minerals sector and, as part of their Magnetite Strategy, to unlock magnetite resources and increase South Australia's magnetite production to 50 million tonnes per annum by 2030 to work towards their vision of being a leading global supplier of quality magnetite products for steelmaking by this time.

At a regional level, there needs to be a focus on the need to attract investment, retain community members (particularly young people), strengthen employment opportunities, build skills, improve regional services and infrastructure, and create opportunities for local businesses.

When approved, the Olary Flats Project will:

- improve local, regional, and state infrastructure, build industry and community capacity and resilience, and attract and enable investment in South Australia and in the regions it occupies.

- contribute to initiatives dealing with sustainability and climate change through its production of a magnetite product mined and processed in a sustainable manner to input into manufacturing of green steel, and steel that is required to enable necessary construction activities for ongoing development of infrastructure. Contribute to low emissions steel making, given magnetite concentrate is exothermic and only has low levels of deleterious elements.
- increase trust of the resources sector through appropriate engagement with stakeholders and be developed over its mine life in a responsible manner.

Lodestone Mines are committed to South Australia and the Olary Flats Project will continue to be developed with a focus on building trust and relationships with local stakeholders. The Lodestone Mines board is focusing on providing as much work as possible to South Australian based consultants, contractors, and manufacturers.

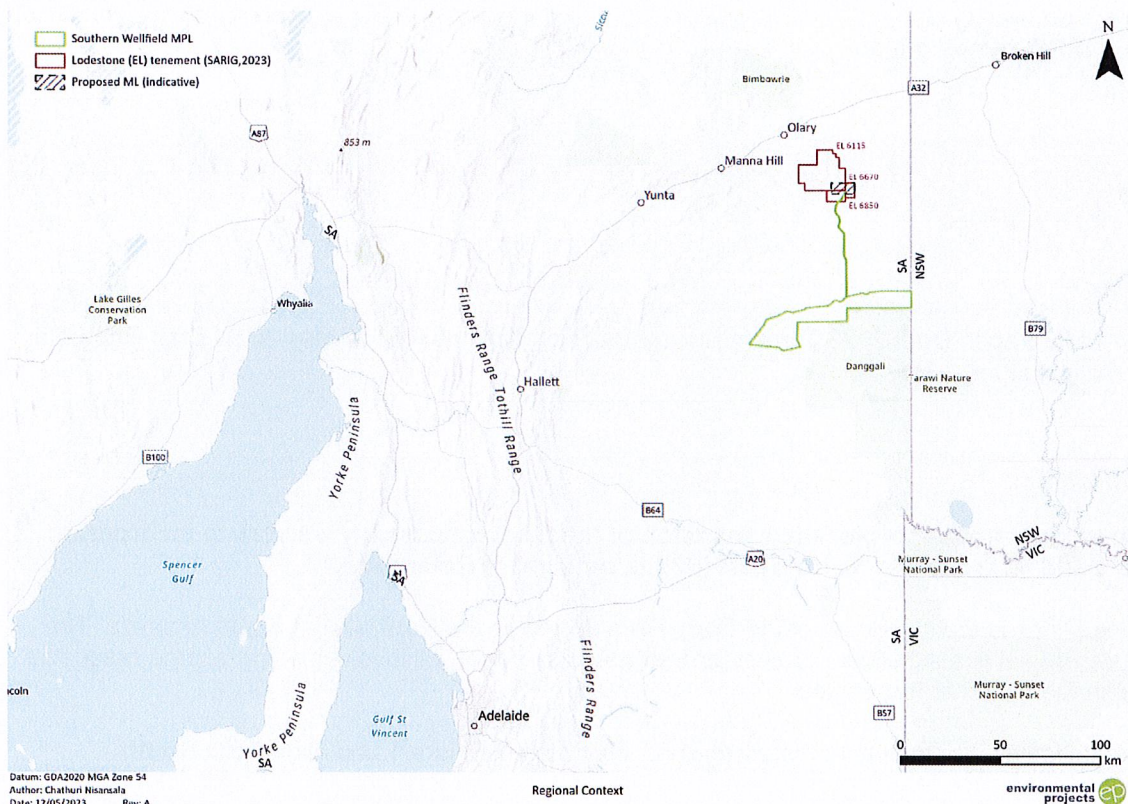


Figure Error! No text of specified style in document.: Regional context

Project's Benefits

The Olary Flats Project will generate significant economic and social benefits, particularly for local and regional communities near the project area. These potential benefits include, but are not limited to, future:

- job creation
- business/supplier opportunities
- royalties provided to the South Australian Government
- benefits created for the Traditional Owners (TOs) Aboriginal people and local communities

- opportunities for training and capability building
- attraction and/or retention of population in a number of regional communities and the associated benefits, such as opportunities for infrastructure improvement.

The employment opportunities created by the Olary Flats Project will occur during both construction and operations. Initial figures suggest that approximately 500 jobs will be created during (peak) construction and approximately 300 will be created during operations (note these figures are for the entire Olary Flats Project including the mine). The development and operation of the wellfield and associated pipeline will create approximately 30 jobs during construction and 12 during operations.

Lodestone Mines have a strong focus on local employment, and it is anticipated that local and regional townships will gain benefits from employment opportunities, the wages these opportunities will bring, and the flow-on effects experienced in communities due to potential increases in spending.

Lodestone Mines have commenced developing programs that create opportunities for Aboriginal and local employees. Lodestone Mines are building relationships to work closely with stakeholders to ensure that programs are appropriate to their needs and expectations. Lodestone Mines are committed to ongoing skill development which will result in the further development of the regional skill and capability base.

The creation of local, regional, and state supplier opportunities is important to Lodestone Mines. Working closely with the Wilyakali Aboriginal Corporation, pastoralists, and local community groups is a priority for Lodestone Mines to ensure that generational benefits are realised from the Project.

There is a link between economic prosperity and social wellbeing and stakeholders have consistently reinforced the importance of the Project to the future wellbeing of their communities, particularly with regards to opportunities for young people.

Lodestone Mines is making significant capital and operational investments in the Olary Flats Project and will contribute to both State and Local/Regional Governments in the future through the payment of royalties and taxes, thereby contributing to the building of strong, prosperous communities.

Expansion of the SA transmission network - Mid North of SA (S3)

A current significant limitation to our project however is the lack of available power and viable access to a transmission network in reasonable proximity to the project. Connection to the transmission network would provide both a commercially viable option for access to power, and the progression of our project, but would also enable us to access the renewable assets connected to the network. This will be critical for us to reach our target of Net Zero carbon emissions for our project.

We recognise that the Mid-North SA Renewable Energy Zone has good quality wind and solar resources and that there are several major wind farms in service in this REZ, totalling > 950 MW installed capacity. This alone would justify the expansion of the SA transmission network to incorporate Options 3 and 4 for the Mid North of SA (S3) as outlined at Reference A.

Recommendation

We strongly support the expansion of the SA transmission network to incorporate Options 3 and 4 for the Mid North of SA (S3) as outlined at Reference A. We specifically support the initial extension of the network north to Yunta with the establishment of a substation in the vicinity of the Yunta township. This extension of the network would open the Braemar region both to the connection of renewable energy assets but significantly would provide a commercially viable connection point to the SA network for both Lodestone Mines and other prospective projects in the area. A substation in the vicinity of Yunta connected to the transmission network would therefore significantly lessen a critical barrier for those projects going ahead.

Regards

A handwritten signature in red ink, appearing to read 'G. Toll', with a stylized, cursive script.

Gordon Toll

Executive Chairman and CEO for Lodestone Mines Ltd