

Leaking dam puts lithium mine expansion on hold

EXCLUSIVE

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12:00AM JULY 17, 2019 • 3 COMMENTS

Mineral Resources has been blocked from starting the commissioning of the next stage of its \$600 million Wodgina lithium mine in Western Australia after regulators found that a tailings dam at the project was seeping into groundwater.

WA's Department of Water and Environmental Regulation has refused to approve the commissioning of a second train at Wodgina until MinRes, headed by Chris Ellison, can demonstrate it has reduced seepage from the tailings dam and improved the performance of the existing operation. The regulator warned there were "possibly major" risks associated with the commissioning of the tailings facility and beneficiation plant at Wodgina, and flagged its concerns over how fast the groundwater level beneath the tailing facility was rising.

It also described what it said was "the poor housekeeping" around the first train and spodumene concentrate shed at Wodgina, and said that more than three quarters of the process water generated at the project had been lost through seepage.

"Process water (from the tailings facility) has elevated concentrations of lithium, tungsten and uranium that can affect surface water quality near the mine site," the department said. The department also noted that MinRes subsidiary Wodgina Lithium had presented a "simplistic" concept for the water plans that did not take into account the seepage issues.

The filings shed light on some of the issues that MinRes has faced as it ramps up production out of Wodgina. The tailings coming out of the plant, the department says, have an average solid content of 35 per cent — well below the 60 per cent solids under the project's design.

The company has had to draw on more raw water than expected given the issues with the tailings facility.

Commissioning Australia's wave of new lithium mines has proven to be a difficult process to date, with new producers such as Pilbara Minerals, Altura Mining and Galaxy Resources all experiencing teething problems after start-up and struggling to meet their targeted capacities.

On top of that MinRes has found itself at loggerheads recently with the Port Hedland Council and the town's privatised international airport over its plans for an airstrip at Wodgina.

The Port Hedland Council was sacked last week amid complaints of bullying and dysfunction.

A spokesman for MinRes said the company would address the issues raised by the regulator.

"Mineral Resources is aware of Amendment Notice 4 issued by the Department of Water and Environmental Regulation and continues to work through commissioning of its Wodgina lithium operations to optimise beneficiation plant efficiency and achieve steady state operations," the spokesman said.

"Mineral Resources will continue to co-operate and work with the Department of Water and Environmental Regulation to ensure these issues are appropriately managed."

MinRes is still working to complete its deal to sell a 50 per cent stake in Wodgina to US lithium heavyweight Albemarle Corp for \$US1.15 billion (\$1.6bn).

The two groups last month agreed to extend the deadline for the deal until the end of the year, with the pair yet to satisfy a number of conditions including approval from China's State Administration of Market Regulation.

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