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GOVERNMENT APPROVAL PROCESSES

REFERRING A PROJECT TO THE EPA

Under Part IV of the Environmental Protection Act 1986 (EP Act), projects with the potential to affect the environment, are referred to the Environmental Protection Authority (EPA) for assessment.

Once a project has been referred, the EPA will publish the referral on their website (<https://consultation.epa.wa.gov.au>) for a 7-day public comment period. Through this process, members of the public and interested stakeholders are invited to provide comments to the EPA, to help the EPA make its decision on the level of assessment.

The EPA has 28 days (once all information is received) to consider a referral and decide whether or not it requires formal environmental impact assessment (EIA) and if so what level of assessment is required.

If the EPA decides not to assess the project, there is a 14-day public appeal period (however, this is unlikely to be relevant to the Ashburton Salt Project, which is likely to be assessed by the EPA).

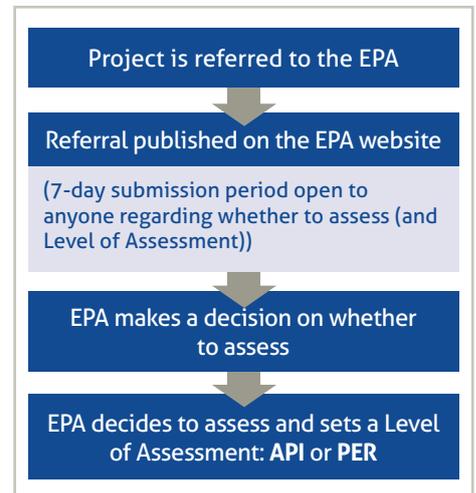


Figure 1: EPA referral process

LEVELS OF ASSESSMENT (WA)

Projects that need to be assessed are allocated a Level of Assessment by the EPA. If the environmental acceptability or unacceptability is apparent at the referral stage, its level of assessment is "Assessment on Proponent Information" (API). If the proposal is of State-wide significance, high public interest, contains complex environmental issues or requires substantial assessment, its level of assessment is set "Public Environmental Review" (PER).

K+S expect that the likely Level of Assessment for the Project will be a PER. It is anticipated that the PER process will last at least 2 years. The flow chart below describes the PER process.

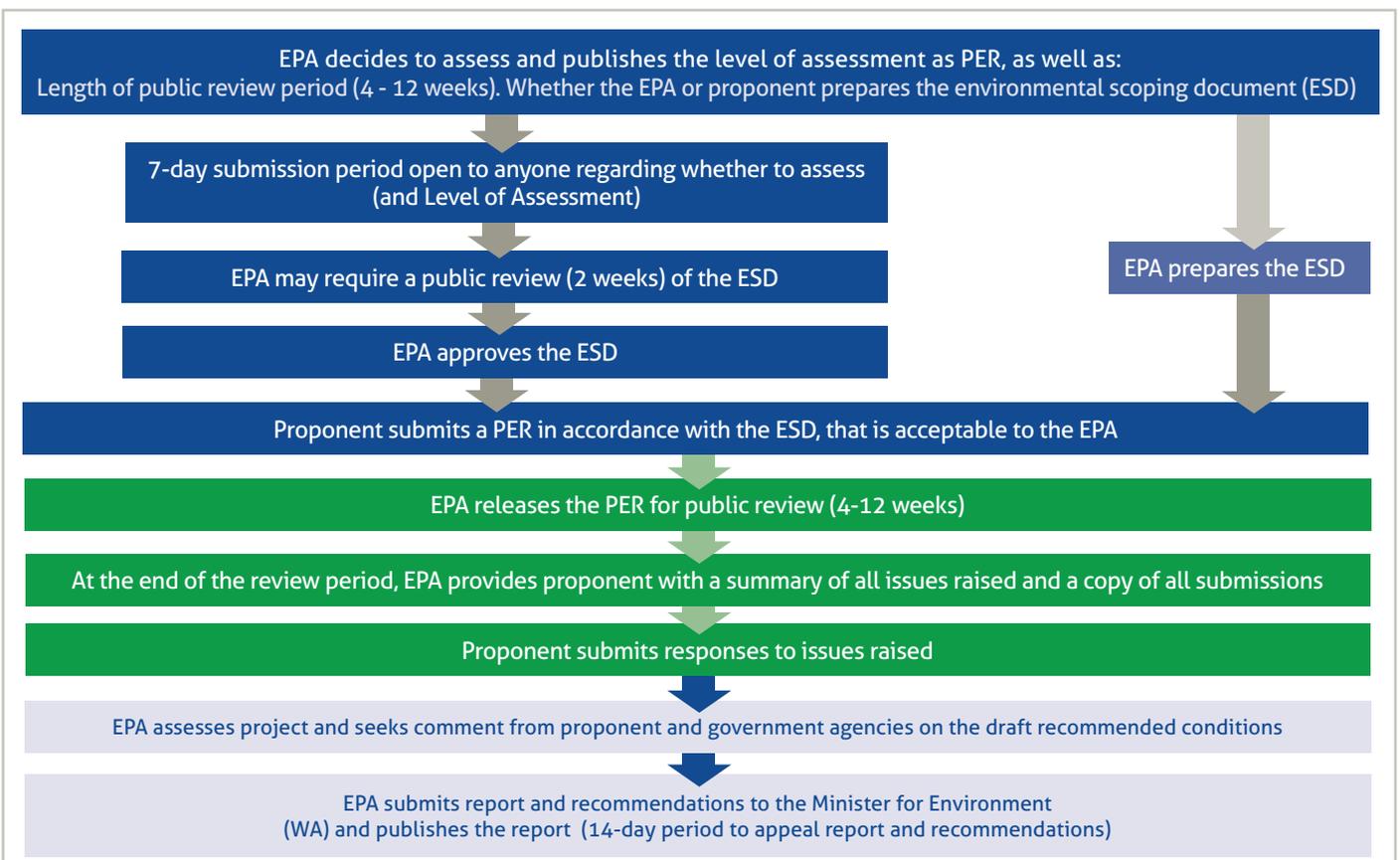


Figure 2: PER assessment process



FEDERAL ENVIRONMENTAL APPROVAL PROCESS

In Australia, under the federal *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), proposals with potential impacts to Matters of National Environmental Significance, require approval from the Australian Government Minister for Environment and Energy (the Minister). Matters of National Environmental Significance relevant to the Ashburton Salt Project include species which utilise the coastal and marine habitats adjacent to the project (such as migratory birds, whales, turtles, dugong and other marine species).

Once a project is referred, the Minister has 20 business days to decide whether approval is required under the EPBC Act and what assessment process should be used. During this period, there is a 10-business-day public comment period where any member of the public can make a submission for consideration by the Minister.

If a project is assessed under the EPBC Act, there is a bilateral agreement which allows the Federal Government to accredit the Western Australian environmental assessment process, and means that all EPBC related issues are assessed by the EPA as part of the PER process. The project still requires approval from the Commonwealth (Federal) Environment Minister under the EPBC Act, but the State assessment is relied on for making this approval decision.

The flowchart below describes the EPBC Act Assessment Process using the bilateral agreement.

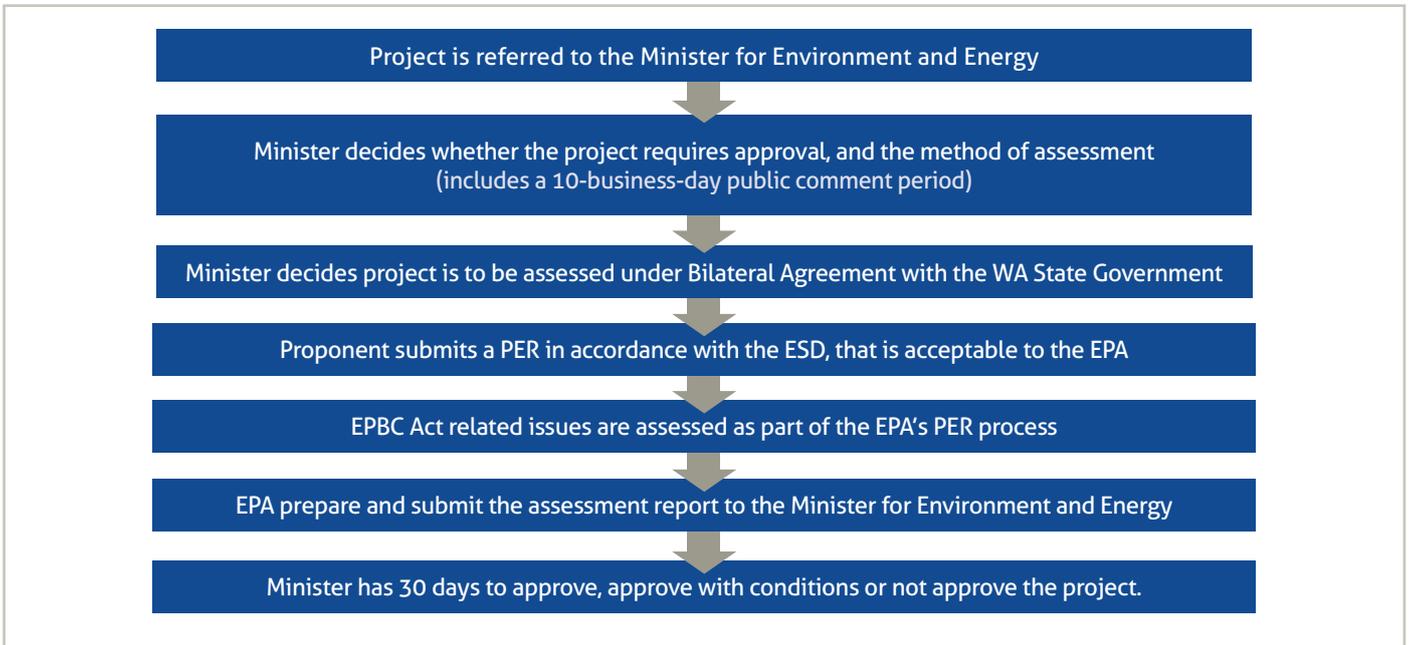


Figure 3: EPBC Act Approvals Process using Bilateral Agreement