

# SCOPING LEAFLET: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT OF THE BALASAUSQANDIQ VANADIUM MINING AND PROCESSING PLANT PROJECT

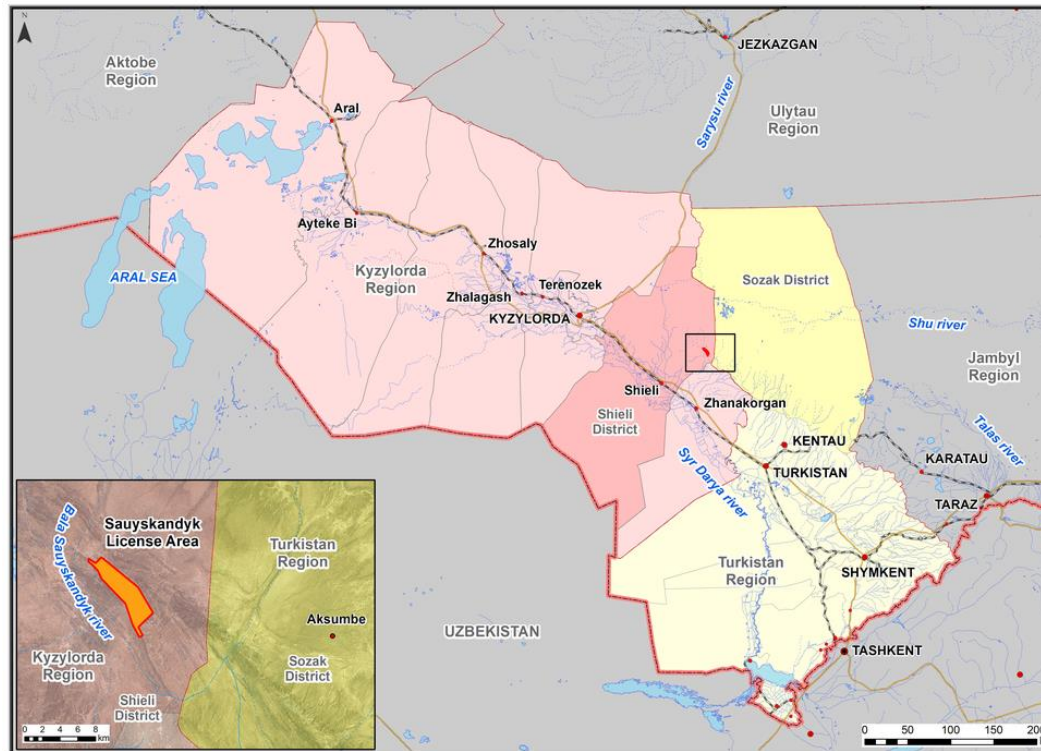
## Vanadium – V

is a hard silver-gray, ductile and malleable transition metal. In nature, vanadium is in a chemically bound state. When it is isolated in its pure form, the metal surface quickly oxidizes and the resulting oxide layer protects the free metal from further oxidation.

Vanadium is used in various industries, especially widely used as an alloying additive to steels, providing them with greater strength and corrosion resistance, as well as in the production of long-term energy storage batteries.

## Project description

The Balausausqandiq deposit is a very large deposit of black shale vanadium ores containing valuable by-products: uranium, molybdenum, aluminum, rare earth metals and carbon. The deposit is located in Kazakhstan, in Shieli district of Kyzylorda region, 70 km northeast of the district center - Shieli village, in the spurs of Karatau.



## FAR possible plans for the future

In the long term, it is planned to gradually increase production to 5 million tons per year (Stage 2). The ability to plan and implement Stage 2 depends on the success of Stage 1.

The Ferro-Alloy Resources Limited (FAR) group of companies plans to build a Mining and Processing Plant on the basis of this deposit with a capacity of about 1.65 million tonnes of ore per year (“the Project”, Stage 1). FAR entrusted the implementation of the Project to its subsidiary company, Firma Balausa LLP (“the Company”), which holds a corresponding subsoil use license. Currently, the Company is developing ore processing technologies at a small pilot industrial site located near the licensed area of the deposit. It is assumed that with the extraction of 1.65 million tonnes of ore, the Mining and Processing Plant will be able to produce about 8.6 thousand tonnes of vanadium pentoxide ( $V_2O_5$ ) per year.

The main facilities of the Project are planned to be: an open pit, a processing plant, rock dumps, a tailings dump, a worker rotation camp, access and on-site roads, communications and other auxiliary facilities. The composition and location of the Project facilities, as well as technological solutions for ore processing, are being currently developed as part of the Project Stage 1 Feasibility Study that is carried out in accordance with national and international standards.

FAR has commissioned a consortium of Ecoline International Ltd (Bulgaria) and Green Bridge LLP (Kazakhstan) (“the Consultant”) to prepare an Environmental and Social Impact Assessment (ESIA) in accordance with the International Finance Corporation’s Policy on Environmental and Social Sustainability and the Equator Principles.

## **Environmental and Social Impact Assessment**

*According to the International Finance Corporation's Policy on Environmental and Social Sustainability and the Equator Principles, the Project is categorised as Category 'A' since it may cause significant environmental and social risks and negative impacts. Category A projects require environmental and social impact assessment.*



**What other impacts or issues should be considered in the Assessment?**

**Please send us your suggestions/questions:**

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The Project ESIA is based on the ongoing Feasibility Study and split in two stages: a scoping or preliminary assessment and a full-scale assessment. Within the framework of the scoping, a report was prepared that describes the environmental and social baseline of the Project, identifies its main potential negative and positive impacts, and defines requirements for information disclosure and stakeholder engagement. **This leaflet summarises the results of the ESIA scoping** in order to provide stakeholders with the Project summary at an early planning stage and to collect feedback and suggestions. At the next stage, a full-scale assessment will be carried out based on field studies in hydrology and hydrochemistry, archaeology, biodiversity, ecosystem services and other areas and an Environmental and Social Action Plan will be developed aimed at mitigating possible negative impacts and enhancing the positive impacts of the Project.

## **Potential environmental impacts**

The implementation of the Project may cause a negative impact on the environment, including air and soil pollution both at the construction stage (emissions from construction equipment and vehicles) and at the operation stage - stripping and mining operations, enrichment of ores, transportation of enriched concentrates, etc. The construction and operation of the Project facilities will entail degradation of the surface layer of soil and a significant change in the landscape of the area. No significant impacts on biodiversity of the Project area are expected. The construction and operation stages will be accompanied by the generation of various wastes, including excavated rocks. Part of the waste can be quickly used for the construction of roads, embankments, planning and recultivation of disturbed areas. Recycling can reduce the additional burden on existing landfills. Options for providing the Project with process water and power are being assessed, so the loads on these resources will be assessed later. As part of the full-scale assessment, modelling of a) vibration impacts from blasting operations, b) noise impacts from construction and operational activities, and c) dispersion of air pollutants will be performed. Based on the results of the modelling, measures will be developed to prevent and/or reduce impacts.

## **Potential social impacts**

The Project can have a significant positive impact on the socio-economic development of the Kyzylorda region and especially the Shieli district by increasing tax revenues, creating new jobs and new career prospects, increasing employment and income of the population, promoting the development of local entrepreneurship through the procurement of goods and services at regional and local levels. Since the nearest settlement is located far from the Project site (9 km – Aksumbe village), no impact on the population from noise and emissions from production facilities is expected. The impact from the transport of cargo and concentrates will depend on the decision about traffic routes. Information on the number of jobs and possible tax deductions will be updated as the Feasibility Study is developed. At the same time, the implementation of the Project may entail negative impacts at the construction stage associated with labour migration and communicable diseases, load on public infrastructure, temporary and/or permanent land acquisition.

## **Cultural heritage**

About 1.5 km from the Balasausqandiq deposit there is a monument “Sauskandyk petroglyphs”, included in the State List of Historical and Cultural Monuments of Republican significance. Planned modeling of vibration impacts from blasting will determine the likelihood and extent of such impacts and, if necessary, preventive measures will be developed.

## **Information disclosure and stakeholder engagement**

In order to establish an open and meaningful dialogue with stakeholders, a Stakeholder Engagement Plan has been developed, including identification and analysis of stakeholders, a preliminary Program for Engagement with them, as well as a grievance mechanism. At both stages of the assessment, it is planned to disclose information about the environmental and social aspects of the Project and conduct consultations and hearings in nearby settlements, including the villages of Aksumbe, Shieli, and Kosuyenki as well as in Kyzylorda city.