

DIVISION OF RESOURCES & GEOSCIENCE ADVICE RESPONSE

Joel Herbert
Energy & Resource Assessments - Planning & Assessment Division
Department of Planning, Industry and Environment
GPO Box 39
SYDNEY NSW 2001

joel.herbert@planning.nsw.gov.au

Dear Joel

Project: Bulga Coal Optimisation Project – Modification 3 and Bulga Underground – Modification 7

Stage: Advice on Modification Report – Statement of Environmental Effects

Development Application: (SSD-4960) MOD3 and (DA 376-8-2007) MOD 7

I refer to your correspondence dated 30 September 2019 inviting the Division of Resources & Geoscience (the Division) to provide comments on the *Bulga Coal Optimisation Project – Modification 3 and Bulga Underground – Modification 7* (the Project or the Modification) submitted by Bulga Coal Management Pty Limited (Glencore or the Proponent).

On request from the Department of Planning, Industry and Environment - Planning & Assessment Division these modifications have been assessed together as one project due to their interdependency.

The relevant units internal to the Division have been consulted where required in generating this advice. The Department of Planning, Industry and Environment - Planning & Assessment Division and the Proponent should be aware that matters pertaining to rehabilitation, environmental impacts of final landform design, subsidence, subsidence management, mine operator and safety are not assessed by the Division and advice should be sought from the Resources Regulator.

Advice overview

The Division has determined that the Project will:

- support continued operations at Bulga Open Cut Coal Mine (Bulga mine) until 2039 (an additional four years mine life).
- produce and additional 62.4 million tonnes (Mt) of Run-Of-Mine (ROM) coal over four years;
 - ~16% will supply the coking coal market for steel manufacture.
 - ~61% will be exported in the thermal coal market.
 - ~23% will supply export thermal or domestic thermal markets.
- ensure an appropriate return to the state of A\$370 million in royalties (current dollars).
- generate total revenue (value of coal produced) of A\$4.7 billion (current dollars).
- generate capital investment of A\$200 million to undertake the project.
- provide continuing employment for a workforce of approximately 700 personnel for four years, with an additional 20 to 50 jobs over the extension life.

- utilise existing infrastructure including; coal handling and preparation plant (CHPP), rail facilities, workshops, water management infrastructure and administrative buildings.

Resource and Economic Assessment

The Bulga Coal Complex contains an open cut and underground mine and is located about 12 kilometres southwest of Singleton in the Hunter Valley of NSW. The mine is operated by Bulga Coal Management Pty Ltd. Glencore PLC, via subsidiaries Oakbridge Pty Ltd and Saxonvale Pty Ltd, is the parent company of Bulga Coal. Glencore is the largest producer of coal in NSW.

Glencore seek a south eastern extension to the existing open cut mine that will produce 62.4 Mt of additional ROM coal and about 41.2 Mt of product coal (a yield of 65%). The Project seeks to extract coal resources beneath a tailings dam, with sediment in the dam to be relocated to facilitate mining of deeper coal resources. The Project will continue to use the existing mine facilities, equipment and approved management systems with no change to mining methods or production rate proposed. Further to this, the Project seeks to make changes to the infrastructure associated with the underground mine to allow for the extension to the open cut component of the Bulga Coal Complex.

The Proponent assessed several mine designs and determined the mine design selected for the Project is the most appropriate. Many factors constrain the mine plan and extraction methodology and therefore the resource recovery at the Project. These include geological features, environmental constraints, and commercial viability (predominantly defined by strip ratio). Underground mining operations at Bulga mine ceased in May 2018 with the Project designed to avoid sterilising any underground resources.

The Division verified that the Project will provide 62.4 Mt of ROM coal and 41.2 Mt of product coal. The Proponent has completed coal resource and reserve estimations for the Project in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code). The JORC Code is an industry-standard professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves. Reserves are the economically mineable portion of a resource. A JORC compliant reserves report for the Project assists in independently assessing the commercial viability of the Project and the proposed mining method.

In view of the constraints outlined in the Proponent's Environmental Impact Statement and based on the information currently available, the Division considers the Project satisfies section 3A objects of the *Mining Act 1992* and the requirements of clause 15 of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007. The Project represents an efficient development and utilisation of coal resources which will foster significant social and economic benefits.

The Division is satisfied that, should the operational outcomes be achievable, the proposed mine design and mining method submissions adequately recover coal resources, maximise mining efficiency and will provide an appropriate return to the state.

The resource utilisation, recovery and economic benefits assessment undertaken by the Division is addressed in Attachment A.

Application of section 380AA of the *Mining Act 1992* – restrictions on planning applications for coal mining and titles required to undertake mining

Section 380AA states:

(1) An application for development consent, or for the modification of a development consent, to mine for coal cannot be made or determined unless (at the time it is made or determined) the applicant is the holder of an authority that is in force in respect of coal and the land where mining for coal is proposed to be carried out, or the applicant has the written consent of the holder of such an authority to make the application.

(2) For that purpose, an authority in respect of coal need not be in force in respect of the whole of the land to which the application for development consent relates but must be in force for the land where mining for coal is proposed.

Based on current title information the Division advises that the Proponent holds the appropriate titles as required for planning applications for coal as relating to the Project and satisfies the requirements of section 380AA.

The requirement for a mining authorisation and royalty liability

Requirement for a mining lease

Coal is a prescribed mineral under the Act. The Proponent is required to apply for appropriate mining title(s) allowing for mineral extraction, such as a mining lease, from the Division to undertake mining. Based on current title information the Division advises that the Proponent holds the appropriate titles as required for mineral extraction (coal) satisfying the requirements of sections 5 and 73 of the Act.

Royalty liability

The holder of a mining lease is also liable to pay royalty for both publicly and privately-owned minerals (refer to section 282-285 of the Act).

Biodiversity offset assessment

The Division has no resource sterilisation issues with the current Modification, or the proposed biodiversity offset area as they currently stand at the time of this assessment.

The Division requests that the Proponent consider potential resource sterilisation should any future biodiversity offset areas be considered. The Proponent must consult with the Division and any holders of existing mining or exploration authorities that could be potentially affected by the proposed creation of any such biodiversity offsets, prior to creation occurring. This will ensure there is no consequent reduction in access to prospective land for mineral exploration or potential for the sterilisation of mineral and extractive resources.

Summary of review

The Division has determined that should the project be approved; efficient and optimised resource outcomes can be achieved, and any identified risks or opportunities can be effectively regulated through the conditions of mining authorities issued under the *Mining Act 1992*.

The Division requests to review the draft conditions of approval before finalisation and any granting of development consent.

For further enquiries and advice in relation to this matter, please contact Adam W. Banister, Senior Advisor Assessment Coordination – Resource Assessments on 02 4063 6534 or assessment.coordination@planning.nsw.gov.au.

Yours sincerely



Stephen Wills
Executive Director Resource Operations
Division of Resources & Geoscience
4 November 2019

Encl.

Attachment A – Bulga Optimisation Project Mod 3 (SSD 4960) & Bulga Underground Mod 7 (DA376-8-2003) - Resource & Economic Assessment (DOC19/853487)