

MINING, EXPLORATION & GEOSCIENCE ADVICE RESPONSE

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Dear Philip

Project: Narrabri Underground Mine Stage 3 Extension Project
Stage: Advice on Environmental Impact Statement and provide Resource and Economic Assessment
Development Application: SSD 10269

I refer to your recent correspondence inviting the Department of Regional NSW – Mining, Exploration & Geoscience (MEG) to provide comments on the Narrabri Mine Stage 3 Extension Project (the Project) submitted by Narrabri Coal Operations Pty Limited, a wholly-owned subsidiary of Whitehaven Coal Limited (Whitehaven or the Proponent).

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

Advice overview

MEG has determined that Project will:

- establish an underground mine extension to support continued operations at Narrabri Coal Mine until 2044.
- extract an additional 107.4 million tonnes (Mt) of Run-of-Mine (ROM) coal recovery.
- extract an additional 104.7 Mt of product coal.
- support employment of the existing workforce of up to 520 full-time employees (FTE) at the Narrabri Mine, employing an average 370 FTE operational workers between 2022 and 2044 if approved.
- ensure an appropriate return to the NSW Government including;
 - \$726 million royalties (current dollars)
 - \$10.7 billion total revenue (current dollars)
 - in a typical year at full production the NSW Government would receive around \$60 million in royalties from the Project.

- deliver capital expenditure in the order of \$530 million.
- be an efficient use of resources.

Without the Project the existing Narrabri Coal mine would cease operation in 2034.

Resource and Economic Assessment

The Narrabri Mine is an existing underground coal mining operation situated in the Gunnedah Coalfield. The Narrabri Mine is located approximately 25 kilometres southeast of Narrabri and approximately 60 kilometres northwest of Gunnedah, within the Narrabri Shire Council Local Government Area. The current Narrabri Mine operations are operated under Mining Lease 1609 (Act 1992) (ML 1609).

The Project involves a southern extension to the approved Narrabri Mine, to gain access to additional coal reserves located within Exploration Licence 6243 (Act 1992) (EL 6243). The Development Application for the Project seeks to consolidate and replace the existing Project Approval 08_0144.

The Project would involve the continued use of existing and approved underground and surface infrastructure at the Narrabri Mine, existing workforce, and continued use of existing/approved drifts and underground main roads.

The Project proposes to continue mining the Hoskissons Coal Seam of the Black Jack Formation, which contains six distinct plies. The Project proposes to continue mining only the HSK2 ply, which is the thickest and only economic ply. The cutting height of the operations will be 4.3 metres. The strata dips gently to the west. The raw ash of the working section varies from 8 to 30 per cent. The southern extent of the coal resource is constrained by a seam split in the HSK2 ply to the south of the proposed longwalls 203 to 209.

MEG has verified that the Project, if approved, will produce an additional 107.4 Mt of ROM coal, and 104.7 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 assists in independently assessing the commercial viability of the Project and the proposed mining method.

The proposed mine design and site layout have evolved during the study stages of the Project but should achieve satisfactory resource extraction. The proposed mine site infrastructure is not expected to significantly sterilise any resources.

In view of the constraints outlined in the Proponent's EIS and based on the information currently available, MEG considers that 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.

MEG is satisfied that, should the operational outcomes be achieved, the proposed mine design and mining method submissions adequately recover resources and will provide an appropriate return to the state.

The resource utilisation, recovery and economic benefits assessment undertaken by MEG 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

Coal is a prescribed mineral under the Act and the Proponent is required to hold appropriate mining titles from MEG 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 MEG advises that Whitehaven 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

The requirement for a mining lease

MEG notes that this Project is located within the existing operations area of Mining Lease 1609 (Act 1992) (ML 1609) and the project extension area within Exploration Licence 6243 (Act 1992) (EL 6243).

Coal is a prescribed mineral under the *Mining Act 1992*. The Proponent is required to hold appropriate mining title(s) allowing for mineral extraction, such as a mining lease, from MEG to undertake mining within the Project area.

Additional ancillary mining activities

For ancillary mining activities, a proponent holding a mining lease granted in respect of mineral/s may, in accordance with the lease conditions, carry out any ancillary mining activity on that land (see definition of ancillary mining activity in clause 7 of the Mining Regulations 2016).

There is a subset of ancillary mining activity that the legislation defines as ‘designated ancillary mining activity’ (defined in section 6(6) of the Act).

A proponent seeking to undertake designated ancillary mining activity on land inside the mining area must ensure that the mining lease granted in respect of mineral/s contains a condition allowing undertaking of this designated ancillary mining activity (Section 6(1) of the Act).

A proponent seeking to undertake a designated ancillary mining activity outside a mining area, but in the immediate vicinity of and that directly facilitates the mining lease in respect of mineral(s), must apply for one of the following:

- A separate mining lease for the designated ancillary mining activity which authorises the carrying out of the activity. (This provides the holder with the right to access the mining area to undertake the ancillary mining activity, however, does not provide the holder with the right to mine).
- A condition on an existing mining lease that regulates the carrying out of the designated ancillary mining activity in an off-title area. (See section 6(2) of the Act). The ancillary mining activity condition will include the survey plan of the designated ancillary mining activity area on which the designated ancillary mining activity is (or is proposed to be) located.

Royalty Liability

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

Application of section 65 of the *Mining Act 1992* – development consents under the *Environmental Planning and Assessment Act 1979*

A development application under the *Environmental Planning and Assessment Act 1979* must be approved before a mining lease can be granted. A mining lease will only be granted for activities specified in the development consent.

Section 65 states:

The Minister must not grant a mining lease over land if development consent is required for activities to be carried out under the lease unless an appropriate development consent is in force in respect of the carrying out of those activities on the land.

Biodiversity offset assessment

MEG requests that the Proponent consider potential resource sterilisation should any future biodiversity offset areas be considered. The Proponent must consult with MEG 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

MEG 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*.

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

For further enquiries on this matter, please contact Scott Anson, Manager Assessment Coordination – Resource Assessments on 02 4063 6972 or assessment.coordination@planning.nsw.gov.au.

Yours sincerely



Stephen Wills
Executive Director Resource Operations
Department of Regional NSW – Mining, Exploration & Geoscience
4 December 2020

Encl.

Attachment A – Narrabri Underground Mine Extension Project Stage 3 (SSD-10269) - Resource & Economic Assessment (DOC20/900399)