

MINING, EXPLORATION & GEOSCIENCE ADVICE RESPONSE

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Dear Jack

Project: New Cobar Complex Project

Stage: Advice on Environmental Impact Statement – Resource and Economic Assessment Development Application: SSD-10419

I refer to your correspondence dated 19 February 2021 inviting the Department of Regional NSW – Mining, Exploration & Geoscience (MEG) to provide comments on the New Cobar Complex Project (the Project) submitted by Aurelia Metals Ltd (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 assessed the Project and considers that, should it be approved, it will provide an appropriate return to the NSW Government including:

- Around \$5.5 Million (M) in total royalties (current dollars).

Parameter	\$M (2021 dollars)
Total royalties received	42
Net Present Value (NPV) royalties (7% discount rate, real)	23
Annual estimated royalties (average)	5.5 (Approximate)

In addition, the Project will generate:

- The continued employment of 342 direct FTE jobs (\$604M in wages) over its ten-year life and 141 FTE construction jobs (\$25M in wages).
- Over the four-year construction phase (2022/23 to 2025/26), there is expected to be approx. \$32.8M in Gross Regional Product (GRP) into the local regional economy, and an additional \$19.7M in Gross State Product (GSP) for the rest of NSW.
- During peak production (2026/27 – 2032/33), there is expected an average of \$73.4M in GRP for the region, and an additional \$18.2M in GSP in the rest of NSW.

The Project is considered to be an efficient use of resources.

Resource and Economic Assessment

The Project is seeking to include the Great Cobar and Gladstone deposits under a single State Significant Development approval. Mining under this new consent would take place from 2023/24 to 2033/34. Currently, all mining at the Peak Gold Mine and associated satellite mines operate under approvals from Cobar Shire Council.

The Project is particularly important in that it would provide an extension of existing operations at the New Cobar and Peak complexes, with mining activity of the Great Cobar and Gladstone deposits ramping up as mining at other existing deposits wind down.

The Project is an amalgamation of underground mining at New Cobar, Chesney and Jubilee deposits and development of new underground workings of the Great Cobar and Gladstone deposits to create the New Cobar Complex Project.

PGM is also seeking to consolidate all existing development approvals applicable to the New Cobar Complex, into a single modern consent issued by the Department of Planning, Industry and Environment.

MEG notes the following from the Economic Impact Assessment (AEC Group Ltd) on the Project relating to economic growth:

- Over the four-year construction phase (2022/23 to 2025/26), there is expected to be approximately \$32.8M in Gross Regional Product (GRP) into the local regional economy, and an additional \$19.7M in Gross State Product (GSP) for the rest of NSW.
- During peak production (2026/27 – 2032/33), there is expected an average of \$73.4M in GRP for the region, and an additional \$18.2M in GSP in the rest of NSW.

The Proponent has completed 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.

Explanatory note - Gladstone deposit

Resources reporting for Gladstone is expected by July 2021. Preliminary indications are that the mineralisation is of similar style and grade to Chesney. The proportions of inferred resources are greater than some copper-gold deposits, but are not unusual at Cobar.

Many factors constrain the mine plan and extraction methodology and therefore the resource recovery of the Project. The options were assessed according to mine design, engineering feasibility, economic feasibility and the balance provided for appropriate environmental and social outcomes. PGM considered various mining options, with the mine layout chosen based primarily on

the optimal geotechnical orientations, favourable geological features, minimising environmental constraints, and maximising commercial viability and pit optimisation.

In view of the constraints outlined in the Proponent's EIS and based on the information currently available, MEG considers that the New Cobar Complex is consistent with the objects of the Mining Act 1992. In relation to clause 15 of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007, the Proposal represents an efficient development and utilisation of minerals 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.

The requirement for a mining authority

Based on current authority information MEG advises that the Proponent holds the appropriate authorities as required for mining operations as relating to the Project.

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 considers that should the Project be approved; efficient and optimised resource outcomes can be achieved.

MEG requests that it be provided with an opportunity to review the draft conditions of approval before finalisation and any granting of development consent.

For further enquiries on this matter please contact Adam Banister, Senior Advisor Assessment Coordination, Resource Assessments on 02 4063 6972 or assessment.coordination@planning.nsw.gov.au.

Yours sincerely



Param Dogra
A/Executive Director Resource Operations
Department of Regional NSW – Mining, Exploration & Geoscience
26 March 2021

Encl. – Attachment A - New Cobar Complex Project – Resource & Economic Assessment (DOC21/140229)