

DIVISION OF RESOURCES & GEOSCIENCE ADVICE RESPONSE

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Dear Lauren

Project: Glendell Continued Operations Project
Stage: Review of Environmental Impact Statement (EIS)
Development Application: SSD-9349

I refer to your correspondence dated 4 December 2019 inviting the Division of Resources & Geoscience to provide comments on the Glendell Continued Operations Project (Glendell Project or the Project) Environmental Impact Statement (EIS). The EIS was submitted by Glendell Tenements Pty Ltd, a subsidiary of Glencore Coal Pty Limited (Glencore or the Proponent).

The relevant units internal to the Division have been consulted 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. Reference should be made to the response from the NSW Resources Regulator on these matters.

Advice overview

The Division has determined that the Glendell Project will:

- support continued operations at Glendell until 2044, past the current 2023 life of mine.
- increases the maximum production rate from 4.5 million tonnes per annum (Mtpa) to 10 Mtpa.
- produce an additional 135 million tonnes (Mt) of Run-of-Mine (ROM) coal and 86 Mt of product coal.
- improve resource recovery and be an efficient use of resources.
- ensure an appropriate return to the state of A\$726 million in royalties (current dollars).
- generate total revenue (value of ore produced) of A\$9.2 billion (current dollars).
- generate ongoing and initial capital investment in the order of A\$870 million.
- support continued employment for a workforce of 260 full-time equivalent (FTE) personnel at the existing Glendell mine until 2044.

NSW Department of Planning, Industry and Environment

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Resource and Economic Assessment

The Glendell Project is an extension of the current open cut mining operation and is proposed to extract approximately 135 Mt ROM coal over 22 years, at a maximum rate of 10 Mtpa. The Project will utilise existing equipment, coal handling and processing, and approved management systems and will require a new Mine Infrastructure Area to be constructed.

The Project plans to extract coal from the Lemington, Pikes Gully, Arties, Liddell, Barrett and Hebden seams of the Wittingham Coal Measures. Approximately 11% (9.4 Mt) of the product will be coking coal, with the remaining 89% (76.6 Mt) export thermal. Coal resources within the mine design will be extracted via open cut truck and excavator methods while minor coal plies too thin to be viably recovered with open cut mining equipment have been excluded from the current design. Many factors constrain a 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).

The Division verified that the Glendell Project will provide 135 Mt of ROM coal and 86 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.

The Division has examined the final landform for the Project outlined by the Proponent. Two different scenarios were developed by Glencore, including having a single final void in the Project area or no final void. Glencore's preferred option is the single final void case, which will result in no addition to the number of final voids currently approved for the Glendell mine, however would be larger than the currently approved final void.

The options were assessed according to mine design, engineering feasibility, economic feasibility and the balance provided for appropriate environmental and social outcomes. The Division recommends that an independent expert examination of the proposed final landform would be required to determine if the final landform case selected by the Proponent is the best option. The assessment of rehabilitation measures associated with the Project is a matter for the NSW Resources Regulator.

In view of the constraints outlined in the Proponent's EIS and based on the information currently available, the Division considers the Glendell 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 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

Coal is a prescribed mineral under the Act and the Proponent is required to hold appropriate mining titles from the Division 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 (see Attachment B, C and D).

The requirement for a mining authorisation and royalty liability

Requirement for a mining lease

Coal is a prescribed mineral under the Act and the Proponent must obtain the appropriate mining title(s), such as a mining lease, from the Division to undertake mining.

The Division notes that the EIS makes reference to the requirement to lodge an application for a mining lease over part of the Project area. The area is currently covered by Exploration Licence 6594 (Act 1992), Exploration Licence 8184 (Act 1992) and Exploration Licence 8916 (Act 1992) held by the Proponent (see Attachment D), which allows for an application for a mining lease to be made (refer to section 51 of the Act).

For ancillary mining activities carried out in connection with and in the immediate vicinity of a mining lease in respect of a mineral, the proponent is required to hold a Mining Lease for ancillary mining activities or an 'off title' designated ancillary mining activity as defined by clause 7 of the Mining Regulation 2016 (the Regulation). This applies where the activities move beyond the scope of section 73 (Rights under mining lease) and/or section 81 (Surface activities in relation to subsurface leases) of the Act.

Royalty Liability

Furthermore, 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).

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

The Division requests that the Proponent consider potential resource sterilisation in relation to any amendments to proposed biodiversity offset areas. The Division requests that both the Geological Survey of NSW – Land Use Assessment team and holders of existing mining and exploration authorities that could be potentially affected by planned biodiversity offsets be consulted. 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 Unit – 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
23 January 2020

Encl.

Attachment A – Glendell Continued Operations Project (SSD-9349) - Resource & Economic Assessment (DOC20/31374)
Attachment B – Glendell Continued Operations Project (SSD-9349) - Diagram (DOC20/60362)
Attachment C – Glendell Continued Operations Project (SSD-9349) - Diagram (DOC20/60367)
Attachment D – Glendell Continued Operations Project (SSD-9349) - Diagram (DOC20/60368)