

Unit: Resource Economics
Branch: Resources Policy, Planning & Programs
Division: Division of Resources & Geoscience
Location: Bylong Valley - Bylong
Subject: Bylong Coal Project – Update to Assessment of the Resource (2015)

Introduction

State Significant Development is regulated under the *Environmental Planning and Assessment Act 1979*, which requires a proponent to apply to the Department of Planning and Environment for development consent, supported by an Environmental Impact Statement (EIS).

This update to the Assessment of the Resource conducted in 2015 (BN15/8000) as part of the Bylong Coal Project (the Project or Modification) EIS review was requested by the Department of Planning & Environment – Planning Services Division (Planning Services) on 31 August 2018. The request is in relation to the implications to resource recovery and project economics due to stepping the open cut mine off the Tarwyn Park property.

The Division of Resources & Geoscience (the Division) has examined a report provided by Hansen Bailey, acting on behalf of the proponent, relating to supplementary information requested by Planning Services. Additional information has also been provided by the proponent KEPCO Bylong Australia Pty Ltd (KEPCO) to the Division relating to a more detailed production schedule to that provided in Hansen Bailey's report.

The objects of the *Mining Act 1992* are to encourage and facilitate the discovery and efficient development of coal resources in NSW. Of particular relevance to this Resource & Economic Assessment are:

Section 3A Objects:

- (a) to recognise and foster the significant social and economic benefits to New South Wales that result from the efficient development of mineral resources, and
- (d) to ensure an appropriate return to the State from mineral resources.

The relevant section of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007 is Part 3, Clause 15: Resource Recovery, which requires resource recovery to be efficient, optimised and minimise waste.

The Project is located within the Mid-Western Regional Council Local Government Area approximately 55 kilometres to the northeast of Mudgee. The Project involves the construction and operation of a coal mine utilising open cut and underground mining methods for a Life-Of-Mine (LOM) of approximately 25 years.

The change to the revised mine plan relates solely to the proposed open cut operation within the Project, while it should be noted the main component of the Project is an underground longwall operation. The change relates to the south-eastern extent of the proposed Western Open Cut, which would now not be mined under the revised mine plan to retain the existing natural woodland ridgeline/spur within the area. Overburden materials extracted from the Western Open Cut mining area will initially be placed within the north-western and south-western overburden emplacement areas until the mining void is suitably developed to enable progressive backfilling.

Total reduction in Run-Of-Mine (ROM) tonnage as a result of the revision to the open cut is expected to be in the vicinity of 4.6 million tonnes from the originally submitted EIS. The Division considers that this reduction in total tonnage from the Project area does not have any significant impact on either total export revenue or total royalty from the Project. This view is in light that total royalty and export revenue reduction is only of the order of three per cent to the original totals of around \$610 million of royalty and \$8.7 billion of export revenue. Any future movements in estimated coal prices would more than impact on these totals as opposed to the proposed revised mine plan reduction in tonnage. It should be noted that that Division takes a conservative view of coal price forecasting.

In completion of the review, it is deemed feasible there would be no significant reduction in jobs, net present value or capital expenditure from the Project as a result of the revised open cut mine plan while also not reducing the total Project life. The Division's position provided in the '*Assessment of the Resource (2015)*' submission stands with regard to size, quality and availability of the resource (including market segment), resource recovery, and royalty. Given the constraints outlined by the proponent, the Division considers that the Project's mine plan efficiently recovers the resource, while minimising waste, and ensures an appropriate return to the state.

Approvals:

Position	Signature	Date
Approving Officer: Bryan Whitlock A/Manager Resource Economics	Approved in CM9	10/09/2018