

**Written Submission on Mangoola Coal Continued Operations Project
(SSD 8642) to the Independent Planning Commission
by Michael White**

This written submission consists of four parts:

1. Speaking submission made by Michael White to the IPC Public Hearing on Wednesday 3rd March
2. Speaking submission made by specialist expert Valuer Mr. Wayne Brorson to the IPC Public Hearing on Wednesday 3rd March
3. Letter from Mr Sandy Warburton – Real estate agent who attempted to sell our property at 20-38 Yarraman Rd Wybong
4. Property Valuation Report for our property by Mr Wayne Brorson (This document has already been provided to the IPC)

1. Michael White's Mangoola Project IPC Public Hearing Speaking notes

Good afternoon Professor Barlow and Commissioner Cochrane, it is Michael White speaking.

I am a local Wybong resident and have been for 19 years. My farm is located at 20 Yarraman Rd (residence 206) approximately 5 km northwest of the current Mangoola Mine and we have lived there since June 2002.

I am also a mining engineer with more than 25 years' experience in technical and operational roles both here in Australia and internationally for major mining companies. I have sixteen years' experience in the coal industry in NSW and Qld. For eight of these years I was responsible for the running of Mt. Arthur Coal at Muswellbrook.

This project should not be approved.

As a nation we know climate change is real and we have seen terrifying examples of this with the recent fires in NSW last year. We know we have to get to a zero carbon economy as quickly as practically possible.

As a father and grandfather I feel a heavy responsibility to ensure we are leaving a strong legacy for our future generations.

As a region we know that we need to plan a transition away from thermal coal mining to other long term sustainable industries.

The current mine approval is until 2029. Glencore says Mangoola will exhaust its current reserves in 2025. The reason is because in 2014 the mine increased its production rate from 10 Mtpa to 13.5 Mtpa. It has simply mined the defined coal reserves faster than the original plan.

Enough is enough

I believe that Glencore should develop a transition plan over the next 4 years to plan for the Mangoola mine closure and to protect its workforce. There are many good people who work at Mangoola mine.

Glencore is the largest coal miner in the Hunter Valley with many large mines. Through mine closure rehabilitation work, transfers to fill vacancies at other local mines caused by natural attrition, and voluntary redundancies I do not believe any current Mangoola employees would forcibly lose their jobs.

Deteriorating Air Quality

Upper Hunter air quality is already the worst in the State. We should be planning to make it better not worse.

Muswellbrook regularly exceeds the PM2.5 annual NEPM criteria of 8 ug/m³ and the Department in this Assessment Report and industry is happy to blow this off as woodsmoke and vehicle exhausts referring to an Upper Hunter Particle Characterisation study done 9 years ago.

There have been major mine expansions and new mines started since that time (new mines Mt Pleasant 2018 and United-Wambo 2019, Mangoola an increase from 10 to 13.5 m tonnes ROM in 2014). This has resulted in the introduction of hundreds more off-road diesel engines.

The EPA in a published 2015 study¹ identified off-road diesel emissions as the third biggest primary contributor of PM2.5 in the Hunter and attributed 95% of this to off-road diesel emissions from coal mining.

This report was published six years ago.

The mining industry in the Hunter burns more than 700 million litres per year of diesel and there are still no emission standards mandated by the government or regulators for off-road diesel engines. The US has had off road diesel emission standards since the 1990s.

There are no Pollution Reduction Program requirements for off-road diesel emissions in any NSW mine Environmental Protection License at present.

Some recent Conditions are now including reference to emissions reduction technology referring to “reasonable and feasible” however there is still far too much latitude in these loose references in Mining Consent Conditions.

We live here - we expect the government and industry to protect the health and well-being of the community and they have failed us in this regard. There is a solution currently available to reduce PM2.5 emissions and mine operators have not responsibly used it and have not been required to use it by the Department or the EPA.

We have no trust in the Department.

¹ <https://www.epa.nsw.gov.au/your-environment/air/non-road-diesel-marine-emissions/reducing-diesel-emissions-coal-mines>

Final voids

There are currently approximately 40 final voids approved or planned in the Hunter Valley. We do not want another one.

Mangoola currently has one final void approved at 52ha size. This project will result in an additional final void of 82ha. That is larger than our entire farm. This is not acceptable

The Mangoola mine commenced in 2010 and has been negatively impacting upon us since that time with noise, dust, negative impact on property values and the continuing destruction of the Wybong community.

If this project is approved the mine operational area will be twice as close (2.5 km) to our home.

Noise

There are already numerous times when we are negatively impacted by Mangoola Mine noise

- Our background noise levels are 22dB or lower (this was measured at a near neighbour by Mangoola mine consultant EMGA/Mitchell McLennan in 2011).
- At our residence the Project maximum noise level (Night) is 37dB and this will be mining noise.
- An increase in noise of 15dB means it will be almost 3 times as loud (2.8 times) and it will be mining noise not rural bushland noise

Negative impact on property values and the ability to sell

The existing operation and this Project has already had a very significant negative impact on property values and the ability to sell at an unimpacted price for properties close to the mine.

The mitigations proposed by Mangoola (this “confected construct” called a Community Enhancement Program and a couple of discretionary purchase offers with shut-up clauses) are a token effort that is of little effect and does not mitigate these significant negative social impacts.

In reviewing the transcript of your own meeting with the Applicant on Tuesday 23rd February you asked about the Community Enhancement Program. From the answers given by the applicant ²it is obvious that the Applicant clearly has no idea how this fabricated “magic solution” would work and has spent no effort trying to develop any substance beyond the title of this Program.

² <https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/transcripts-and-material/2020/mangoola-coal/210223-applicant-meeting-transcript.pdf> p22 & 23 from line 40

So, effectively at this *final decision point* in the planning process, Glencore is asking us to just trust them. I live here, I've seen how they manage social impacts and I don't trust them. I find it astonishing and concerning that the Department was satisfied by this empty shell of a social impact management program.

Commissioners - the Department went back to the Applicant several times during its assessment process of this Project.

Nobody came back to the Wybong community (not once) to discuss the major concerns contained in our EIS submissions regarding inadequacy of the proposed Social Impact solutions.

As stated by Muswellbrook Council in their submission to you the "trust us" approach is not acceptable for this project.

The DPIE in its Assessment ignores our concerns on negative property values and says there is no evidence to support this negative impact.

Commissioners - my wife and I have unsuccessfully attempted to sell our property for a period of 18 months.³

We have also commissioned an expert property valuer Mr Wayne Brorson to assess our property.⁴

The loss in value due to Mangoola is assessed at 25%.

I have tabled this property report to the IPC and Mr Brorson will be speaking to you today.

Commissioners-we do not want this project and ask that you do not approve it.

If you do consider approval please ensure there are more equitable conditions for the already impacted nearby residents and community.

Glencore will make a net profit of \$30-\$40/tonne on 52 million tonnes of coal. That is \$1.5-\$2.0 billion net profit to Glencore.

Local Wybong residents already significantly impacted get nothing. In fact the local residents will be significantly worse off.

Thank you for your consideration of Wybong residents' concerns.

Enough is enough

³ Warburtons Real Estate letter Part 3 of this submission

⁴ Property Valuation Report for Boomery, Mr Wayne Brorson - already submitted to the IPC

2. Wayne Brorsons's Mangoola Project IPC Public Hearing 3 March 2021 Speaking notes

MANGOOLA CONTINUED OPERATIONS PROJECT

IPC Submission

Prepared by Wayne Brorson

Telephone: [REDACTED]

Email: [REDACTED]

3rd March 2021

Good afternoon and thank you for allowing me the opportunity to address you today.

My name is Wayne Brorson. I am a property Valuer with 40 years experience in and around the Hunter Valley.

I established Brorson Valuations in 1995. I have extensive experience valuing all classes of property throughout the region with a particular emphasis on representing landowners and mining companies in acquisitions of property for mining and ancillary purposes.

Until my retirement this year I was the preferred Valuer for most of the coal mining companies operating throughout the Hunter and surrounding areas.

I am speaking today as an independent expert on the impact that the combination of the Mangoola Mine, the proposed Mangoola Continued Operations Project and mining in general to the west of Muswellbrook, is causing to property values in the area.

In February 2019 I was commissioned by Michael and Margot White to undertake valuations of their property at Yarraman Road Manobolai which they purchased in 2002. One of the factors in purchasing the property was the absence of nearby mining. I understand that the Whites are tabling that report with their submission.

At the date of my 2019 valuation, the White's property had been listed for sale for about 18 months. Despite a realistic asking price, a strong property market and the use of a prominent real estate agent, the property had failed to attract a buyer. The agent confirmed that the overwhelming obstacle to potential buyers was the existing and proposed mining operations in the vicinity. Unable to secure a sale, the property was subsequently withdrawn from the market.

My instructions were to assess the market value of the property on 2 scenarios:

1. Ignoring any impact caused by the existing and proposed Mangoola Operations;
2. Considering the Mangoola impact

With consideration given to market evidence of properties outside of mine affectation and other properties impacted by their close proximity to mining, I concluded that the specific detrimental impact caused to the White's property by the existing and more specifically, the proposed Mangoola mining operations was equivalent to between 20% and 25% of the unaffected market value of the property.

I stress that this impact is specific to the White's property. Whilst other properties in and around Yarraman Road are also likely to be adversely impacted, the extent of that impact will vary from property to property. However, there is no doubt in my mind, based on my specific investigations in relation to the White's property and my extensive experience throughout the Hunter Valley, that the market value of a number of properties in the Manobalai region is adversely impacted by the existing and the proposed Mangoola Mine. The proposed mine significantly exacerbates the impact because the pit will be close to Ridglands Road which is the access route from Manobalai to Muswellbrook.

Should the Mangoola expansion be approved, the equity of some of those more fortunate landowners will be protected by the granting of Acquisition Upon Request (AUR) under the mining consent whilst others on periphery properties where the predicted noise and dust levels fall below the AUR trigger point will be left to fend for themselves. Some of those landowners may have the option of obtaining mitigation through double glazing of windows and air conditioning. However, I have often pondered the irony of mitigation given that the appeal of rural lifestyle holdings is usually the property itself rather than the house. If the inside of the house needs to be protected from the outside environment, the appeal and therefore the market value of the property must be diminished.

Since the early 1980's I have witnessed significant alteration to the Hunter Valley landscape to the point that mining has now become the dominant land use in Muswellbrook Shire. In the 1980's mining was in its relative infancy and the rural land around Muswellbrook was dominated by a broad range of agricultural enterprises.

More specifically to the purpose of my address today, rural property values around Muswellbrook were at least commensurate with those around Scone where there is no mining whilst residential values in Muswellbrook were higher.

Whilst the expansion of mining in Muswellbrook Shire has provided an economic advantage in terms of wages and investment, it has significantly reduced the appeal of the area as a place to live and to farm. The cumulative impact caused by mining is such that property values across the board are now lower than Scone. In my professional opinion, the reduced demand for properties in and around Muswellbrook is a direct response to the expansion of mining.

At this point I note that the cumulative impact of mining is never addressed in the granting of AUR under a typical mining consent. In fact, the reverse is true given that the market value of the property specifically ignores any impact caused by "the project" with no reference given to any cumulative impact that may be caused by the addition of the proposed mine to other mines in the vicinity. In my opinion, that standard consent provision is inequitable because the market value of a property unaffected by the project but cumulatively affected by other mining activities can be insufficient to allow the landowner to purchase a similar property outside of a mining area. That inequity particularly impacts on long term landowners who have witnessed the incursion of mining after purchasing their property. I believe that a more equitable market value assessment under AUR would be to ignore all mining activity in the vicinity of the property rather than the specific mining proposal in isolation.

Unfortunately, any amendments made to AUR consent conditions will not assist those landowners whose properties are situated outside of the designated acquisition zone. Those landowners will continue to suffer as collateral damage with no recourse to compensation. My investigations reveal that numerous landowners have already been adversely affected by the proposed Mangoola expansion and that impact is likely to intensify in the event that the proposal is approved.

I note with concern the conclusions made by Glencore's commissioned Valuer in a 2019 response to objector submissions on the Mangoola proposal. In that paper, the Valuer makes several conclusions including the following 3 points:

- 1. *".....properties which are situated in proximity to a proposed mine- but which are not predicted to be impacted by environmental factors or reduced amenity (to the extent they have acquisition rights under the VLAMP) do not appear to evidence a detrimental impact upon value as a consequence of that activity",*

I disagree with this conclusion.

- 2. *".....we draw the conclusion there is nil discernible change in market value evident for those rural lifestyle properties surrounding the proposed MCCO Project which could be described as being a consequence of proximity to the proposed mining area"*

I disagree with this conclusion.

- 3. *".....there is a fluid market for residential assets and rural lifestyle assets in the Muswellbrook LGA generally and the West Muswellbrook localities particularly – where vendors are prepared to meet the market"*

I agree with this conclusion. The significance is that properties impacted by mining will sell if vendors "meet the market" which essentially means accepting a discounted price. In support of his conclusions, the Valuer sights numerous market transactions as evidence of the demand for properties proximate to Mangoola's existing and proposed operations. However, there does not appear to be any attempt to compare the prices achieved for those properties with similar holdings outside of mine affected areas. That is the essential comparison I made in my assessment of the cumulative impact caused by the existing and proposed Mangoola mining operations on the White property. I did not conclude that there is no market for properties in the vicinity of Mangoola operations. My rational conclusion is that the market value of nearby properties will be discounted in comparison to similar properties in non mining localities. The amount of that discount will vary from property to property depending on the range of factors resulting in the specific impact. That conclusion to me is common sense and it is supported by the unsuccessful marketing campaign on the White property.

In conclusion I note that there will always be economic winners and losers in a community that is impacted by a mining consent. Affected landowners can be grouped into 3 categories

1. Those within the mining lease who potentially stand to sell their property to the mine at a considerable premium,
2. Those whose property is deemed to be sufficiently impacted by noise and/or dust to be granted AUR thereby providing them with an insurance policy against deteriorating property values,
3. Those who have no recourse to compensation other than in some cases mitigation giving them the dubious advantage of being able to stay inside their house to avoid the dust and noise emitted by the mine.

Should the Mangoola proposal be approved, the collateral damage will be significant and many landowners without AUR will suffer erosion in property values specifically as a result of Mangoola's operations and generally as a result of the cumulative impact of mining to the west of Muswellbrook.

Thank you for your time.

3. Warburton Real Estate Letter regarding attempted sale for Boomery

welcome@warburtonre.com.au

8 Bridge Street, Muswellbrook NSW 2333
+ 02 6542 4500

141 Kelly Street, Scone NSW 2337
+ 02 6545 2227



27 November 2018

Mr & Mrs M White
"Boomery"
20-38 Yarraman Rd
Manobalai NSW 2333

Dear Michael & Margot,

RE: "BOOMERY" 20-38 YARRAMAN ROAD, MANOBALAI

We refer to our recent conversation and confirm that your above property has now been listed for sale since 17 November 2017. And after more than 12 months not even an offer has been received let alone a resultant sale.

We summarise activity & enquiry on the property as follows since listing for sale:

Internet Traffic

Realestate.com.au	- 6,125 unique property page views
	- 7 enquiries
Domain.com.au	- 3,382 unique property page views
	- 13 enquiries

Property Inspections

7 groups

Feedback

Feedback from buyers has been dominated by their concerns about mining in the immediate vicinity with particular concerns about:

- Mangoola Mine proposed expansion and current EIS for lands to the south of the property together with concerns about any noise or dust impacts from existing operations
- Ridgeland Coal exploration licence in area and where/when will they mine
- Drill core testing for coal of property immediately joining 20-38 Yarraman Rd
- Lack of mobile phone service in the area

Each of the above issues raised by buyers have a detrimental effect on the price that the property might achieve, that is, people see these issues as risks and therefore are not prepared to pay the same price as for similar property in areas unaffected by these impacts.

We trust this provides a satisfactory overview and summary of our campaign to date and welcome the opportunity to discuss your future options.

Yours faithfully,
WARBURTON ESTATE AGENTS – MUSWELLBROOK

Sandy Warburton
Director/Licensee in Charge

WARBURTON
ESTATE AGENTS

warburtonre.com.au

4. **Property Valuation Report for Boomery, 20-38 Yarraman Rd Wybong**

This Property Valuation report was submitted to Brad James at the IPC as a separate pdf. document on Tuesday 2nd March 2021

3 Brown St (PO Box 113)
Dungog NSW 2420

ABN 49 162 978 109

vals@brorson.com.au

VALUATION REPORT

Rural Property

Owned by Michael and Margot White

P 02 4992 3344

F 02 4992 3355



“Boomery”

20-38 Yarraman Road

Manobalai NSW 2333

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SUMMARY

Client : Michael and Margot White

Purpose :

1. To assess the current market value as if the property was unaffected by the existing Mangoola Open Cut Coal Mine and the proposed Mangoola Coal Continued Operations Project.
2. To assess the current market value of the property considering the impact caused by the existing and proposed Mangoola Coal operations.

Instructed by : Michael and Margot White
20-38 Yarraman Road
Manobalai NSW 2333

Date of inspection : 19th February 2019

Date of valuation : 19th February 2019

Date of report : 28th March 2019 (Supplementary evidence May 2020)

<u>Valuations (GST free) :</u>	<u>Unaffected by Mangoola</u>	<u>Affected by Mangoola</u>
	\$1,900,000.00	\$1,400,000.00

Note - This summary should be read in conjunction with the attached valuation report.

Overview

The subject property comprises a substantial renovated and extended early 1900's 6 bedroom weatherboard homestead within extensively landscaped grounds on 82.83 hectares of level to gently sloping partly irrigated cleared arable country with a long Wybong Creek frontage and a 90 unit water access license located about 24 kilometres west of Muswellbrook. The land comprises 2 approximately equal size titles, each of which has road frontage and a dwelling entitlement.

Prior to the encroachment of open cut coal mining the Manobalai district was a popular rural locality containing a mix of rural lifestyle blocks and larger holdings used primarily for beef cattle grazing and irrigated farming on the fertile Wybong Creek flats.

The existing Mangoola Open Cut Coal Mining operations are located about 5 kilometres south east of the subject property on the southern side of Wybong Road. The proposed pit for the Mangoola Continued Operations Project is located about 2.5 kilometres south east of the subject property on the south western side of Ridgeland Road which is the access route to Muswellbrook for the various Manobalai properties. The proposed pit extends to a point very close to the road within open country currently used for grazing and the mining operations will become the dominant feature of the landscape. The mine now owns a significant tract of country around the existing and proposed mining operations. Apart from a very long round trip, there is no other practical route to Muswellbrook for Manobalai residents other than along Ridgeland Road.

The subject property has been listed for sale for about 18 months through prominent Muswellbrook real estate agents "Warburtons" at an asking price range of \$1,750,000 to \$1,850,000. Market evidence indicates that the asking price was realistic when the property was listed in November 2017 and rural property values outside of mining areas have increased in the intervening period. However, despite the current strong demand for rural properties in non-mining impacted localities throughout the Hunter Valley, we are advised that the property has attracted only 7 inspections and no offers. The agents advise that the overwhelming obstacle to potential buyers has been the proposed Mangoola Mine expansion.

Our understanding is that if the Mangoola mine expansion is approved, the owners of the subject property and numerous other nearby residents will not be granted acquisition upon request "(AUR)" within the consent. That is because the anticipated noise and dust levels at the property as forecast by computer generated modelling are below the trigger levels.

It is most unfortunate for the landowners that the AUR trigger mechanisms are restricted to noise and dust levels when other impacting factors such as visual amenity, access, changing social fabric within the community and a resultant deterioration in property value can be equally devastating to their previous lifestyles.

For most people their property is their primary asset providing financial security for their retirement. The owners of the subject property have experienced the significant impact that a mere proposal for nearby mining can have on the market place demand for their rural property. As a direct consequence of the Mangoola proposal, purchaser interest in their property has been non-existent and no offers have been received despite the otherwise strong rural property market throughout the Hunter Valley and their realistic price expectation. As it stands under a “typical” development consent, the proponent mine will not be obligated to compensate the landowners for the loss in value that has already occurred. That predicament is grossly unjust, and it is a situation which has repeated itself many times throughout mining areas in the Hunter Valley and other districts. If the mine is approved, the owners of the subject property and other nearby residents will be innocent victims of collateral damage without redress.

In support of their submission to the Independent Planning Commission (IPC) we have been requested to provide advice as to the current market value of the property under the following two scenarios:

1. As if the property was unaffected by the existing Mangoola Open Cut Coal Mine and the proposed Mangoola Coal Continued Operations Project.
2. Considering the impact caused by the existing and proposed Mangoola Coal operations.

Qualifications of author

I confirm that I am fully qualified to carry out this valuation and to provide the appropriate advice. I hold the following tertiary qualifications and licenses:

Diploma of Business (Valuation) – Hawkesbury Agricultural College;

Associate Diploma in Farm Management – Orange Agricultural College;

Associate Member Australian Property Institute (Certified Practising Valuer member number 67409).

I have practiced as a valuer for 38 years of which 35 years has been primarily within the Hunter Valley and surrounding districts. Brorson Valuations was established in 1995 and became Brorson Hill Valuations in 2013. I have extensive experience in valuing all classes of property in the region with a particular emphasis on representing landowners and mining companies in acquisitions of properties for mining and ancillary purposes.

Title particulars

Land: Individual titles comprising lots 1001 and 1002 in Deposited Plan 1162479 in the Parish of Brogheda and Manobalai, Local Government Area of Muswellbrook, County of Brisbane.

Registered owners: Michael Stewart White and Margot Lou White as Joint Tenants.

Title: Torrens Freehold. (see Certificates of Title attached)

Land area

Lot 1001: 41.59ha

Lot 1002: 41.24ha (see Deposited Plan attached)

82.83ha

Statutory assessment

The combined land value as assessed by the Valuer General for rating and taxing purposes at base date 01/07/2018 is \$456,000.00 (see search attached).

Water Access License (WAL)

The following WAL licenses a well on lot 1002 although the license is transferrable to other Hunter unregulated and alluvial water sources.

Holdings: Margot Lou White and Michael Stewart White as Tenants in Common in equal shares.

Category: Aquifer

Share component: 90 units

Water source: Wybong Creek

Town planning

Zone RU1 Primary Production under the Muswellbrook Local Environmental Plan 2009.

1 Objectives of zone

- To encourage sustainable primary industry production by maintaining and enhancing the natural resource base.
- To encourage diversity in primary industry enterprises and systems appropriate for the area.
- To minimise the fragmentation and alienation of resource lands.
- To minimise conflict between land uses within this zone and land uses within adjoining zones.

- To protect the agricultural potential of rural land not identified for alternative land use, and to minimise the cost to the community of providing, extending and maintaining public amenities and services.
- To maintain the rural landscape character of the land in the long term.
- To ensure that development for the purpose of extractive industries, underground mines (other than surface works associated with underground mines) or open cut mines (other than open cut mines from the surface of the flood plain), will not:
 - (a) destroy or impair the agricultural production potential of the land or, in the case of underground mining, unreasonably restrict or otherwise affect any other development on the surface, or
 - (b) detrimentally affect in any way the quantity, flow and quality of water in either subterranean or surface water systems, or
 - (c) visually intrude into its surroundings, except by way of suitable screening.
- To protect or conserve (or both):
 - (a) soil stability by controlling development in accordance with land capability, and
 - (b) trees and other vegetation, and
 - (c) water resources, water quality and wetland areas, and their catchments and buffer areas, and
 - (d) valuable deposits of minerals and extractive materials by restricting development that would compromise the efficient extraction of those deposits.

2 Permitted without consent

Extensive agriculture; Home occupations; Intensive plant agriculture

3 Permitted with consent

Air transport facilities; Airstrips; Animal boarding or training establishments; Aquaculture; Camping grounds; Caravan parks; Cellar door premises; Cemeteries; Community facilities; Crematoria; Depots; Dwelling houses; Eco-tourist facilities; Educational establishments; Environmental facilities; Environmental protection works; Extractive industries; Farm buildings; Flood mitigation works; Forestry; Function centres; Group homes; Hazardous industries; Health consulting rooms; Heavy industrial storage establishments; Helipads; Highway service centres; Home-based child care; Home businesses; Home industries; Industrial retail outlets; Information and education facilities; Intensive livestock agriculture; Kiosks; Landscaping material supplies; Open cut mining; Places of public worship; Plant nurseries; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Research stations; Restaurants or cafes; Roads; Roadside stalls; Rural industries; Rural supplies; Rural worker's dwellings; Secondary dwellings; Service stations; Sewerage systems; Signage;

Storage premises; Take away food and drink premises; Tourist and visitor accommodation; Transport depots; Truck depots; Turf farming; Veterinary hospitals; Waste disposal facilities; Water supply systems

4 Prohibited

Any development not specified in item 2 or 3

Basis of valuation

Each of our valuations has been prepared under the market value definition provided by the Australian Property Institute:

“Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion”.

Highest and best use

In real estate terms the “highest and best use” for a property is defined as: *the most probable use of land or improved property that is legally possible, financially feasible (and appropriately supportable) from the market, and which results in maximum profitability.*

The terms market value and highest and best use go hand in hand because the market value of a property is a product of its highest and best use.

Under the current RU1 zoning the minimum area for subdivision is 80 hectares per lot. However, the two lots comprising the subject property were created by boundary adjustment in 2011 at which time both lots were afforded dwelling entitlements. As those entitlements were granted subsequent to the 2009 LEP they remain current. The highest and best use for the property and therefore the basis of our valuation comprises individual valuations of the two lots.

Services

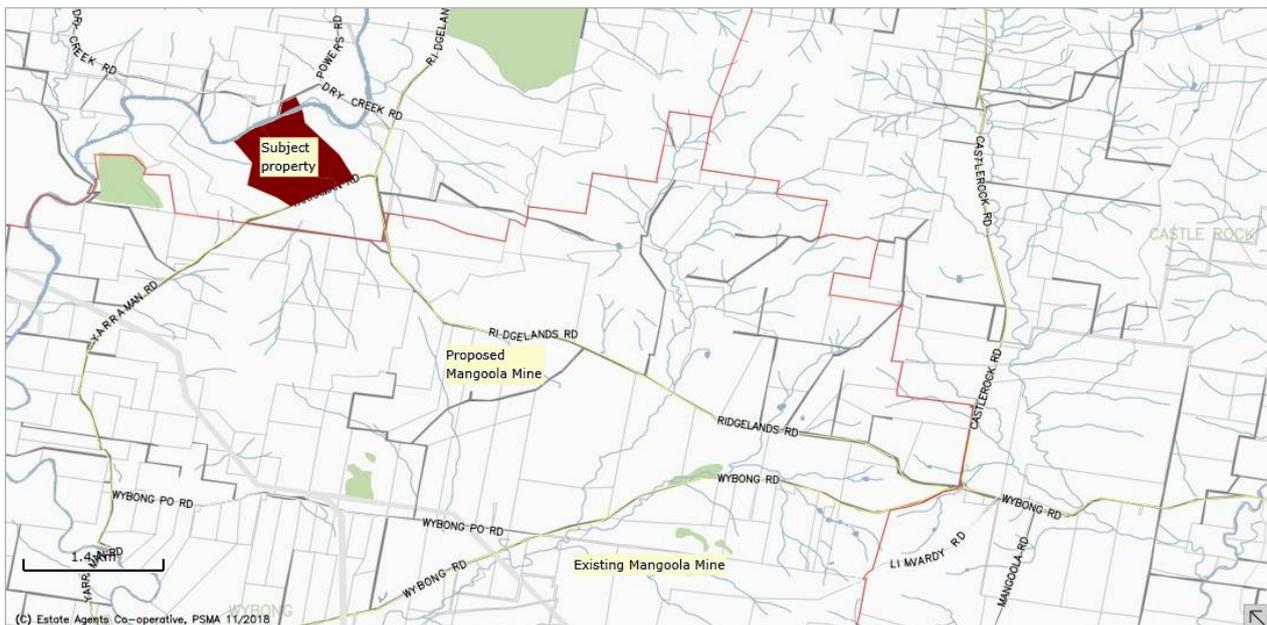
Electricity, telephone, tank water, well water and septic waste disposal are connected. Yarraman Road is bitumen sealed. There is daily mail delivery and school buses to Muswellbrook.

Locality

Manobalai is a rural community without a village located about 24 kilometres west of Muswellbrook and 19 kilometres north east of Sandy Hollow in the upper Hunter Valley. The district has traditionally supported thriving and diverse agricultural industries including beef cattle grazing, irrigated cropping and vineyards. However, in more recent years coal mining and ancillary uses have become increasingly dominant occupiers, particularly the Mangoola mining operations to the south of Wybong Road.

The subject property is on the north western side of Yarraman Road, just to the west of the Ridgелands Road intersection. It adjoins similar rural holdings. The existing Mangoola Mine activities are located about 5 kilometres to the south east and the proposed Mangoola Continued Operations Project is located about 2.5 kilometres to the south east.

Locality map



This information is obtained from various sources and cannot be guaranteed. You must make your own enquiries as to its accuracy.

Property description

Aerial photograph



This information is obtained from various sources and cannot be guaranteed. You must make your own enquiries as to its accuracy.

Lot 1001 (containing the homestead and other structural improvements)

Land

This block is an irregularly shaped parcel of level to gently undulating country cleared to shade trees, with part double frontage to Wybong Creek. The primary access is from Yarraman Road on the southern boundary and it has a short frontage to Dry Creek Road on the northern boundary. The land has predominantly fertile brown loam arable soils rising to lighter country with the structural improvements near Yarraman Road and undulating grazing land to the north of Wybong Creek. Stock water is provided by direct creek access to permanent holes, dams and a reticulation system to concrete troughs fed through underground plastic pipes sourced from an electric pressure pump in the well on lot 1002. The land is well fenced for cattle and horses including a boundary fence to lot 1002.

Photographs over lot 1001



Structural improvements on lot 1001

Homestead and grounds

The original early 1900's homestead has been extensively renovated and extended to provide a substantial good quality home with modern conveniences. It is a single storey timber frame structure with weatherboard walls, galvanised iron roof, timber and concrete floors, timber and plasterboard internal linings. Accommodation includes 6 bedrooms (main with walk in robe and ensuite shower, vanity, toilet), office, kitchen (with painted timber cupboards, island bench, walk in pantry, double sink, dishwasher, gas cook top, 2 electric wall ovens), main bathroom (with bath, shower, vanity, separate toilet), washroom (with vanity and toilet), large laundry (with wash tub and built in cupboards), lounge (with split system air conditioner and slow combustion fire), family/dining, rumpus (with gas fire place), part gauze enclosed verandahs and pergolas.

The homestead grounds are extensively landscaped including reticulated water supplied from the well on lot 1002, buffalo and kikuyu lawns, established gardens, ornamental shade trees and a fenced fibreglass in ground salt water swimming pool.

Approximate floor areas:

Living area: 319m² Verandahs: 104m² Pergolas: 44m²

Photographs of the homestead and grounds



Double carport

Steel frame structure with flat metal roof and concrete floor. Lighting is connected.

Approximate area: 50m²

Photograph of carport



Workshop/store shed

Steel frame structure with metal cladding and concrete floor. Most is fully enclosed and 1 bay has an open front. Electricity is connected.

Approximate area: 72m²

Photograph of the workshop/store shed



Tack room/machinery shed

Steel frame structure with metal cladding. The tack room is fully enclosed, has a concrete floor and electricity connected. The balance has an open front and earth floor. A skillion roof over an earth floor adjoins one end.

Approximate areas

Tack room: 30m² Machinery shed: 72m² Skillion: 24m²

Photograph of the tack room/machinery shed



Old dairy

Old walk through dairy with part galvanised iron cladding and concrete floor.

Photograph of the old dairy



Cattle yards and horse shelters

Solid yards with steel railway track posts and 4 sawn rails containing 2 working yards, calf race, curved adult cattle race, steel crush and loading ramp. There are 3 separate galvanised iron stables each with timber post and rail yards.

Photographs of cattle yards and horse shelters



Lot 1002 (vacant land containing the well)

Lot 1002 adjoins the southern side of lot 1001. It is an irregularly shaped parcel with a long frontage to Yarraman Road providing good access to potential house sites. The land has single frontage to Wybong Creek along the northern boundary. It has principally fertile brown loam arable soils rising to lighter country near the road. The land is cleared to shade and shelter trees incorporating several planted tree corridors. Stock water is provided by dams plus a reticulation system to troughs fed from an electrically equipped well. About 15 hectares adjoining the creek is laid out to 100 millimetre underground plastic main lines also fed by an electric pump on the well. The land is well fenced for cattle or horses.

Photographs over lot 1002



Market comments

The rural property market in Hunter Valley localities that are not impacted by coal mining has strengthened over the last 3 years to the point that there is a shortage of good quality holdings. Whilst the prevailing drought conditions have impacted on presentation, there is a limited supply of suitable properties because most vendors are reluctant to place their properties on the market before seasonal conditions improve. Therefore, properties with good water and structural improvements are meeting continued demand because there are generally more buyers than sellers. The rapid spread of mining in the Muswellbrook and Singleton Shires has placed greater pressure on property values within Hunter Valley localities that are not impacted by mining.

Prior to the Mangoola Mine project the Manobalai/Wyong area was a popular rural destination particularly for properties having access to a reliable water source for irrigation, stock and domestic use. However, property acquisitions for the existing and proposed Mangoola Mines and associated buffer land have understandably reduced the appeal of the area for rural and rural lifestyle purposes. The proposed Mangoola Continued Operations Project has exacerbated an already difficult situation for those private landowners who will not be granted acquisition upon request under the proposed mining project.

Comparable sales outside of mine impacted areas

Evidence applicable to lot 1001

- 399 Wollombi Road Broke

Sold 10/2017 for \$920,000 Land area: 12.17ha

Located about 4 kilometres south of Broke and split by the road. A small area of cleared arable country on the western side fronts Wollombi Brook. The majority on the eastern side runs from partly cleared grazing to timbered country. The structures are privately positioned behind a screen of timber in an elevated position on the eastern side of the road. They include a well presented 3 bedroom, 1 bathroom painted brick/colorbond roof home set within landscaped grounds. It is a much smaller parcel of considerably inferior land with a smaller home and minimal shedding. Overall it is inferior to lot 1001 and the market has strengthened in the 16 months since the sale was transacted.

- 1413 Glendonbrook Road Glendonbrook

Sold 3/2017 for \$1,050,000 Land area: 40ha

Located between Singleton and Gresford. The land is an irregularly shaped parcel of primarily gently sloping to undulating pasture improved grazing with double frontage to Webbers Creek running to steeper slopes with timbered pockets at the rear. The structures include a well presented, renovated early 1900's 4 bedroom, 2 bathroom weatherboard/galvanised iron roof home set within landscaped grounds, a detached double garage, rural shedding and stock yards. It is a similar size parcel of inferior land with a similar home in a more central location. Overall it is marginally inferior to lot 1001 although the market has strengthened in the 2 years since the sale was transacted.

- 137B Glendon Lane Singleton

Sold 7/2017 for \$1,200,000 Land area: 41.62ha

Privately located to the east of Singleton accessed by a gravel road off the northern side of Glendon Lane. The land is an irregularly shaped parcel of gently sloping creek flats fronting First Creek rising to undulating part pasture improved grazing. The structures include a large modern 4 bedroom, 2 bathroom brick veneer/colorbond roof home, a detached self contained 1 bedroom cottage, machinery sheds and stock yards. It is a similar area of inferior country with a modern home and additional accommodation in a more central locality. Overall it is marginally superior to lot 1001 although the market has strengthened in the 19 months since the sale was transacted.

- 738 Wollombi Road Broke

Sold 3/2018 for \$1,245,000 Land area: 12.12ha

Located about 7 kilometres south west of Broke. The land is an irregularly shaped level to gently undulating parcel cleared to shade trees with a long frontage to Wollombi Brook. It was previously a vineyard but is now used as a rural lifestyle property. The structures include a large part 2 storey rendered brick home constructed in the older style and positioned within landscaped grounds, plus a large galvanised iron shed. It is a much smaller area of land with more modern improvements in a more sought after locality. Overall it represents comparable value to lot 1001 considering the strengthening market since this sale was transacted.

- 226 Dartbrook Road, Aberdeen

Sold 7/2017 for \$1,350,000 Land area: 60.99ha

Located within a highly-regarded agricultural area approximately 3 kilometres north west of Aberdeen. It is an irregularly shaped parcel of gently sloping to undulating improved farming land laid out to underground irrigation mainlines and fenced into numerous paddocks. It has frontage to both Kingdon Ponds and Dart Brook whilst also having 3 equipped irrigation wells. The sale included a 315 unit Aquifer Water Access License. Improvements include a 4 bedroom weatherboard and iron roof dwelling with a detached metal clad rumpus room and carport, a large detached metal clad machinery shed and adjoining workshop, 2 large open front hay sheds, set of steel panel cattle yards and several other basic rural outbuildings. It is a larger area of similar land within a comparable locality but with an inferior home. Overall it is superior to lot 1001 although the market has strengthened in the 19 months since the sale was transacted.

- 146 Cressfield Road Wingen

Sold 12/2018 for \$1,500,000 Land area: 27.72ha

Located between Parkville and Wingen off the western side of the New England Highway. The land is an irregularly shaped gently sloping to undulating parcel of cleared improved grazing country with 33 units of aquifer water from 2 licences. Structures include a well presented, renovated older style weatherboard/colorbond roof home within landscaped grounds, a detached garage, hay shed, old dairy and an equipped well. It is a smaller parcel of similar land with comparable improvements in a more sought after locality. Overall it is superior to lot 1001.

- 3283 New England Highway, Scone

Sold 4/2018 for \$1,500,000 Area: 40.47ha

Located within a popular rural area about 7 kilometres north of Scone. The land is gently sloping, arable farming country fronting Kingdon Ponds. It had previously been operated as a commercial lucerne farm and incorporates a network of underground irrigation mainlines. The sale included 240 units of aquifer water. Improvements include a substantial, well presented 5 bedroom brick and colorbond roof dwelling with a detached brick and colorbond roof double garage, large open front metal clad machinery shed, large partly enclosed hay shed, modest former dairy building and several other basic outbuildings. It is a similar size parcel of superior country with comparable improvements in a more sought after locality. Overall it is superior to lot 1001.

- 262 Turanville Road, Scone

Sold 11/2017 for \$1,800,000 Land area: 43.88ha

Located within a sought after rural area between Aberdeen and Scone. The land is an irregularly shaped parcel of gently sloping to undulating highly improved arable country fronting Dart Brook. It is fenced into several paddocks (some timber post and rail) and is laid out to underground irrigation mainlines with 2 equipped wells. The sale included 221 units of aquifer water. Structural improvements include a substantial, modern, air conditioned 5 bedroom plus study and ensuite brick veneer and colorbond metal roof dwelling with an attached double garage, a 2nd 2 bedroom hardiplank and iron roof cottage, detached workshop plus adjoining double carport, open fronted machinery shed, hay shed and steel stock yards. It is a similar size parcel of superior country with superior improvements in a more sought after locality. Overall it is superior to lot 1001 although the market has strengthened in the 14 months since this sale was transacted.

Summary of market evidence for lot 1001

<u>Address</u>	<u>Price</u>	<u>Date</u>	<u>Area</u>	<u>Comparison</u>
399 Wollombi Road Broke	\$920,000	10/17	12.17ha	Inferior (aged sale)
1413 Glendonbrook Road Glendonbrook	\$1,050,000	3/17	40ha	Inferior (aged sale)
137B Glendon Lane Singleton	\$1,200,000	7/17	41.62ha	Superior (aged sale)
738 Wollombi Road Broke	\$1,245,000	3/18	12.12ha	Similar
226 Dartbrook Road Aberdeen	\$1,350,000	7/17	60.99ha	Superior (aged sale)
146 Cressfield Road Wingen	\$1,500,000	12/18	27.72ha	Superior
3283 New England Highway Scone	\$1,500,000	4/18	40.47ha	Superior
262 Turanville Road Scone	\$1,800,000	11/17	43.88ha	Superior (aged sale)

Conclusion drawn from market evidence

Direct comparison with the market evidence indicates that the current market value of lot 1001 on the assumption that it is not impacted by the existing or the proposed Mangoola Mining Operations, is about \$1,250,000. That conclusion is supported and refined within our summation calculations.

Evidence applicable to lot 1002

- 262 Bureen Road Denman

Sold 9/2018 for \$320,000 Land area: 50.27ha

Located about 9 kilometres south of Denman with a long access handle to Bureen Road. It is a vacant parcel of undulating to hilly grazing land with a plateau providing potential building sites. It does not front a stream and the land is considerably inferior to lot 1002.

Analysis: 50.27ha x \$6,366/ha

- 990 Glendonbrook Road Glendonbrook

Sold 3/2017 for \$415,000 Land area: 19.91ha

Located within a rural area between Singleton and Gresford. It is a vacant parcel of level to gently sloping arable natural grazing land with double frontage to Webbers Creek. It is a much smaller parcel of inferior country. Overall it is inferior to lot 1002 and the market has strengthened in the last 2 years.

Analysis: 19.91ha x \$20,844/ha

- 1066 Wollombi Road Broke

Sold 6/2017 for \$515,000 Land area: 20.23ha

Located about 10 kilometres south of Broke. It is a regularly shaped parcel of unimproved natural grazing land with frontage to Wollombi Brook and a large dam. Fencing is in neglected condition. Several old sheds and piers for a cottage contribute minimal value. It is a smaller parcel of inferior land in a more popular locality. Overall it is inferior to lot 1002 and the market has strengthened in the last 20 months.

Analysis: 20.23ha x \$25,457/ha

- 153 Milbrodale Road Milbrodale

Sold 3/2018 for \$550,000 Land area: 41.02ha

Located about 6 kilometres south of Bulga and about 5 kilometres south west of Bulga coal mining operations. Access to the property does not pass the mine and the impact is comparable to that of the existing Mangoola operations to the subject property but much less than the proposed mine. The land is an irregularly shaped parcel of gently undulating natural grazing country with pockets of green timber and watered by a dam. There are several sheds on the land and the bare land value is \$520,000. It is a similar size parcel of inferior land in a more sought after location. Overall the land is inferior to lot 1002.

Analysis: 41.2ha x \$12,677/ha

- Lot 6101 DP 1235679 Cliftlands Road, Scone

Sold 5/2017 for \$770,000 Area: 40ha

Located within a popular rural area approximately 3.5 kilometres south west of Scone adjoining numerous large lot residential allotments along its northern boundary. It is a vacant irregularly shaped parcel of primarily gently sloping to undulating first class black basalt arable farming land bound to the east by Dart Brook with a narrow access handle to Cliftlands Road. The land is partly serviced by underground irrigation mainlines and the boundaries are fenced. The sale included 100 units of aquifer water. It is a similar area of comparable country in a more sought after location. Overall it is superior to lot 1002 although the market has strengthened in the 21 months since the sale was transacted.

Analysis:	\$770,000
WAL: 100 units x \$750/unit:	<u>\$ 75,000</u>
Land value with well and irrigation lines:	\$695,000 (40ha x \$17,375/ha)

- Lot 3 Thomas Lane Singleton

Sold 7/2017 for \$790,000 Land area: 58.58ha

Located to the north of Singleton off Bridgman Road. It is an irregularly shaped vacant parcel fronting Glennies Creek. The land adjoining the creek is arable partially irrigated country and the sale included a 75 unit water access license. The remainder is undulating to low hilly grazing with 5 dams and fenced into 5 paddocks. It is a larger parcel of inferior country in a more sought after locality. Overall it is superior to lot 1002 although the market has strengthened in the 19 months since the sale was transacted.

Analysis:	\$790,000
WAL 75 units x \$1,500/unit:	<u>\$112,500</u>
Land value with well and irrigation lines:	\$677,500 (58.58ha x \$11,565/ha)

Summary of market evidence for lot 1002

<u>Address</u>	<u>Price</u>	<u>Date</u>	<u>Area</u>	<u>Comparison</u>
262 Bureen Road Bureen	\$320,000	9/18	50.27ha	Inferior
990 Glendonbrook Road Glendonbrook	\$415,000	3/17	19.91ha	Inferior (aged sale)
1066 Wollombi Road Broke	\$515,000	6/17	20.23ha	Inferior (aged sale)
153 Milbrodale Road Milbrodale	\$550,000	3/18	41.02ha	Inferior (LV \$520,000)
Lot 6101 Cliftlands Road Scone	\$770,000	5/17	40ha	Superior (aged sale)
Lot 3 Thomas Lane Singleton	\$790,000	7/17	58.58ha	Superior (aged sale)

Conclusion drawn from market evidence

The evidence indicates that the current market value of lot 1002 if it was not impacted by the existing or the proposed Mangoola Mining Operations is about \$550,000 exclusive of the fixed underground irrigation infrastructure, the well and the 90 unit aquifer WAL. The land value inclusive of the well and irrigation lines is about \$590,000 or \$14,500/ha. The WAL has an independent value of \$750 per unit.

Summation valuation calculations

Lot 1001

Homestead and grounds

Living area: 319m ² x \$1,350/m ²	\$430,650	
Verandahs: 104m ² x \$450/m ²	\$ 46,800	
Pergolas: 44m ² x \$250/m ²	\$ 11,000	
Swimming pool	\$ 35,000	
Grounds/services:	<u>\$ 75,000</u>	\$598,450

Double carport

50m ² x \$200/m ²		\$ 10,000
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Workshop/store shed

72m ² x \$350/m ²		\$ 25,200
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Tack room/machinery shed

Tack room: 30m ² x \$300/m ²	\$ 9,000	
Mach. Shed: 72m ² x \$200/m ²	\$ 14,400	
Skillion: 24m ² x \$100/m ²	<u>\$ 2,400</u>	\$ 25,800

<u>Old dairy</u>		\$ 5,000
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<u>Cattle yards</u>		\$ 20,000
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<u>Horse yards and stables</u>	<u>\$ 10,000</u>	\$ 694,450
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Land

41.59ha Wybong Creek frontage		<u>\$ 550,000</u>
		\$1,244,450 say: \$1,250,000

Lot 1002

<u>WAL: 90 units x \$750/unit</u>	\$ 67,500	
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<u>Equipped well and underground mains</u>	\$ 40,000	
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Land

41.24ha with Wybong Creek frontage	<u>\$550,000</u>	
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	\$657,500	Say: <u>\$ 650,000</u>
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Total:		\$1,900,000
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Impact on value caused by nearby mining operations

The impact on property values as a direct result of nearby mining operations varies considerably depending on numerous factors including but not limited to proximity to the mine, visual amenity, whether the access to the property passes the mine, the extent of mine own land in the near vicinity, the real or perceived prospect for future mine expansion. The value impact can vary from negligible to significant depending on the individual circumstances. As a consequence, it is not possible to apply an across the board percentage impact on properties that are impacted by an existing mine or a mine proposal.

In the case of the subject property and other nearby holdings the proposed Mangoola Mine expansion will be nearby, and the mining operations will extend close to Ridgeland Road which is the primary access route to Muswellbrook. The mine will become the dominant feature of the landscape and it will significantly reduce the aesthetic amenity of the Manobolai locality.

If the mine is approved, a number of affected landholders will be granted AUR which effectively provides them with an insurance policy against deteriorating property values plus appropriate compensation. However, other nearby landholders for whom the pre mine computer generated modelling predicts noise and dust levels below the AUR trigger point will have no redress to compensation. When those landowners elect to sell their properties, they will be forced to meet the market at discounted prices. This growing number of unfortunate landholders become “collateral damage” every time a mine is approved.

In the Muswellbrook Shire a large and increasing proportion of land is owned by mining interests to the point that the cumulative impact caused by mining has become a significant deterrent to potential purchasers of rural land in mine affected areas. The long term owners of the subject property purchased their holding in 2002 and the current Mangoola Mine was approved in 2007. Therefore, they could not have predicted the proposed nearby mining operations and they are unsuspecting victims.

The subject property has been listed for sale through prominent Muswellbrook agents “Warburton” since November 2017 at an asking price range of \$1,750,000 to \$1,850,000. During that period the Hunter Valley rural property market outside of mining areas has been strong and there has been a shortage of quality listings. As a guide, rural property values in general have increased by around 15% to 20% and more in some cases over the last 12 months.

Therefore, whilst the market evidence indicates that the asking price is very reasonable if the property was not impacted by mining, the lack of interest in an otherwise strong market provides irrefutable evidence that the proposed Mangoola Mine and the cumulative impact of mining has deterred buyers. That conclusion is supported by the attached letter dated 27th November 2018 from the marketing agent. It is apparent that in order to sell the property, the landowners will be forced to discount the price to a level that potential buyers will be accepting of the mining influence.

Market evidence of mining impact

We have concluded that the existing Mangoola mine and more particularly the proposed Mangoola Coal Continued Operations Project has impacted on the demand for and the market value of the subject property. The next step is to address the extent of that impact by reference to the appropriate market evidence:

- 1461 Denman Road Muswellbrook

Sold 5/2017 for \$700,000 Land area: 43.71ha

This property is located about 13 kilometres south west of Muswellbrook. Access from Muswellbrook directly passes Mount Arthur mine which is about 5.5 kilometres to the north east whilst Bengalla mine is clearly visible. The existing Mangoola Mine is about 5 kilometres to the north west. Whilst it is not within the AUR zone for any mines, the property and the surrounding properties are visually impacted. The land has Hunter River frontage. It is an irregularly shaped parcel of level to gently sloping alluvial and loam soil country containing the partial remnants of an old vineyard. The sale included 100 units of zone 1(a) Hunter River WAL plus 8 units stock and domestic. There are no significant structural improvements on the land. At the time of sale comparable Hunter River irrigation country not impacted by mining was selling for around \$15,000/ha exclusive of WAL's.

Analysis:		\$700,000
Less		
100 units WAL x \$2,000:	\$200,000	
8 units WAL x \$1,000:	<u>\$ 8,000</u>	<u>\$208,000</u>
Land:		\$492,000 (43.71ha x \$11,256/ha)

Impact attributable to mining

Analysed land value: \$11,256/ha

Unaffected land value: \$15,000/ha

Impact = 25%

- 1490 Denman Road Denman

Sold 9/2016 for \$950,000 Land area: 70.06ha

This property adjoins the previous sale and it is similarly impacted by mining. The land is an irregularly shaped parcel of level to gently sloping arable irrigation country fronting the Hunter River. There was about 35 hectares of established lucerne at the time of sale. The sale price included a 150 unit Hunter River general security WAL. Structures include 2 substantial hay sheds. The land was in superior condition to the adjoining property and in 2016 improved Hunter River irrigation country not impacted by mining was selling for around \$15,000/ha exclusive of WAL's.

Analysis:		\$950,000
Structures:	\$ 80,000	
WAL 150 units x \$2,000:	<u>\$300,000</u>	<u>\$380,000</u>
Land:		\$570,000 (70.06ha x 8,136/ha)

Impact attributable to mining

Analysed land value: \$8,136/ha

Unaffected land value: \$15,000/ha

Impact = 46%

- 313 Wybong Road Muswellbrook

Sold 6/2018 for \$423,000 Land area: 3.69ha

This property is located just to the west of Muswellbrook. It is within 1.5 kilometres from the recently commenced Mount Pleasant Mine and mining operations are clearly visible. The land is a level to gently sloping parcel with Hunter River frontage. It contains a small vineyard, olive grove and fruit trees. There are 2 titles each having a dwelling entitlement. The house block on 2,023m² contains a modest neatly presented 3 bedroom clad cottage, detached garage and carport. The vacant block of 3.491ha has Hunter River frontage and a dwelling entitlement. River frontage properties close to town would normally generate strong demand and the property suffered an extended marketing period due to the proximity to the mine. Furthermore, the property was marketed in one line because demand for the vacant block as a rural lifestyle house site on its own would be negligible due to the mine impact. The unaffected market value as 2 blocks would be at least \$600,000. Therefore:

Impact attributable to mining

Sale price: \$423,000

Unaffected value: \$600,000

Impact: 30%

- 3062 Wybong Road Hollydeen

Sold 10/2018 for \$289,000 Land area: 45.3ha

This property is located about 30 kilometres south west of Muswellbrook. It is about 5 kilometres from the existing Mangoola Mine although the perimeter of the mine owned land is only about 400 metres to the east. It is a vacant parcel running from cleared gently undulating grazing with double frontage to Reedy Creek rising to steeper timbered country at the rear. The sale price was impacted by Mangoola Mine and the non-mine affected value as demonstrated by sales is \$350,000. Therefore:

Impact attributable to mining

Sale price: \$289,000

Unaffected value: \$350,000

Impact: 17%

Retrospective evidence

- 861 Ridgeland Road Manobolai

Sold 7/2019 for \$540,000 Land area: 9.88ha

This property is located less than 1 kilometre north east of the subject and it is similarly impacted by the Mangoola proposal. It is a gently undulating rural lifestyle block fronting Wybong Creek, containing a well presented 3 bedroom, 2 bathroom timber cottage plus good shedding and a 73 unit Wybong Creek WAL with underground main lines. The property had been on the market for over 2 years at an initial asking price of \$650,000. The purchasers advised that the Mangoola proposal was prominent in their negotiations and they discounted the offer accordingly. Current evidence indicates that the initial asking price would have been achievable in July 2019 if not for the Mangoola proposal.

Impact attributable to mining

Sale price: \$540,000

Unaffected value: \$650,000

Impact: 16.9%

- 90 Yarraman Road Manobalai

Sold 8/2014 for \$1,030,000 and 4/2020 for \$1,195,000 Land area: 49.14ha

This property adjoins the subject. In 2014 the original Mangoola mine was operating but the expansion proposal did not exist. The property is an irregularly shaped parcel of similar partly irrigated arable land with Wybong Creek frontage. The sale included 155 units of aquifer water. Structures include a 5 bedroom brick veneer home with pool and rural shedding. Improvements post 2014 include a new kitchen and laundry and a travelling irrigator. In comparison with lot 1001 it is a larger parcel of similar land with a WAL and irrigation but an inferior home.

This property was again placed on the market in late 2019 at an asking price of \$1,375,000. It was subsequently sold in April 2020 for \$1,195,000. The agent advises that the purchaser was aware of the Mangoola proposal and the asking price took the proposal into account. Based on average growth rates throughout the Hunter between 2014 and 2020, the improvements since purchase and the market evidence contained within this report, a sale price of around \$1,500,000 to \$1,600,000 could have been anticipated if the property was unaffected by the Mangoola proposal as at the 2020 sale date. Therefore, the discount applicable to the Mangoola proposal is between 20% and 25%.

Conclusion

The above evidence indicates discounts ranging from 17% up to 46% for properties that are impacted by mining but fall outside of the AUR boundaries. Those vendors can be described as “collateral damage” as a direct result of mining expansion and they have no redress for compensation. The owners of the subject property have first hand experience of buyer resistance to a mine impacted property. The unsuccessful marketing campaign at a realistic asking price over a prolonged 18 month period has resulted in no offers. There is no question that the existing and more particularly the proposed Mangoola Mine has had a significant negative impact although the extent of the impact in terms of value has yet to be tested because no offers have been received.

The property falls within the upper price bracket for rural lifestyle holdings and at that level buyers are often more discerning and more informed than purchasers of lower priced properties.

In our opinion a discount within the range of 20% to 25% will be necessary in order to attract a buyer. For the purpose of this exercise we have adopted a discount factor of 25%.

Valuation calculations considering Mangoola impact

Unaffected market value:	\$1,900,000
Less 25% discount due to existing and proposed Mangoola Mines:	<u>\$ 475,000</u>
Mine impacted value:	\$1,425,000 say \$1,400,000

VALUATIONS (exclusive of GST)

1. The current market value of the property as if it was unaffected by the existing Mangoola Open Cut Coal Mine and the proposed Mangoola Coal Continued Operations Project is assessed at:

\$1,900,000.00 (One million nine hundred thousand dollars)

2. The current market value of the property considering the impact on value attributable to the existing Mangoola Open Cut Coal Mine and the proposed Mangoola Coal Continued Operations Project is assessed at:

\$1,400,000.00 (One million four hundred thousand dollars)

Valuation qualifications

The valuation is for the use only of the parties to whom it is addressed and for no other purposes. No responsibility is accepted by the valuer whose signature appears herein, to any third party who may use or rely on the whole or any part of the content of this valuation.

Whilst the boundaries have been physically identified upon inspection and there do not appear to be any encroachments, the reporting valuer is not a surveyor and no warranty can be given without the benefit of an identification survey.

No enquiries or examination of any property, or of any improvements erected thereon has been made for any sign of timber infestation, asbestos or other defect and no warranty is given in this regard.

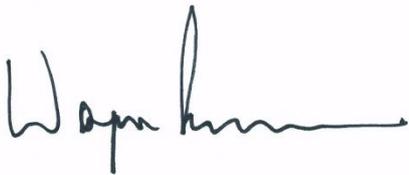
A copy of the Section 149 Certificate under the Environmental Planning and Assessment Act 1979 has not been obtained and zoning information is subject to confirmation.

Neither the valuer nor the firm of Brorson Hill Valuations has any interest, financial or otherwise, in the property or the outcome of the valuation.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property).

Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon after the expiration of 3 months from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

Liability limited by a scheme approved under Professional Standards Legislation.



Wayne Brorson AAPI (Member No 67409)

Certified Practising Valuer

Title searches



**LAND
REGISTRY
SERVICES**

Order number: 55514000
Your Reference: white
15/02/19 12:39



NSW LRS - Title Search

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 1001/1162479

SEARCH DATE	TIME	EDITION NO	DATE
15/2/2019	12:39 PM	4	8/9/2018

NO CERTIFICATE OF TITLE HAS ISSUED FOR THE CURRENT EDITION OF THIS FOLIO.
CONTROL OF THE RIGHT TO DEAL IS HELD BY WESTPAC BANKING CORPORATION.

LAND

LOT 1001 IN DEPOSITED PLAN 1162479
AT MANOBALAI
LOCAL GOVERNMENT AREA MUSWELLBROOK
PARISH OF BROGHEDA COUNTY OF BRISBANE
PARISH OF MANOBALAI COUNTY OF BRISBANE
TITLE DIAGRAM DP1162479

FIRST SCHEDULE



AS JOINT TENANTS

SECOND SCHEDULE (8 NOTIFICATIONS)

- 1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- 2 LAND EXCLUDES MINERALS WITHIN THE PART(S) SHOWN SO INDICATED IN THE TITLE DIAGRAM - SEE CROWN GRANT(S)
- 3 DP252956 RESTRICTION(S) ON THE USE OF LAND
- 4 DP1116579 EASEMENT FOR ELECTRICITY AND OTHER PURPOSES 10 METRE(S) WIDE REFERRED TO AND NUMBERED (2) IN THE S.88B INSTRUMENT AFFECTING THE SITE DESIGNATED (B) IN THE TITLE DIAGRAM
- 5 DP1116579 RIGHT OF CARRIAGEWAY 6 METRE(S) WIDE AFFECTING THE PART(S) SHOWN SO BURDENED IN THE TITLE DIAGRAM
- 6 DP1116579 EASEMENT FOR ELECTRICITY AND OTHER PURPOSES 10 METRE(S) WIDE REFERRED TO AND NUMBERED (4) IN THE S.88B INSTRUMENT AFFECTING THE SITE DESIGNATED (D) IN THE TITLE DIAGRAM
- 7 AG257417 MORTGAGE TO WESTPAC BANKING CORPORATION
- 8 AH153669 EASEMENT FOR ELECTRICITY AND OTHER PURPOSES 15 WIDE AND VARIABLE AFFECTING THE PART DESIGNATED (E) IN DP1173611

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

PRINTED ON 15/2/2019

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.



Order number: 55514066
Your Reference: white
15/02/19 12:40



NSW LRS - Title Search

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 1002/1162479

SEARCH DATE	TIME	EDITION NO	DATE
15/2/2019	12:41 PM	2	1/6/2011

LAND

LOT 1002 IN DEPOSITED PLAN 1162479
AT MANOBALAI
LOCAL GOVERNMENT AREA MUSWELLBROOK
PARISH OF BROGHEDA COUNTY OF BRISBANE
TITLE DIAGRAM DP1162479

FIRST SCHEDULE


AS JOINT TENANTS

SECOND SCHEDULE (3 NOTIFICATIONS)

- 1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- 2 DP252956 RESTRICTION(S) ON THE USE OF LAND
- 3 DP1162479 EASEMENT FOR ELECTRICITY AND OTHER PURPOSES 15
METRE(S) WIDE AFFECTING THE PART(S) SHOWN SO BURDENED
IN THE TITLE DIAGRAM

NOTATIONS

UNREGISTERED DEALINGS: NIL

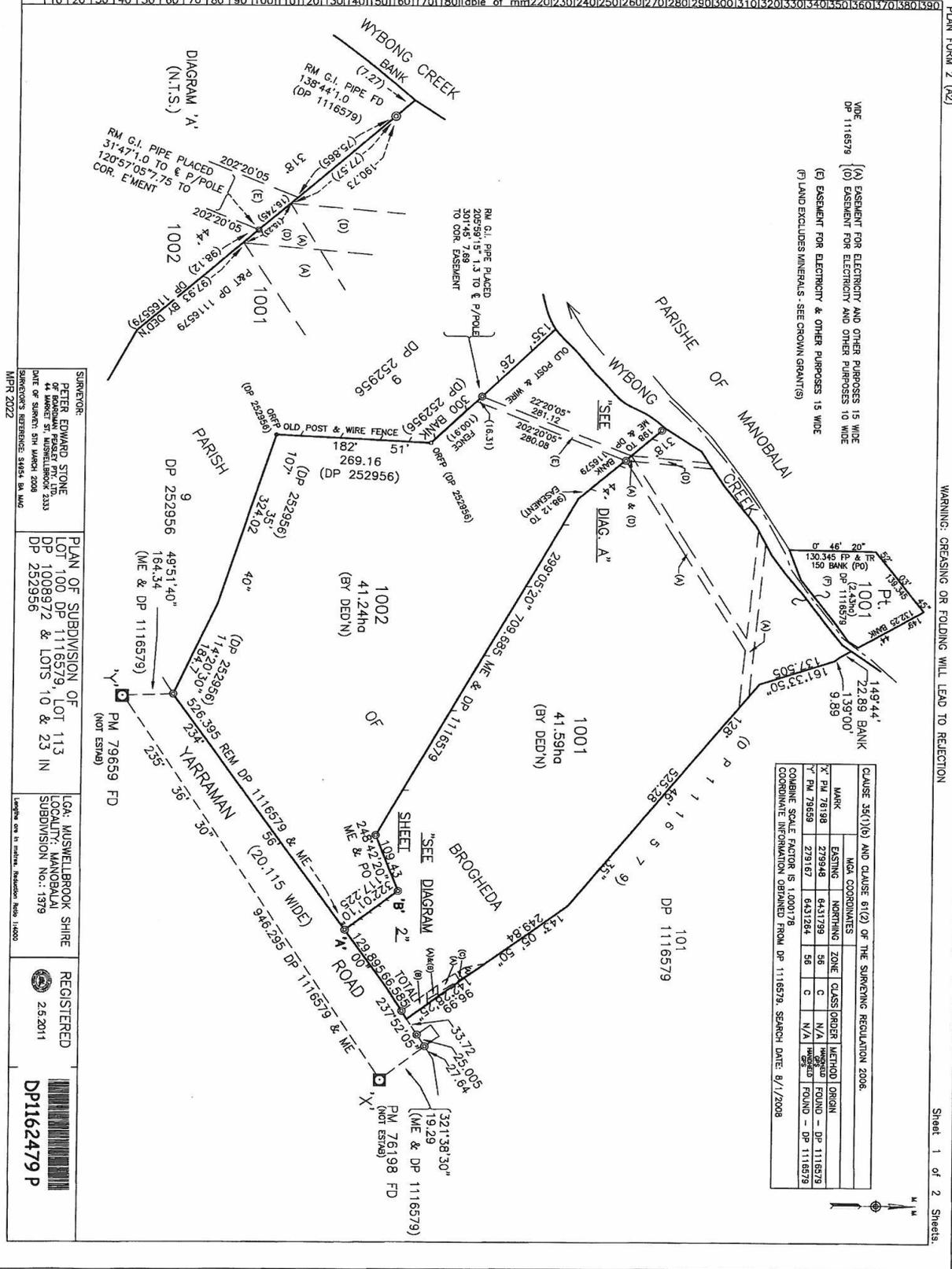
*** END OF SEARCH ***

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Deposited Plan

Req:R963107 /Doc:DP 1162479 P /Rev:02-May-2011 /Sts:SC.OK /Pgs:ALL /Prt:15-Feb-2019 12:39 /Seq:1 of 4
Ref: /Src:U



Land value search



Land value search

NEW SOUTH WALES VALUER GENERAL - LAND VALUE SEARCH

PROPERTY NO: 3432642
LGA: MUSWELLBROOK
ADDRESS OF PROPERTY: 20 YARRAMAN RD,
MANOBALAI NSW 2333
DESCRIPTION OF LAND: 1001, 1002/1162479
PROPERTY AREA: 82.83 HECTARES (FROM PLAN)
PROPERTY DIMENSIONS: NOT AVAILABLE
VALUING YEAR: 01/07/2018 DATE VALUATION WAS MADE: 10/09/2018
ZONING USED FOR VALUATION: PRIMARY PRODUCTION
LAND VALUE AUTHORITY: 14A(1) - ANNUAL REVALUATION
GROSS LAND VALUE: \$456,000
DIVISION 3 AND 4 ALLOWANCES: NOT APPLICABLE
NET LAND VALUE: \$456,000
LAND VALUE BASIS: 6A3/14G-I - THE LAND VALUE HAS REGARD TO RIGHTS TO
CONSTRUCT OR USE IRRIGATION WORKS (EXCL ACCESS TO
WATER), TO LEP HERITAGE RESTRICTIONS AND TO CROWN
LEASE RESTRICTIONS

OTHER ALLOWANCES/CONCESSIONS: NOT APPLICABLE

THE CURRENT LAND VALUE FOR RATING PURPOSES IN THE LOCAL GOVERNMENT AREA
OF MUSWELLBROOK IS THE VALUE AT 1 JULY 2017.

PRODUCED: 15 FEBRUARY 2019 13:12:47 PROPERTY STATUS AT THIS DATE: CURRENT

THIS LAND VALUE SEARCH DOES NOT CONVEY A RIGHT OF OBJECTION TO THE LAND VALUE.

THE VALUES SHOWN ARE CURRENT FOR THE VALUING YEAR AS AT TODAY'S DATE.
THE VALUER GENERAL CONDUCTS ONGOING REVIEWS OF LAND VALUES
AND THEREFORE THE VALUES SHOWN MAY CHANGE.

THE LAND VALUE RECORDED ON THIS LAND VALUE SEARCH HAS BEEN DETERMINED
UNDER THE VALUATION OF LAND ACT 1916 (AND THE HERITAGE ACT 1977, WHERE
APPLICABLE) FOR RATING AND TAXING PURPOSES. LAND VALUES HAVE REGARD TO
THE REQUIREMENTS OF RATING AND TAXING LEGISLATION AND SHOULD NOT BE USED
FOR ANY OTHER PURPOSE WITHOUT THE SPECIFIC AGREEMENT OF THE VALUER GENERAL.

*** END OF SEARCH ***

Councils use the Valuer General's land values in setting their rates. Land values are issued to councils
for rating at least every three years.

Properties that are subject to Land Tax are generally taxed based on the average of the last three
years' land valuation.

[New Search](#) [Print](#)

Any questions? If you have any questions, please call us on 1800 110 038 or +61 2 6332 8188 or email us.

Water Access License



LAND
REGISTRY
SERVICES

Order number: 55517021
Your Reference: white
15/02/19 14:13



NSW LRS - Title Search

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: WAL6321

SEARCH DATE	TIME	EDITION NO	DATE
15/2/2019	2:13 PM	1	15/12/2006

WARNING NOTE: INFORMATION ON THIS REGISTER IS NOT GUARANTEED

TENURE TYPE: CONTINUING

HOLDER(S)



AS TENANTS IN COMMON IN EQUAL SHARES

ENCUMBRANCES (1 ENCUMBRANCE)

1 TERM TRANSFER: NIL

NOTATIONS

UNREGISTERED DEALINGS: NIL

ACCESS LICENCE DETAILS

CATEGORY: AQUIFER

SHARE COMPONENT:

SHARE - 90 UNITS
WATER SOURCE - WYBONG CREEK WATER SOURCE
WATER SHARING PLAN - HUNTER UNREGULATED AND ALLUVIAL WATER
SOURCES 2009

EXTRACTION COMPONENT:

TIMES/RATES/CIRCUMSTANCES - SUBJECT TO THE CONDITIONS OF THE
WATER ACCESS LICENCE
EXTRACTION FROM - AQUIFER
EXTRACTION ZONE - WYBONG MANAGEMENT ZONE

NOMINATED WORKS:

WORK APPROVAL NUMBER(S) - 20CA202461
INTERSTATE TAGGING ZONE - NIL

CONDITIONS

LICENCE CONDITIONS FORM A PART OF THIS LICENCE AND AFFECT THE SHARE
AND EXTRACTION COMPONENTS. CONDITION STATEMENTS ARE AVAILABLE FROM

END OF PAGE 1 - CONTINUED OVER

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NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: WAL6321

PAGE 2

CONDITIONS (CONTINUED)

WATERSW

NOTES

A WATER LICENCE INFORMATION SHEET IS AVAILABLE FROM THE WATERSW
WEBSITE WWW.WATERSW.COM.AU AND SHOULD BE REFERRED TO IN INTERPRETING
THIS LICENCE.

WATERSW PHONE 1300 662 077, EMAIL CUSTOMER.HELPDESK@WATERSW.COM.AU

LICENCE REFERENCE NUMBER: 20AL202460

PREVIOUS WATER ACT LICENCE NUMBER(S): 20PT910259, 20BL144003.

*** END OF SEARCH ***

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SAI Global Property Division an approved NSW Information Broker hereby certifies that the information contained in this document has been provided
electronically by the Registrar General in accordance with section 96B(2) of the Real Property Act 1900.

Letter from marketing agent

welcome@warburtonre.com.au

8 Bridge Street, Muswellbrook NSW 2333
02 6542 4500

141 Kelly Street, Scone NSW 2337
02 6545 2227



27 November 2018

Mr & Mrs M White
"Boomery"
20-38 Yarraman Rd
Manobalai NSW 2333

Dear Michael & Margot,

RE: "BOOMERY" 20-38 YARRAMAN ROAD, MANOBALAI

We refer to our recent conversation and confirm that your above property has now been listed for sale since 17 November 2017. And after more than 12 months not even an offer has been received let alone a resultant sale.

We summarise activity & enquiry on the property as follows since listing for sale:

Internet Traffic

Realestate.com.au - 6,125 unique property page views
- 7 enquiries
Domain.com.au - 3,382 unique property page views
- 13 enquiries

Property Inspections

7 groups

Feedback

Feedback from buyers has been dominated by their concerns about mining in the immediate vicinity with particular concerns about:

- Mangoola Mine proposed expansion and current EIS for lands to the south of the property together with concerns about any noise or dust impacts from existing operations
- Ridgeland Coal exploration licence in area and where/when will they mine
- Drill core testing for coal of property immediately joining 20-38 Yarraman Rd
- Lack of mobile phone service in the area

Each of the above issues raised by buyers have a detrimental effect on the price that the property might achieve, that is, people see these issues as risks and therefore are not prepared to pay the same price as for similar property in areas unaffected by these impacts.

We trust this provides a satisfactory overview and summary of our campaign to date and welcome the opportunity to discuss your future options.

Yours faithfully,
WARBURTON ESTATE AGENTS – MUSWELLBROOK



Sandy Warburton
Director/Licensee in Charge

WARBURTON
ESTATE AGENTS

warburtonre.com.au