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TRANSCRIPT OF PROCEEDINGS

TRANSCRIPT IN CONFIDENCE

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INDEPENDENT PLANNING COMMISSION

MEETING WITH DEPARTMENT OF PLANNING, INDUSTRY AND ENVIRONMENT

RE: MAXWELL UNDERGROUND COAL MINE

PANEL: **MARY O'KANE (CHAIR)**
JOHN HANN

OFFICE OF IPC: **STEPHEN BARRY**
CASEY JOSHUA

DEPARTMENT: **MIKE YOUNG**
MATTHEW SPROTT
LAUREN EVANS

LOCATION: **VIDEOCONFERENCE**

DATE: **9.04 AM, THURSDAY, 15 OCTOBER, 2020**

THIS PROCEEDING WAS CONDUCTED BY VIDEO CONFERENCE

5 PROF M. O’KANE: Starting formally on the Maxwell meetings, good morning and
welcome. And before we begin, I’d like to acknowledge the traditional owners of
the land we’re variously on and pay my respects to their elders past, present and
emerging. Welcome to the meeting today for the Maxwell underground coal mining
project, which includes the construction of a new mine entry area, transport and
services corridor and ancillary infrastructure, extraction of up to eight million tonnes
10 of run-of-mine coal per year, using longwall and bord and pillar extraction methods,
the ongoing use of processing, rail loading and export infrastructure at the existing
Maxwell infrastructure site, and the partial realignment of the southern end of
Edderton Road.

15 My name is Mary O’Kane. I’m chair of this Commission panel and I’m joined by
my fellow Commissioner, John Hann, and we’re supported by Stephen Barry and
Casey Joshua from the office of the IPC. In the interests of openness and
transparency and to ensure full capture of information, today’s meeting is being
recorded and a full transcript will be produced and made available on the
20 Commission’s with website. This meeting is one part of the Commission’s
considerations of this matter and will form one of several sources of information
upon which the Commission will base its advice. It is important for the
Commissioners to ask questions of attendees and to clarify issues whenever it is
considered appropriate.

25 If you are asked a question and are not in a position to answer, please feel free to take
the question on notice and provide any additional information in writing which we
will then put up on our website. I request that everybody here today introduce
themselves before speaking for the first time and that all members ensure they do not
30 speak over the top of each other to ensure accuracy of the transcript. So we’ll now
begin and, Mike, or Matt, whoever it is, do you want to give us a bit of an overview
of the project and any early comments and then we’ve got various questions.

35 MR M. YOUNG: I’ll kick off, Mary. It’s Mike Young here. I’m the executive
director of – in the planning and assessment area of the Department of Planning,
Industry and Environment. So I’ll probably kick off just with some introductory
statements and then Matt and Lauren, obviously, who are ...

40 PROF O’KANE: It broke up, Mike.

MR J. HANN: Mike, we’ve lost you.

UNIDENTIFIED MALE: In fact he’s on mute.

45 MR M. SPOTT: No, I apologise, Commissioners. I think it might be a – there you
are, Mike.

MR YOUNG: ... but I do, I do – are you there? Are you there?

MR SPROTT: Mike, you just dropped out for a moment.

5 MR YOUNG: I'm back, am I?

MR SPROTT: Yes.

10 MR YOUNG: Oh, dear. Oh, dear. Am I back now?

PROF O'KANE: Yes, you dropped out at the point where you were mentioning Matt and Lauren.

15 MR YOUNG: Okay. Well, I guess I was – I was going on to say, Commissioners, that you've obviously had the benefit of our comprehensive report, so I don't think that – I don't – we don't propose to go through that in detail and I guess we propose to respond or discuss the particular matters or questions that the Commission may have, those that were put to us, I think, in writing, a little while ago and any other
20 additional questions. But obviously, by way of background, you know, the Maxwell underground project is within the former Drayton South area and obviously connected and relying on the former Drayton Mine surface facilities, as well as taking on the responsibility for rehabilitating those former open cut operations at the Drayton Mine.

25 So it's obviously a project in some ways, or at least a site with a long history, and clearly some time ago the government decided to act to ensure that the – the area was precluded from allowing open cut coal mining in that area in recognition of the Drayton South decisions by the former planning assessment division, and to ensure appropriate protection for the critical industry clusters, particularly the thoroughbred
30 horse studs that occur to the south of the site, and, you know, clearly, that prohibition under the mining SEPP applied only to open cut coal mining as opposed to underground and clearly Maxwell has developed a project that is consistent with that and is seeking to extract the resources by underground coal mining methods which is obviously permissible on that site, and then obviously rely on the – the other – the
35 existing surface facilities and rail loop and so forth at the former Drayton coal mine.

So, I mean, I guess from a strategic perspective, you know, the department considers that the coal is still an important resource, that the underground mining methods obviously will significantly reduce the amenity and other impacts associated with an
40 open cut operation and obviously the project, if approved, would generate a range of significant benefits for the region, for the State as a whole in terms of employing large numbers of people, flow on benefits to the local and regional economy and also royalties to the State government.

45 Also I think it's an advantage to be relying on existing infrastructure as opposed to needing to develop a greenfield site, so to speak, where additional infrastructure may need to be built in order to support the mine and it also provides an opportunity to

ensure that the relevant obligations for rehabilitating the former open cut operations at Drayton are appropriately finalised and the site and the land form and any future land use, and including a potential solar farm, as I think we'll be discussing later, so that site is appropriately rehabilitated in due course in accordance with planning approval and also in accordance with the mining lease obligations.

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So I guess in broad terms, you know, we consider that the change to – from an open cut to an underground mine to extract the resources, or similar resources in that area, has a range of significant advantages in terms of minimising environmental impacts and I guess our assessment has found that, broadly speaking, that all the environmental impacts can be managed within acceptable standards, or close to, or can be mitigated or offset accordingly in accordance with government policies and guidelines. But obviously, you know all of that's set out in considerable detail in our comprehensive report and it's up to you, Mary and John, but as to whether we want to explore that further or whether you wanted to just go straight into and specific questions.

20
PROF O'KANE: I think we could go into questions. Thank you very much for the report, which is indeed comprehensive and easy to follow and does cover the issues. So I think we're better to go – did you want to start and then I've got a few - - -

MR HANN: Okay. Yes. Yes, sure, Mary.

25
PROF O'KANE: - - - yes. So our questions, are they all over the place, I should say, because it's us trying to understand particular aspects of things and we haven't – John visited the site in the deep past for other projects, but I haven't visited the site specifically yet, so we're doing that next week. So some of the questions are a little ill-informed in the sense that it's about the site.

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MR HANN: Yes. So, look, in no particular order of priority, with regard to the subsidence and the realignment timing that's proposed for Edderton Road, as I understand it, the – it will be 2032, which is the approximate schedule of the Arrowfield Seam that would be extracted, which, looking at that – at the table in the document, says that will be a 4.3 metre vertical subsidence, and yet the earlier seam's Woodlands is still going to have pretty substantial subsidence of around the order of two metres. So the question is, is it – is the evidence from the subsidence work sufficient to be confident that the road does not need to be realigned any earlier given that they're still quite, I would have thought, significant impact from subsidence earlier than the Arrowfield extraction?

MR YOUNG: I might let Matt and Lauren speak to that.

45
MR SPROTT: Yes, certainly. Certainly there, John. It's Matthew Sprott here. I'm the director of resource assessments within the Department of Planning, Industry and Environment. So you are correct. The second seam, the Woodlands Hill Seam, is the first seam that will be undertaking longwall extraction. The seam above that, the Whynot seam will be only undertaken through bord and pillar mining methods and

would not actually interact with the Edderton Road alignment in its current form, given the layout of that mining area, stands well away from the road.

5 So the – the Woodlands Hill Seam is the first seam that would directly undermine Edderton Road. We have reviewed the predicted vertical subsidence and tilts and strains associated with undermining the road with that particular longwall layout. Those impacts are considered manageable and we have looked at other precedents. They're not dissimilar to other operations in the Hunter Valley that have successfully monitored and repaired similar scale subsidence effects and surface cracking. An
10 example of that would be the Bulga Underground Mine which has previously undermined Broke Road and Charlton Road, down towards Singleton and the village of Warkworth in the southern part of the Hunter Coalfield.

15 So similar – generally similar surface effects would have been observed on those roads, cracks in the range of a hundred millimetres, for instance, and slightly larger isolated cracks. To manage that process, Malabar Coal has committed to undertake 24-hour surveillance during the subsidence of those – of that section of road, which is – is considered to be a very vigorous offer. I believe that that's come following comments from Muswellbrook shire council, but the company has offered to
20 undertake 24-hour surveillance and have a road repair crew on hand, ready to manage any impacts to that roadway. The - - -

MR HANN: Is that electronic surveillance? Sorry, Matthew, what was that – how
25 does that work, 24-hour surveillance? Is that a person or is it electronic remote surveillance? Is it practical?

MR SPROTT: My understanding there, John, is that that would include some remote monitoring. However, I can confirm the details of how that surveillance would work for you in writing to provide you - - -
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PROF O'KANE: That would be

MR SPROTT: - - - a comprehensive comment on that. Now, the – the road repairs
35 in their area as well, there's six longwalls, as I'm sure you will have seen from figure 3 of the assessment report. There are six longwalls that would undermine that section of road. So the – the entirety of that road would not be undermined at any one point. It would be undertaken in six – six small segments, breaking up that 3.2 or 3 kilometres of road. Each of those longwalls would take about 10 weeks to move through and subsidence, that would be monitored and repaired within that 10-week
40 period for each of those longwalls and that would be spread across a two-year period of the mine life. So - - -

MR HANN: Okay.

45 MR SPROTT: - - - I suppose – I think that that should have at least covered off on the issues relating to the Woodlands Hill Seam and why we feel comfortable that it can be managed. The commitment to realign the road prior to the Arrowfield Seam,

secondary extraction from the Arrowfield Seam, is really to manage the cumulative subsidence impacts which would increase the impacts on that – subsidence impacts on that roadway substantially, and the timing of 2032 allows for a smooth transition from the current alignment of Edderton Road to the new alignment of Edderton
5 Road. The department considers that to be an appropriate outcome, particularly given the importance of Edderton Road as a thoroughfare for the thoroughbred breeding studs to the south. We consider that the – ensuring that that alignment can be constructed separately and severable from the current alignment of the road and then linked in a manner that minimises any delays in linking that road back up and
10 re-opening the new alignment would provide a beneficial outcome.

MR HANN: Thanks. Thanks, Matthew.

PROF O’KANE: Maybe, on that, Matt, when we’re doing the site inspection next
15 week, is there anything we should be particularly inspecting or looking at with regard to subsidence?

MR SPROTT: With regard to subsidence, so one of the things which is outlined in our assessment report, which I think you’ll be able to sort of get a feel for when you
20 are on-site, most of the large – larger end of the scale of subsidence will be occurring where the four seams overlap, naturally. So that will – that will be generally just to the east of Edderton Road will be where you will see the majority of those – those impacts. I would note that all of the – all of the measurable conventional vertical subsidence affects up to 20 millimetres of subsidence, have been mapped to occur
25 entirely within land owned by Malabar, so I’m sure that when you are on-site, that the company will be able to provide you with an indication of the – the surface – the surface expression of where you would see the subsidence zone.

I think that that would be important to – to understand. It is a naturally undulating
30 and hilly area in many, many parts of the site, and the company has indicated that the subsidence effects of the site would not be expected to change or materially affect the land use capability or the soil capability of the site post extraction. So I think that that would be an interesting thing to actually physically inspect, is to sort of see some of those differing areas. There are flatter areas of the site which are used for grazing
35 and getting an understanding of where that – where that would be, would be useful.

I think as well, with Edderton Road, there is currently a culvert over Saddlers Creek, which has been previously flagged by Muswellbrook Council, including in its mine-
40 affected road strategy, as being a constraint to Edderton Road in its – in its current form. So that may be something that is – that is of interest as you go through that area. That particular culvert is outside the subsidence zone, but in realigning the road, the company would be upgrading the crossing across Saddlers Creek to manage the impacts there and improve that aspect.

45 The other aspect near Edderton Road as well, Mary, would be the presence of some biophysical strategic agricultural land. So it’s currently split by Edderton Road. It cuts two sections of that B cell in half. So by effectively removing that road would

provide an opportunity to reintegrate those two sections of B cell into a single, usable area of land. So that would be an interesting thing to be able to be pointed out to while you are on-site.

5 PROF O’KANE: Right. Thank you very much.

MR HANN: Okay. While we’re on roads, just a question around the intersection, and I think it’s Thomas Mitchell Drive and Denman Road. Obviously the – in your –
10 in your assessment report, you’ve got two sets of modelling and the question is, what if the assumptions for the Mount Arthur mine workforce change, as they may do? Are you satisfied the conditions can accommodate that in terms of the intersection impact?

MR SPROTT: Yes, certainly, John. So I think as we have discussed in the
15 assessment report in some detail, there – the original modelling that was undertaken to inform the Maxwell underground project, assumed all operations within the – conservatively assume that all operations within the Muswellbrook LGA was operating at a maximum extraction rate and operating at a maximum workforce, and has assessed the road impacts cumulatively. Based on that assumption, the actual
20 Maxwell assessment indicated that the Denman Road/Thomas Mitchell Drive intersection would already be failing regardless of the presence of the Maxwell project. However, the department is aware, from correspondence with the other mining operations in the area, including BHP Billiton, who operate the Mount Arthur coal mine, that the operational workforces at those sites are not at their full capacity
25 in the current climate.

The – the Mount Arthur coal mine’s consent actually already requires that it upgrade and bring the Thomas Mitchell Drive/Denman Road intersection, to a contemporary and appropriate level of service to accommodate the traffic – mining traffic of the
30 region, and BHP is required to be provided contributions by the other mining operations that utilise Thomas Mitchell Drive which currently include Mount Pleasant, Bengalla and Mangoola, open cut coal mines to the west. Those other coal mines are only required to provide a financial contribution to Mount Arthur and Mount Arthur is required to ensure that that upgrade is completed. They’ve already
35 started that work and have commenced conversations with Transport for NSW and Muswellbrook Council over the final design of that intersection.

Based on the fact that that work is underway and the current traffic modelling that Mount Arthur was required to undertake to inform that work, indicates that the
40 workforces are not at full capacity. We sought an up-date from Malabar Coal to ensure that the traffic modelling was reflective of the current situation that is occurring in the LGA, and that would indicate that the – that there is some limited capacity for interim traffic from Malabar to utilise that intersection prior to its completion. I believe in 2020 – December 2022. That would provide them with –
45 with approximately 12 months or – sorry, approximately two years before that intersection is completed in its final form.

Based on – on the timing of that, the department looked at – at two aspects. One is limiting Malabar’s ability to use that intersection by providing a condition which restricts unnecessary use of that intersection and directs the majority of their mine traffic to the New England Highway and of Thomas Mitchell Drive, which is where
5 most of their traffic comes from now anyway, given their proximity along Thomas Mitchell Drive. But we’ve sought to direct most of their traffic to that eastern end of the road in the interim until that intersection is upgraded and completed, to minimise any cumulative impact they may have.

10 We also note that should – should Malabar be required separately to upgrade that intersection, for instance, the timing of that upgrade would not necessarily be any faster than the upgrade that is already underway and required under the separate Mount Arthur consent as that process has already commenced. It would be ahead of
15 any process that Malabar would separately be able to achieve in any regard. Does that address your question there, John?

MR HANN: Yes. No, that’s good. Yes, no. Excuse me.

MR YOUNG: It’s Mike Young here. I must have dropped out there for a while. I
20 don’t know what’s happened with my internet, but I apologise. I did just – I was about to – Commissioners, I’m on the phone now so you won’t be able to see me, but I was just wanting to chip in on – provide some information on that monitoring of Edderton Road.

25 MR HANN: Yes. Thanks. Thanks.

MR YOUNG: Yes. Yes. So that subsidence monitoring with Edderton Road, there’s established methods to do that using fibre optic cables and electronic –
30 continuous electronic monitoring and alarm systems that measure tilts and strains and also are supplemented by cameras and visual inspections by people, regular inspections, so that any – any – any impact is immediately detected and obviously, as Matt had said, there’s a crew standing by to make any repairs as necessary.

And I guess I wanted to say that whilst it does sound, you know, unusual for those
35 who are not familiar with the mining – underground mining of infrastructure, et cetera, there are many examples, not just the one cited at Charleton Road and Broke, with Bulga, but other examples around New South Wales where underground mining of that nature has occurred beneath a range of infrastructure, including major roads and so these technologies are well-established and, indeed, improving all the time.
40 So I guess I just wanted to put some more detail into that discussion and, I mean, we’re happy to provide more detail although it may be a question that’s best put to the company if the Commission requires very specific information.

45 PROF O’KANE: We’re right, thanks, Mike.

MR HANN: No, you’ve addressed that. No, that’s good. Just a question around the void. It – it’s clear the freeboard is fairly limited, I think, without being specific to

which board is which, nine, 11 and 44 metres, but given the latter are reasonable catchments, are you satisfied that overtopping is going to be manageable or prevented despite extreme events?

5 MR SPROTT: Yes, John. It's Matthew here again. So we are – we are comfortable, based off the modelling, that that would be the case. While I appreciate that the freeboarding in various cases does range from nine and 11, I think, for the southern and eastern voids, and up to 44 for the northern void, while there is a limited, I suppose, vertical distance in there, that is still a substantial distance and –
10 and more than sufficient in accordance with what we would normally consider to be an appropriate freeboard for voids of that nature.

But the other aspect of the two voids that have the – the lower level vertical freeboard is that those voids are actually quite large in a lateral sense, in a hectare
15 sense, from a top down view. So while the northern void has a substantially larger freeboard vertically, it is a smaller void in a footprint sense and therefore requires additional volume in height. Whereas the eastern and southern voids are quite large voids and the volume of water required to fill a void of that size to a height of 11 metres is quite substantial and we're comfortable that that freeboard would be
20 sufficient to accommodate those rare events. But we can provide some more in-depth detail in a written response to you covering off on those matters.

PROF O'KANE: If easy, Matt, but not if it's – don't, you know, if it's difficult - - -

25 MR SPROTT: No, that should be – that should be fairly easy, Mary. We can come back to you on that one.

PROF O'KANE: All right. On voids, I notice they've got a fair amount of water treatment capacity talked about. Do – what do you think their longer term plans are with water treatment and the fact they've got power on the site because of the solar
30 plant? Do you see them doing a fair bit of water treatment as time goes on, and even - - -

MR SPROTT: Sorry, Mary can I just clarify, with the water treatment, are you
35 referring to the treatment of brine?

PROF O'KANE: Yes.

MR SPROTT: Yes. Okay. So - - -
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PROF O'KANE: I mean, that's what now but they could do – you know, they could – the fact they've got the facility there means they could expand it and treat other water to bring it up to, sort of, agricultural use standard.

45 MR SPROTT: Look, that is – that is correct, Mary. That would be possible. The management of brine would be – the actual water treatment facilities would be located near the mine entry area associated with treating the water from the

underground operation, so the salinity within that water, for reuse of that water within the site. There's potential that that could be utilised, moving forward into the future, for treating water from other operations as well. I understand that Malabar also owns the expiration lease for Spur Hill, for instance, which obviously would be
5 a separate application in the future should that project proceed. However, there would be an opportunity to continue to use any infrastructure built for that purpose for those other operations within the area. That would be a commercial matter at the time, but it would be a – an avenue that could be utilised.

10 The other aspect which you touched on there is that there is a – I believe it's a 25 megawatt solar farm that has been separately approved to be constructed on the Maxwell infrastructure site. That – that project is a separate – separately regulated project but – but would have an ability to either provide energy to the grid or should
15 the commercial aspects of it stack up and be an appropriate and attractive matter for Malabar Coal, they may be able to utilise some of that electricity to supplement the energy demands of the mining project itself.

PROF O'KANE: Thank you. I really was just curious if they had raised it. It just seemed quite interesting that they had all the components there. But sounds as
20 though they haven't actually raised it with you, and we won't be putting it to them but we were just – just curious if it was - - -

MR SPROTT: Yes.

25 PROF O'KANE: Had been talked about at all.

MR SPROTT: No long-term – sorry, Mary. I didn't mean to overtalk. No long-term plans have been raised with us at this stage, but there is potential.

30 PROF O'KANE: Great. Thank you. So thank you for all of those things. On to a couple of other things. We're particularly interested, from the point of view of the studs, to understand the visual impact issue and particularly the additional visual impact to what's there at the moment. So in terms of the other mines around, do they
35 see – and again we'll see this, I suppose, ourselves, on Monday, but can they already see several of the open cut mines around? I mean, will this add – will this make things much worse or will it be fairly minimal in terms of what it does in terms of the looking – you know, the visual view?

MR SPROTT: The visual aesthetics.
40

PROF O'KANE: Yes.

MR SPROTT: Yes. So – so we – we have looked at this in a lot of detail. This was an important consideration during the previous open cut proposals on the site as well.
45 The – the visual aesthetics of the area around the studs is considered to be part of the nature of their operations. From a – from an impact perspective, by moving to an underground operation compared to the previous proposals which did have larger

visual impacts associated with them, this operation really does reduce and almost eliminate the visual impacts of the project to the receivers at the studs.

5 The mine entry area has been located within a natural valley several ridge lines back from or a few ridge lines back from the studs and it wouldn't actually be able to be seen from any area on – on the stud properties, on either of the stud properties. The only view of the mine entry area from off site would occur at one vantage point on Edderton Road and Malabar has commenced planting a tree screen on its property between the area – the affected area of Edderton Road and the mine entry area. So
10 there would be some views from Edderton Road. That said, anyone driving along Edderton Road would see substantial views of the – one of the largest mining operations in the Hunter Valley, the Mount Arthur coal mine, and the Bengalla open cut coal mine toward the northern end of Edderton Road.

15 So the impacts visually along Edderton Road are considered to be fairly minor in the context of the existing views along that road. The other aspects of the project which would be visible from the studs is the transport and services corridor. So this is effectively the road connecting the maximum infrastructure site and the conveyor and associated infrastructure. So those pieces of infrastructure would have more of
20 an impact during the initial – the initial years of the project, so I'm talking some of the first – first two or three years. That's because in order to develop the road, the company would need to cut through some of the existing hills and so there – you would see some aspects of that construction work but once that construction or once those cuttings and the roads have been installed and re-seeded, the visual aspects of
25 that will mitigate with the re-establishment of vegetation and the infrastructure itself will be – will be installed in – in, I suppose, muted colours that would integrate with the landscape.

30 It's only going to result in a very small proportion of the view shed. I believe it's one per cent of the overall view shed, from the very highest locations at each of the Coolmore and Woodlands studs, which are approximately seven kilometres away from the infrastructure. So it would be a very small visual aspect which could only be viewed from the very highest lookouts at the studs. The roadway itself and associated infrastructure would not be visible from other parts of the studs. It's only
35 from the most elevated peaks. So in our - - -

MR YOUNG: It's – it's – sorry, Matt, it's Mike Young here, Mary. A picture tells a thousand words and clearly you'll see that when you go to the site. The stud
40 properties themselves and all the associated infrastructure and dwellings and other facilities are either located at, you know, at lower elevations or behind major ridge lines and hills and there's really only one minor hill there that is shared by Woodlands and Coolmore which is a vantage point where there's no actual infrastructure. You have to drive up there on a – in a four wheel drive, et cetera.
45 And possibly, I guess Matt's saying, is that from there, some seven kilometres away, you may be able to see elements of the project.

But from that vantage point you also see other coal mines as well in the distance. It's that kind of similar sort – you know, seven to 10ks. So I guess our view is that – that the visual impacts, essentially, compared to, say, the previous project, have been eliminated or, you know, as Matt said, you know, you may be able to see some minor
5 elements of the project at a distance of around seven kilometres. But anybody visiting the property and so forth, wouldn't even see those – you know, if they're visiting the studs, they wouldn't actually see any of the infrastructure or elements associated with this project.

10 PROF O'KANE: Thank you. I mean, you've got a wonderful report in there on the visuals with great pictures and a very good description. So we had looked at them, we've got it up here in front of us. It was, I guess, we just wanted to talk over the issue because it's such a central matter and because we were interested in what the other things you see. You're in no doubt you're in a coal mining area but at a
15 distance and it's not this project, it's other projects that are more obvious.

MR YOUNG: That's correct, yes. If you go to – Mary, as you – you may well go down Jerrys – the Goulburn highway there through Jerrys Plains and you actually – that part which is dominated by where the critical industry clusters have been
20 designated, you actually don't – in that particular area you don't see the mines at all. It's only on those sort of elevated areas that in the distance you do see the mines.

Now, you do come past mines further down near Singleton and so forth, but around the studs themselves, you could easily visit both properties with – without any or if
25 any, it would be a distant glimpse of any mining activity. So – and I think that's the issue in the Drayton South Project, Mary, was that the studs were very keen to maintain that buffer and obviously that visual amenity because they saw that as an important part of their business and I guess - - -

30 PROF O'KANE: Right.

MR YOUNG: - - - what we're saying is that this project won't impinge upon that in any way.

35 PROF O'KANE: Then – thank you. Then moving sideways to primary industries didn't have any comments, I notice, on the project. So that means that they – they presumably would have looked at it from the horse point of view and the impact of air quality, dust, blasting, et cetera. They're clearly not concerned on any adverse impact on the breeding horses, is that right?

40 MR YOUNG: Yes. Mike Young here. So that the – the assessment has indicated that, you know, you've got the underground mining operation which obviously the only surface expression of that is, you know, the adit and so forth, which is I think –
45 Matt, is that – how many kilometres away is the adit from the studs? I think it's four or - - -

MR SPROTT: It's - - -

MR YOUNG: - - - thereabouts?

MR SPROTT: I believe it's six, Mike.

5 MR YOUNG: Six.

MR SPROTT: Yes.

10 MR YOUNG: Okay. So, Mary, it's a long way away and so that's where the only noise would be potentially generated or during the realignment of Edderton Road which is also a number of kilometres away from where the studs are, and whilst there might be some very minor blasting occurring to create some of the initial access to the seams, that blasting would be very minor and, obviously, at a significant distance. It's not like open cut mining where you're regularly doing blasting, and fairly
15 significant blast to move material. These would be very controlled and minor blasts and the – and the noise and the air quality shows, you know, I guess the word would be comfortable compliance with all the criteria. I think the noise levels were well below 30 in terms of contribution from the project and obviously 30 is the lowest level under the relevant EPA documentation or standards that you would consider in
20 the assessment of a project. Is that right, Matt? That's my understanding.

MR SPROTT: That is – that is correct, Mike. I might just clarify, as well my comment, just for the record. The closest part of the – of the studs – the closest horse paddock is 4.5 kilometres from the mine entry area. My apologies. But the primary
25 areas of the studs are further. But the closest is 4.5. As far as the impact's concerned, Mike, you are correct. The air quality impacts of the project would contribute something in the realm of zero point one micrograms of PM2.5 at the properties and zero point five micrograms of PM10.

30 So obviously being an underground operation it has substantially reduced air quality impacts compared to an equivalent scale open cut operation. The noise impacts at the studs would remain below 27 decibels in year one and below 24 decibels at all other times. So they are – there is substantial compliance with the minimum criteria and those levels of noise would be considered to be indistinguishable from the
35 background noise environment within the Jerrys Plains area.

MR HANN: Matt, can I ask some - - -

40 PROF O'KANE: And I would take - - -

MR YOUNG: Sorry. Sorry, Mary.

PROF O'KANE: Go on, Mike.

45 MR YOUNG: I was just going to say, Matt, certainly for the Drayton South Project there was a big emphasis on consultation with the studs and obviously being considerate of the times of year and activities that occur on the studs. Is there any

proposal like that with Malabar Coal or Maxwell Coal to liaise further with the studs in regard to those matters?

MR SPROTT: Yes, sir. We have - - -

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PROF O'KANE: Yes.

MR SPROTT: - - - recommended that the – that the studs be added as an affected stakeholder group to the companies CCC and we've also included requirements particularly in relation to some of the blasting aspects of the project. While the blasts are at substantial distance and we are talking a very different situation to the previous open cut mine which had large sort of 2,000 kilogram maximum instantaneous charge blasts, these are small blasts associated with developing the mine entry area. Nevertheless, we've sought to ensure that the studs are consulted on any of those events. I know that in the past the studs have been concerned about the impact of blast vibrations on safety and horses at the site. The studies would indicate that they wouldn't actually be able to detect the blast at the studs but nevertheless, from an engagement and certainty perspective for the studs, we've ensured that the company consult with them prior to any activities of that nature being undertaken.

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PROF O'KANE: And I thought, as I said, the fact that primary industries didn't say anything, and they have considerable interest in the equine industry flourishing, it was probably a good thing. One other thing I just wanted to clear away like that is there's – it's raised somewhere in the material, the potential of a potential Aboriginal massacre site, but the – it seems to be when you look at it carefully, that it's saying it's somewhere in the district or somewhere in the region. Did you look into that at all?

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MR SPROTT: Yes, we have there, Mary. It's Matthew again here. So that was actually provided in a submission on behalf of the Wonnarua people which references a known massacre site.

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PROF O'KANE: Yes.

MR SPROTT: The massacre site was actually raised – it's referred to as being to the south of Mount Arthur.

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PROF O'KANE: Yes.

MR SPROTT: It was actually a site that was raised from oral history associated with the previous submission that was provided on the former projects for the Drayton South projects. As part of the assessment of that site, it was known as the pocket and that site is actually located, as far as the previous assessments would indicate, is located within the Mount Arthur complex and is not or would not be impacted by the current project that is on foot. So the – the likelihood of impact to that site is low given that the proximity of that site being outside the proposed impact and subsidence zone.

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PROF O'KANE: Good. Thank you.

MR HANN: The only other one, and it's really just a broad query, is that there are quite a number of agreements, particularly in relation, I think it's AGL, that relate to
5 both the voids as well as the access – an easement that allows access of the infrastructure corridor. Are there any impacts that you foresee or do you think the conditions are adequate to be able to handle changes in those – what would be commercial arrangements?

10 MR SPROTT: Yes. So there are – there are a number of third party agreements associated with the project, some of which are a legacy from the previous Drayton Mine. So AGL actually owns a portion of land which constitutes the entirety of the east void and the eastern part of the southern void.

15 As part of that, a commercial agreement to extract that coal from the previous Drayton Mine, there was an opportunity for AGL to take that area of land back as a void and backfill it with fly ash. If they were to do that, they would obviously need the approval to emplace the fly ash, but if they were to do that, they would then take
20 back responsibility for final rehabilitation of the east and eastern part of the south voids.

However, we have – assume that that does not occur, it has not occurred to-date and given AGL's communications around the future of the power stations in the area, we have operated on the assumption that those voids would remain the responsibility of
25 Malabar Coal to rehabilitate. So Malabar Coal – the conditions as they stand require Malabar Coal to undertake all rehabilitation of the site in accordance with the final approved land form plan. So any commercial arrangement for that site to be taken back by AGL would require that to be considered at that time and rehabilitation to be transferred as part of that future consideration.

30 The access arrangement, again, is a commercial matter with AGL and Malabar Coal. However, they have negotiated the ability to undertake access across AGL's land. So that provides the service infrastructure corridor and should there be any future commercial issues there, there are alternative opportunities that they could pursue
35 with other adjacent operators, but my understanding is that that commercial arrangement is sufficient to provide for the – for the life of the project.

MR HANN: Matt, it might be helpful, are there any other – are there any other agreements that are yet to be finalised that would be – need to be finalised, you
40 know, post approval and so forth? I'm just thinking things like VPAs - - -

MR SPROTT: Certainly - - -

MR HANN: - - - any agreement about Edderton Road - - -

45

MR SPROTT: Yes.

MR HANN: - - - you know, those kind of matters?

MR SPROTT: Yes, sure. So there are – there are a few other agreements that are – or opportunities, I should say, that are flagged. I'll just stick with the voids quickly.
5 So Malabar has indicated that should, for instance, in the future, it gain approval for the Spur Hill project, it could seek to emplace – continue to utilise the Maxwell infrastructure and emplace additional rejects and tailings in the east void to further minimise the size and scale of that void that would be left.

10 They've also indicated opportunities potentially to negotiate with Hunter Valley Energy Coal, so BHP Billiton, from Mount Arthur around emplacement of material. I note that Mount Arthur has substantial existing emplacements that are located closer so the likelihood of that occurring is fairly low. Given the relative unlikelihood of those two aspects coming through, we've assumed they haven't in our
15 consideration and assessment of final land forms.

There is also talk of a potential water sharing agreement with Hunter Valley Energy Coal, so Mount Arthur. We have included a condition which would enable those sort of arrangements to occur. Obviously if there is an opportunity to beneficially reuse
20 water between the sites and reduce off site water take for each or both operations, that would be something that would – would be appropriate to facilitate. However, that – the assessment is not contingent on that agreement coming through. Malabar has sufficient entitlements to operate entirely on its own. That's purely there as a optimisation aspect should that – should that be available.

25 With respect to Muswellbrook Council, the company and council have been in discussions over a potential voluntary planning agreement for quite some time now. There's been some good progress on that and both parties have indicated a willingness to enter into a VPA and they have been deliberating over the final terms of that VPA. We – we've provided quite a detailed comparison of the various VPAs
30 originally offered, council's counteroffer and Malabar's updated offer in the assessment report.

We're comfortable that the offer on foot, which equates to about \$9.6 million over
35 the project life, is a reasonable offer for the voluntary planning agreement. That remains separate to the – to some of the other aspects, like engagement of local apprentices and road – road aspects of the project. While that VPA's not finalised yet, we've provided a condition that would allow for the finalisation of that VPA in the near term and should that be unable to be achieved, we have provided a
40 requirement that the company provide a contribution to council equivalent to one per cent of the project CIV, which would be needed to be paid in annual instalments over the next 10 years. So that's the VPA aspects.

45 The other aspects obviously being road works, so the major aspect there being the Edderton Road realignment. So council will need to be involved in a separate section 138 approval for the realignment of Edderton Road, as well as the closure of the current alignment and gazettal of the new alignment of the – of the Edderton

Road area. Malabar's committed to ensure that that road – and this is part of the relationship with being the third seam that they're looking at and 2032 as a time frame. That provides a sufficient time frame to enable that work to be undertaken to appropriate Aus road standards, and for the current alignment to be closed and the
5 new road to be gazetted in accordance with council's requirements as the roads authority.

The other three probably – or the other main – I should say the other main agreement that is related to the project is the Antiene Rail Spur so the company has an existing
10 approval to undertake coal export from the site on the Antiene Rail Spur. That rail spur shared with the BHP Billiton Mount Arthur mine and there's an existing commercial arrangement between the two companies around the sharing of rail traffic on the Spur line.

15 PROF O'KANE: Right. Matt, that's wonderful. I think one last question. Are you comfortable that the conditions that are there are adequate if there's early closure, conditions round about closure and rehab, or if it had to go into care and maintenance because the coal price could move all over the place over the – over the life of the project and is there anything we particularly need to look at in the conditions with
20 that that you want to draw to our attention?

MR SPROTT: Certainly, Mary. I would point out that this – this project is actually a little bit of a diversification for the coal mining and the Muswellbrook region, partly being an underground – a large underground operation, but also the fact that
25 this particular site is targeting high value metallurgical coal, so about 77 per cent, I believe, if I'm – my memory is serving me - - -

PROF O'KANE:

30 MR SPROTT: - - - of the coal is high value metallurgical coal. So the likelihood of – the likelihood of sustained coal prices is – is, I suppose, slightly more secure for this project. Nevertheless, we are comfortable that the recommended conditions provide for ongoing adaptive management of rehabilitation at the existing site as well as rehabilitation of the mine entry area and remediation of the
35 underground. Remediation of subsidence impacts would be undertaken over the project life and the – and the – as Mike alluded to earlier, the finalisation of rehabilitation at the Drayton Mine, which has been picked up by Malabar, would be undertaken progressively over the life. There's a figure which I believe is in the – in the consent which shows the staging of progressive rehabilitation – sorry, my
40 apologies. It's figure 42 of the assessment report. It shows the - - -

PROF O'KANE: Yes.

45 MR SPROTT: - - - the timing of tree planting and rehabilitation of the site. So Malabar is moving one of the woodland corridors to a beneficial location across the slopes of one of the existing overburden dumps there and has committed to undertake substantial tree planting, particularly between 2020 and 2023, and then ongoing tree

planting over the remaining part of the life. So there will already be existing aspects in place. They have to implement a – or develop a rehabilitation strategy to the satisfaction of the planning secretary which will govern all aspects of rehabilitation over the life of the mine including mine closure objectives and measures for responding to changes in rehabilitation schedules.

MR YOUNG: Matt, it's Mike Young here. Sorry to interrupt. I'm just conscious of time.

10 MR SPROTT: Yes.

MR YOUNG: But it's fair to say, is it not, that regardless of when the mining ceases, whether it goes to the end of the planning approval life or whether it pulls up short from a timing perspective, the obligations under the planning consent and/or the obligations under the Mining Act in the mining lease would continue and there would be an appropriate rehabilitation bond held by – under the Mining Act to ensure that, you know, those works were implemented by the company and, if not, there was funding there with the State government to ensure those outcomes could be achieved regardless of when the mining finishes. That's certainly my understanding of how the regulatory regime would work, Mary, if mining were to cease early.

And I'm not aware that there's any particular aspect of the current operations where they're needing to win material or move material that would then not be able to be used for the rehabilitation because – you know, it's not an open cut mine where they're moving around large amounts of overburden. Is that right, Matt? There's no – it's more about finalising the rehabilitation of the site now rather than winning material, significant volumes of material for the final rehab?

MR SPROTT: Yes, that's correct, Mike. Yes.

30 PROF O'KANE: Right thank you. And thank you - - -

MR SPROTT: Does that answer your question?

35 PROF O'KANE: No, it does. It covers - - -

MR HANN: Yes, good.

40 PROF O'KANE: - - - it well. We just wanted to get a steer on it. I think we're covered.

MR HANN: Yes, we are.

45 PROF O'KANE: Thank you, all of you. That was very helpful, and we'll see the applicant next.

MR SPROTT: Okay. Thank you very much.

MR YOUNG: Okay. Thank you for your time, Commissioners.

PROF O'KANE: Okay. Bye.

5 MR YOUNG: Bye bye.

MS EVANS: Thank you.

10 **MATTER ADJOURNED at 10.02 am INDEFINITELY**