

**MINUTES OF THE DARTBROOK COMMUNITY CONSULTATIVE COMMITTEE
MEETING – 2 SEPTEMBER 2020**

ATTENDEES:		
Lisa Andrews	LA	Independent Chairperson
Cr Kiwa Fisher	KF	Upper Hunter Shire Council (UHSC) Representative
Paul Smith	PS	UHSC Representative
Sharon Pope*	SP	Muswellbrook Shire Council (MSC) Representative
Annette Rahn	AR	Community Representative
Jennifer Lecky	JL	Community Representative
David Conry*	DC	AQC Representative
Graham Sue*	GS	Terrequip (contracted to AQC to manage all aspects of the Care & Maintenance regime)
James Bailey*	JB	Hansen Bailey
Dorian Walsh	DW	Hansen Bailey
APOLOGIES:		
Tony Lonergan	TL	Local Community Representative
Arthur Mitchell	AM	Community Representative - Yarraman Park Stud

* Attended the meeting remotely via Zoom.

1. INTRODUCTION & APOLOGIES:

- 1.1 The meeting was opened by LA at 10:01am. LA introduced herself and those attending both on site at the Dartbrook offices and remotely via Zoom. LA confirmed that minutes from the meeting would be drafted by DW and sent to the CCC members within 3 weeks of the date of the meeting.
- 1.2 DC provided a background on his work history and appointment as AQC CEO.
- 1.3 Apologies as per above list.

2. DECLARATION OF PECUNIARY INTERESTS

- 2.1 LA declared that she is an approved Independent Chairperson, appointed by the Secretary of the Department of Planning, Industry and Environment and engaged by AQC to chair this CCC. LA referred to the Pecuniary / Non Pecuniary Interest and Code of Conduct Forms that were sent to all members following the March meeting. LA will follow up to get completed statements from the remaining CCC members.
- 2.2 No attendees at the meeting had further declarations to make.

3. CORRESPONDENCE

- 09/04/20 – Email from LA to CCC members with the draft minutes of 25 March meeting for review;
- 17/04/20 – Email from LA to CCC members with the finalised minutes of 25 March meeting;

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- 24/08/20 – Email from LA to CCC members with information regarding Modification 7 (Mod 7) appeal and proposed CCC meeting for 02/09/20;
- 31/8/20 – Email to members with the video link to join this meeting.
- 1/9/20 – Email to members with the presentation for this meeting.

4. PREVIOUS MINUTES

4.1 There were no comments or changes on the minutes from the meeting of 25 March 2020.

5. BUSINESS ARISING FROM PREVIOUS MINUTES

5.1 There was one action item from the previous minutes:

ITEM	ACTION	OUTCOME
1	AQC to respond to the questions raised following review of the presentation for the 'virtual' CCC meeting on 25/03/20.	AQC provided responses to the questions raised. These responses were attached to the 25 March 2020 CCC meeting minutes.

5.2 There was no other business arising raised by members from the previous meeting.

6. PROJECT UPDATE – MODIFICATION 7

- 6.1 JB provided a brief update on the status of the DA 231-07-2000 Mod 7 Class 1 Appeal, outlining the process of conciliation being held between AQC and the NSW Independent Planning Commission (IPCN) since the previous CCC meeting in March. As has been requested, AQC has prepared a report to respond to the contentions raised by the IPCN, who placed the document on exhibition from 11 August to 4 September 2020. JB noted that there were some constraints on what public comments can be made by AQC whilst the matter remains before the Land and Environment Court (LAEC).
- 6.2 JB described the general content of the Response to Contentions report, which provides additional environmental assessments in relation to the already approved longwall mining operations during the five-year extension period and in relation to some proposed refinements to the modification elements. Key refinements to the Mod 7 proposal that were assessed in the Response to Contentions report included:
- Removal of the downcast shaft site and associated truck movements on the mine access road. The Hunter Tunnel would be reinvigorated to provide connectivity between the East Site and the underground workings;
 - Relinquishment of the approval under DA 231-07-2000 for underground mining in the Piercefield coal seam in the absence of further approvals; and
 - Approval to beneficiate all coal extracted (by both longwall and bord and pillar mining methods).
- 6.3 JB noted that after the exhibition of the Response to Contentions report, the IPCN would consider any submissions received and then the conciliation process would continue. AQC will continue to provide information to the LAEC and/or the IPCN as required. It is hoped that after further conciliation meetings there will be a resolution from the LAEC prior to the end of 2020.

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- 6.4 LA asked whether there would be any public meetings held (during the Response to Contentions report exhibition). JB confirmed that there had not been a request for further public meetings over Mod 7.
- 6.5 KF asked several questions regarding Mod 7 and the status of other matters at Dartbrook (including mine closure planning, reject emplacement, Noise and Blast Management Plans and AQC announcements to the ASX). These were taken on notice at the meeting, with responses from AQC provided below in **Section 9**.
- 6.6 AR asked what the ash content of Dartbrook coal would be? This question was also taken on notice and a response from AQC is provided below in **Section 9**.
- 6.7 SP expressed MSC concerns over Dartbrook site closure, particularly the process for detailed mine closure planning and funding/management of site rehabilitation. MSC would like clarification on when a decision on closure of the site will ultimately be made. JB confirmed that AQC were in consultation with Department of Planning, Industry and Environment – Resources Regulator (DPIE-RR) over the required Mining Operations Plan (MOP) / Mine Closure Plan for Dartbrook. JB also noted that Dartbrook had prepared a Rehabilitation Cost Estimate (RCE) for the 2017 – 2020 MOP in accordance with DPIE-RR requirements and lodged an associated bond with the NSW Government. This bond would be available for rehabilitation of the site, if required. JB also noted that any significant changes to the site required to commence mining operations would have to be reflected in a revised RCE bond.
- 6.8 KF confirmed that the Response to Contentions report included a proposal to operate on the Reject Emplacement Area (REA) at night. JB confirmed that activities on some sections of the REA were proposed, dependent on topography, weather conditions, etc.
- 6.9 KF questioned whether the Mine Closure Plan was on the backburner? JB confirmed that that AQC were in consultation with DPIE-RR over the required MOP / Mine Closure Plan and an extension to the due date from the end of the 2020 calendar year. JB also stated that if the appeal was determined in AQC's favour and the mine reinvigorated, then AQC would likely prepare an updated MOP; whereas if the appeal were unsuccessful then an updated Mine Closure Plan would be prepared. KF questioned the DA 231-07-2000 requirements for a Mine Closure Plan and whether a related modification to the consent conditions had been sought. JB confirmed that the requirement for a Mine Closure Plan was imbedded in the MOP, not the DA 231-07-2000. A more detailed response to this question (later provided in writing by KF) is provided below in **Section 9**.
- 6.10 KF expressed disappointment over AQC's lack on consultation with UHSC over Mod 7 and mine closure planning. DC took council's concerns on board and committed to ensuring greater consultation with UHSC and others going forward.

7. GENERAL BUSINESS

- 7.1 DW provided a summary of environmental monitoring results (for meteorology, air quality and surface water) and land management undertaken since the last CCC meeting. This update included a summary of elevated air quality monitoring results from depositional dust gauge 885. DW confirmed that these results were not as a consequence of care and maintenance activities on site.
- 7.2 DW also noted that no environmental incidents or community complaints had been recorded since the previous CCC meeting.
- 7.3 KF sought confirmation from DC regarding a potential conflict of interest between AQC and Terrequip Mining. DC confirmed that he was cognisant of the apparent potential for conflict of

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interest and had made a declaration to the ASX in this regard. KF provided this question in writing and a more detailed response from AQC is provided below in **Section 9**.

- 7.4 KF asked for clarification over DC's contract as AQC CEO, noting that it was initially announced to the ASX as a three-month contract? DC confirmed that he was now working under a rolling contract.
- 7.5 LA asked if there was any further general business? KF noted that AM had provided some questions in writing for AQC to respond to. These questions were taken on notice, with responses from AQC provided below in **Section 9**.

8. MEETING CLOSED

- 8.1 LA scheduled the next CCC meeting for Wednesday 16 December 2020, starting at 10:00am.
- 8.2 The meeting was closed by LA at 10:48 am.

9. RESPONSE TO QUESTIONS TAKEN ON NOTICE

- 9.1 Questions from the CCC members that were taken on notice or provided in writing following the meeting are provided below in *italics*, along with to AQC responses to each.

Q1: *There was a question taken on notice by the company which concerned the authority by which AQC had requested and the DRG had effectively granted a modification to a condition of consent concerning the preparation of a Mine Closure Plan. (See the Mathew Spratt letter in the previous CCC meeting papers).*

There was a suggestion from James that this wasn't a condition of consent, but it is Mine Management clause 2.1.(e) in the consolidated consent.

It was stated that this work is overdue (KF).

Response:

Condition 2.1 (e) of DA 231-07-2000 is not a requirement for the 'preparation of a Mine Closure Plan'. It requires the preparation of a 'final strategy for the future use of the mine site, weirs, dams and any other infrastructure...'

The recent extension of time granted by DPIE-RR for the preparation of a MOP / Mine Closure Plan does not modify the Condition 2.1(e) of DA 231-07-2000. The above condition remains in place and requires that a report is provided to DPIE and DPIE-RR for approval by 5 December 2020 (being two years from the date of cessation of mining operations). This requirement will be met along with all other obligations under DA 231-07-2000.

The commitment for a 'Mine Closure Plan' comes from Section 2.3.7 , page 21 of the '*Continuation of Care & Maintenance January 2018 to December 2020 MOP*' dated October 2017, not DA 231-07-2000.

Q2: *What is the ash content of the coal to be extracted (AR)?*



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Response:

The ash content of ROM coal extracted at Dartbrook is expected to be approximately 22%. After processing at the CHPP, ash content of product coal is expected to be approximately 13%.

Q3: *Coal Quality. The original Mod 7 was to produce 5500kcal NAR coal. Previous company plans have cited production of 2 grades of coal 'Dartbrook Premium' @ 6000 kcal and 'Dartbrook Standard' @ 5500 kcal.*

Can the company please advise what percentages of what grades they are currently planning to produce from the revised modification (KF)?

Response:

This will be determined by AQC dependent on market forces at the time, however product would likely conform to the Newcastle thermal coal benchmark.

Q4: *Rejects Emplacement Area. Various MOPs have stated that the REA was filled to capacity, fully rehabilitated and closed. A discontinuance for the REA was applied for and granted in 2007.*

Can the company please provide details for how the REA will be reopened in the revised modification (KF)?

Response:

If the MOD7 appeal is successful, at a minimum the following approvals would be required to 'reopen' the REA:

- Updated Mining Operations Plan (DPIE-RR); and
- Preparation of a 'High Risk Activity' document for review by DPIE-RR.

Q5: *Can the company please provide [Upper Hunter Shire] Council with a copy of the last Noise Management Plan from when the mine was operational? (per Condition 6.4.2.) (KF)?*

Response:

A copy of the approved Noise Management Plan (2006) will be provided to Council. It is noted that this plan is generally based on an outdated operating scenario and a contemporary plan would need to be developed and approved by DPIE and other regulatory agencies prior to any recommencement of mining operations on site.

Q6: *Can the company please provide [Upper Hunter Shire] Council with a copy of the last Vibration Management Plan from when the mine was operational (KF)?*

Response:

A copy of the approved Blast Management Plan (2002) will be provided to Council. As above, a new Blast Management Plan would need to be revised and re-approved by DPIE prior to any recommencement of mining operations on site.



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Q7: *Can the company please provide [Upper Hunter Shire] Council with previous noise monitoring reports from when the mine was operational (KF)?*

Response:

A summary of noise monitoring results during mining operations is included in Dartbrook's Annual Reviews. Copies of the relevant Annual Reviews (AEMRs) will be provided.

Q8: *David Conry. The ASX release dated 16/4/2020 noted that Mr. Conry had been appointed on an initial 3 month contract. Has that contract been renewed, and for what period (KF)?*

Response:

This contract is a rolling contract currently being reviewed.

Q9: *Given that Mr. Conry is the Executive Director and Owner of Terrequip, AQC's care and maintenance contractor, and also CEO of AQC, how will AQC and Mr. Conry manage Mr. Conry's apparent conflict of interest (KF)?*

Response:

David Conry does not own and is not involved in the management of Terrequip Mining. Any potential conflict of interest that may arise is managed appropriately and prior and on appointment David made a declaration to the board and ASX relating to this.

Q10: *Secured Vendor Finance*

In its ASX release "Secured Funding Update" of 26 May 2020 (attached) AQC advised that the secured vendor finance loan of A\$7.7m had been assigned to Trepang Services with an amended maturity date of 28 August 2020. We note that with the agreement of parties, the term of the vendor loan can be further extended.

NB: While it does not yet appear on the AQC website, AQC advised the ASX on 31 August 2020 that the maturity date of the vendor loan had been extended further to 30 September 2020.

Q: Why was the period of the vendor loan extended?

Q: Have there been any other deferments (loans or of payments) to third parties that have also been sought by and/or granted to AQC (AM)?

Response:

This information is commercial in confidence.

Q11: *Dartbrook Appeal:*

Q: Can AQC outline where it is up to in the Dartbrook Appeal process (AM)?



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Response:

The appeal process is ongoing and AQC is limited in what comments can be made while the matter is before the LAEC. The next conference is scheduled to be held in Q4 following the public exhibition of the Response to Contentions report and the IPC's response to the Court.

- Q12: *Q: We note from AQC's ASX statements that a number of s34 Conferences have been held to date (May and July), the latest being scheduled for 11 August 2020.
Q: Was there an outcome from the 11 August Conference?
Q: What are the next steps for AQC (AM)?*

Response:

As above, AQC cannot comment on matters before the Court. AQC await the IPC's response to the Court on the Response to Contentions Report.

- Q13: *Modification (8):
In previous ASX statements (March & May and 30 July 2020 & earlier) , AQC advised that it was considering a further modification application (Modification 8).*

Q: Can AQC provide information on AQC's considerations regarding this further modification application - in terms of size, scope, mine type and operation etc. AND timing (AM).

Response:

The future plans for Dartbrook will be determinate on the outcome of the Class 1 Appeal. Following this outcome AQC will devise the most appropriate way forward for its asset in consideration of all factors including the provision of ongoing social benefit to the Upper Hunter Valley community.

- Q14: *Is the company selling, in the process of selling or has the company sold the Garoka Dairy (KF)?*

Response:

AQC is seeking 'Expressions of Interest' in relation to a consideration of the sale of two highly productive Agricultural Land Parcels. This process formally commenced on the 5 September 2020.

- Q15: *What water rights and or licences are included with the property in the sale of the Garoka Dairy (KF)?*

Response:

This would depend on the expressions of interest received and Dartbrook Mine's ongoing water licence needs.

- Q16: *Are any residential buildings included in the sale of the Garoka Dairy (KF)?*

Response:

This would depend on the expressions of interest received.



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Q17: *If so which one(s) (KF)?*

Response:

As above, this would depend on the expressions of interest received.

Q18: *What caveats regarding mining impacts and VLAMP criteria etc have been applied to the property being sold (KF)?*

Response:

As above, this would depend on the expressions of interest received.

Q19: *What impact will the sale of the Garoka Dairy have on both the original and revised Modification 7 Application? How will the land sale impact the company's ability to restart mining operations (KF)?*

Response:

The process underway will have no impact on the operation of Dartbrook Mine.

Q20: *Can the company please map the land that has been sold (KF)?*

Response:

No land has been sold.

Q21: *Is the company planning other land sales from its Dartbrook landholdings portfolio (KF)?*

Response:

There are no such plans at this point in time.

Q22: *If the company has not sold the Garoka Dairy or any other land holdings, how will the company meet the financial obligations of Dartbrook's care and maintenance in the 4th quarter of 2020 and beyond (KF)?*

Response:

AQC will continue as it always has to meet all of its ongoing obligations.

Q23: *If the company has sold / has decided to sell property recently, should the CCC have been informed at the recent meeting (KF)?*

Response:

At the time of the last CCC Meeting AQC was is sensitive commercial in confidence discussions over its plans to seek expressions of interest in relation to the sale of some of its highly productive agricultural land and as such at that time could not disclose this matter which in any case is not in any way related to the operation of Dartbrook Mine.



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Q24: *When will the ASX be updated on the land sales (KF)?*

Response:

AQC will continue to meet all of its obligations for disclosure to the ASX.