

26 June 2019

Seq No: 43/19

NSW Independent Planning Commission  
Level 3, 201 Elizabeth Street  
Sydney, NSW 2000

Dear Commissioners,

**Subject: Ulan Continued Operations Project- Modification 4 Longwall Optimisation Project**

I refer to the Public Meeting that took place at Parklands Resort, Mudgee on 19 June 2019 in relation to Ulan Coal Mine's Ltd's (UCML) Continued Operations Project- Modification 4 Longwall Optimisation Project (MOD 4).

UCML have considered the submissions made during the Public Meeting and would like to provide the following information in response to a number of matters that were raised for the Independent Planning Commissions (IPC's) consideration.

**Impacts on Downstream Users Rights**

A number of concerns were raised in relation to baseflow losses and the potential impacts on downstream users.

The surface water and groundwater sources within the Project Area are managed under the water sharing plans prepared by the NSW Government either under harvestable rights provisions or water access licences, ensuring that all water take is within the sustainable yield volume for the catchments. All water take for MOD 4 will comply with these water sharing plans and Acts which are designed to provide for the sustainable use of NSW's water resources. The predicted water take for MOD 4 is within the capacity of the water licence allocations currently held by UCML.

The groundwater licensing requirements for the proposed MOD 4 and approved operations combined are within the currently held entitlements of UCML.

**Climate Change and Greenhouse Gas Impacts**

Several speakers raised concern that MOD 4 contributes to Climate Change and the increased Greenhouse Gas Emissions outweigh the minimal expected benefits. The IPC also referred to previous community submissions about Greenhouse Gas during UCML's briefing with the IPC and asked what UCML's response to that was. UCML took the IPC's question on notice and committed to providing a response following the briefing, which is provided below.

UCML contend that the modification represents a minor change to UCML's existing approved Ulan operations, with no proposed change to the approved production rate or the approval term. UCML note the Department of Planning and Environment's (DPE) Assessment Report conclusions in this regard, as well as the comments made by the Department in respect of Greenhouse Gas emissions.

Earlier this year, Glencore announced an annual coal production cap. Coal production from Ulan, including the coal that would be produced if MOD 4 is approved, is included within this cap and meets an established global demand for thermal coal. A copy of a fact sheet on the production cap is attached in Attachment 1.

If you have any questions, please contact Brad Tanswell on [REDACTED] [REDACTED] [REDACTED] or via email:

[REDACTED]

Yours sincerely,

A handwritten signature in blue ink that reads "C Allan".

**Charlie Allan**  
**General Manager**  
**Ulan Coal Mines Limited**

**Attachment 1: Glencore Production Cap Fact Sheet**

# GLENCORE COAL IN AUSTRALIA

March 2019

## Frequently Asked Questions (FAQ) about Glencore's Climate Change Announcement

### Why has Glencore made this climate change announcement?

The announcement reflects the increased focus our shareholders are placing on climate change issues, including a number of shareholders who belong to the Climate Action 100+ initiative.

### What is Glencore's position on climate change?

Glencore has a stated public position that acknowledges the science of climate change and the global ambition to transition to a low carbon economy.

### What was included in Glencore's climate change statement?

#### a) Paris Consistent Strategy/Capital Discipline

Glencore has committed to manage our future global coal production capacity broadly to current levels.

From 2020, Glencore will disclose projected reduction of indirect Scope 3 emissions including mitigation efforts such as investment in carbon capture and storage projects.

- Mitigation efforts in relation to Scope 3 emissions should not be interpreted as liability for or offsetting of our Scope 3 or indirect emissions.
- Our Scope 3 indirect emissions are our customers' Scope 1 direct emissions and it is those parties, rather than Glencore, that have the ability to control the extent of those emissions.
- Scope 1 direct emissions are subject to the climate policies and regulation of the jurisdictions in which those emissions occur. It is for that reason that climate policies and regulation do not seek to regulate Scope 3 indirect emissions at the point of extraction.

From 2020, Glencore will disclose how significant capital expenditure and investments align with the Paris Goals. This includes any new investment in fossil fuel assets.

#### b) Public Scope 1 and 2 Targets

Glencore is on track to achieve its target of reducing direct Scope 1 emission intensity by 5 % (of 2016 levels) by 2020.

From 2020, Glencore will release new longer-term direct Scope 1 and Scope 2 emission reduction targets.

#### c) Review of Progress

Glencore will report annually on the progress in meeting its climate change objectives.

Every three years Glencore will review changes to Nationally Determined Contributions (NDCs) under the Paris Agreement and other developments to inform our approach to climate change strategy.

#### d) Alignment with Taskforce on Climate Related Financial Disclosures (TCFD)

Glencore has accepted the recommendations of TCFD and will disclose the metrics, targets, scenarios we use to manage climate related risks and opportunities.

#### e) Corporate Climate Change Lobbying

Glencore will do a review of its membership in trade associations including consideration of their stated positions on climate change.

### What does this mean for Australian coal employees?

The climate change statement will not have an impact on our coal employees nor will any mines shut ahead of schedule as a result of the production cap.

### What does manage our future global coal production capacity broadly to current levels mean?

Glencore has a world-class coal mining business and will continue to have a world-class coal mining business. We have indicated that we will manage our coal production to around 150 Mt per annum going forward to align with the stated cap.

We will not be freezing all our coal projects nor are we exiting coal. Glencore will continue to consider acquisitions, divestments, expansions and projects against our investment criteria.

Glencore will continue to develop a pipeline of coal projects assessed against market conditions, project economics and now the coal production cap.

### How will the coal production cap work?

The coal production cap applies to both thermal and coking coal production.

The coal production cap applies to Glencore's global attributable coal production.

When examining the coal production cap, we differentiate between:

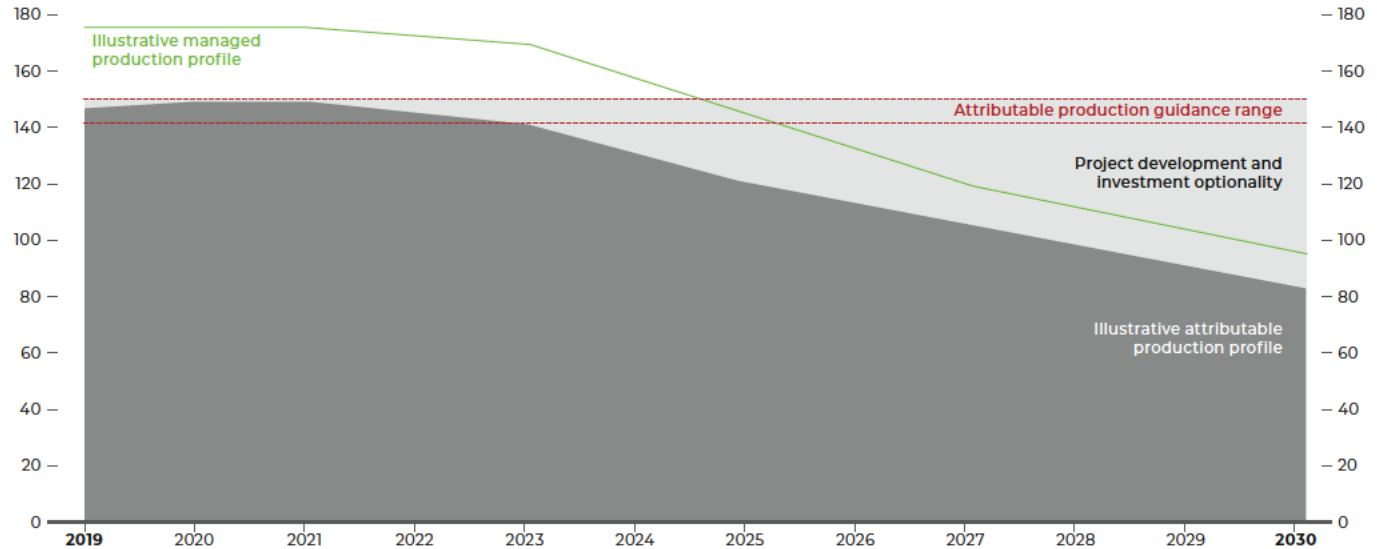
- Managed coal production: which includes the total volume of coal produced from operations in which we have a management role.

e.g. Joint Ventures like Ravensworth North (Glencore 90% and Itochu 10%) in NSW where Glencore manages operations on behalf of other participants that own a portion of the operation. All of the output of the joint venture is considered to be managed coal production.

## GLENCORE COAL IN AUSTRALIA

March 2019

GLENCORE MANAGED AND ATTRIBUTABLE COAL PRODUCTION (Mt)



- **Attributable coal production:** which includes the volume of coal production in which we have a financial equity interest. For mines that are held in a joint venture ownership structure, Glencore's attributable coal production will be a subset of the managed coal production.

e.g. Ravensworth North produced 9.1Mt of coal in 2018. Glencore's attributable share in accordance with the Joint Venture agreement is 90% or 8.2Mt.

### What's included in the cap and what does this mean for existing coal projects?

All existing mining operations managed by Glencore as at February 2019 are included in the production cap.

It is important to note that the coal production cap has factored in projects currently in the planning phase and planned replacement tonnage from our existing project pipeline.

This includes but is not limited to United Wambo, Glendell North, Mangoola North, Bulga extension and Mt Owen extension.

### Does this mean Glencore can't buy new coal assets or start new projects?

No. Glencore can buy new coal assets and commence new projects so long as we manage volumes to remain within the production cap.

The cap also provides the flexibility to acquire interests currently held by joint venture partners in our existing operations.

### What does this mean for the Wandoan Coal Project?

The Wandoan Coal Project continues to be under active consideration but we have clearly indicated that market conditions must be appropriate before we will move to develop this resource.

Like any other coal project if or when Wandoan is developed it will need to be managed within the coal production cap.

### What is Glencore's global coal production profile to 2030?

The diagram above shows the current coal production profile for Glencore out to 2030 with both the managed production (green line) and attributable production (dark grey section) shown.

Because coal mines extract a finite resource our business needs to continue to develop projects and new mines to simply maintain our current levels of production.

Over time as resources are depleted and mines come to the end of their economic life, without further investment or development of new projects our production levels will decrease. This will create a gap between production levels and the 'cap' which will allow us to make further investments in coal assets, subject to meeting our investment criteria.

### FOR FURTHER INFORMATION PLEASE CONTACT:

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