

**ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE**  
**Inquiry into greenfields mineral exploration and project development in Victoria**

Melbourne — 30 January 2012

Members

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Witnesses

Mr I. Kraemer, Managing Director, and  
Mr C. Lamont, Exploration Manager, Coal, Mantle Mining.

**The CHAIR** — Good afternoon, gentlemen. This is an all-party committee hearing evidence today on the Inquiry into greenfields mineral exploration and project development in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. However, comments made outside this hearing do not have such protection. Any evidence given today will also become a matter of public record. Would you state your full names and your business addresses and indicate whether you are appearing on behalf of an organisation or on behalf of yourself.

**Mr KRAEMER** — My name is Ian Kraemer. I am appearing on behalf of Mantle Mining. My address is Sherwood Road, Toowong, Queensland.

**Mr LAMONT** — Callum Lamont. I am the Exploration Manager for Coal for Mantle Mining. My address is Cordelia Street, South Brisbane.

**The CHAIR** — Thank you very much. I invite you to make an oral presentation.

**Mr KRAEMER** — If I may, I am just going to read my submission. It is quite short, and I think it hits the main points. It will probably be useful just to refresh it that way and then take whatever questions you have, if that is okay.

Basically Mantle Mining is aware of the Inquiry's terms of reference. We were invited to attend at the beginning of the Inquiry, and at that stage we had not really started the project that has, I guess, caused us to be here. We were happy for our peak bodies, the Minerals Council and the explorers and developers association, to speak on our behalf as general improvements for greenfields exploration in Victoria. However, obviously there have been some more community consultation issues arise on our project, and we are happy to, I guess, present our position to the Inquiry.

Effectively what we believe we are here focusing on is the last term of reference, which is consideration of the costs and benefits of mineral exploration and opportunities to improve the outcome of consultation and the conflicts between explorers and other land-holders. We operate in three states around the country in exploration, so we have a good feel for what the regulations are and what the processes are in the Northern Territory, Queensland and Victoria. We have been exploring in Victoria for almost six years now, for four of those as a listed company, and we have been doing that primarily for gold and base metals over near the Bairnsdale area.

Obviously we have become more interested in the coal side of things over the last two or three years. As we understand them, the terms of reference are focused on improving the outcomes from exploration and development in Victoria. To that end I would like to frame our position on the legislation that our company has to follow as a listed explorer. Effectively there are two bodies of legislation, but they both have embedded in them the triple bottom line sustainability requirements: a consideration of economic, environmental and social impacts in any decision making. Those two bodies of legislation, the Mineral Resources Sustainable Development Act and the listing legislation under ASIC and the ASX rules, define very tightly that as we go through our processes as an exploration company there are levels of consideration of those three issues and that they escalate in importance as you go through exploration, pre-feasibility, feasibility and mining.

In our submission we also say that over the course of the last century there have been a lot of processes to try to figure out the right balance between mining and other land uses around the country, including native title and other things. It is our position that the last 100 years of doing that has resulted in our coming to a situation of some balance, where the country is capable of making decisions about whether certain industries develop in certain areas versus others. It is all based on the issue of triple bottom line sustainability in decision making. We think that has worked extremely well for the vast majority of the period, especially in the last 15 or 20 years, but there are obviously issues arising up and down the eastern seaboard in relation to fossil fuel use and China's and India's growth, related therefore to the push to develop more resource areas. But our position is also that that mining growth is the thing that sustained the Australian economy through the very difficult global financial turmoil, especially the GFC, that that process is still ongoing and that the country of Australia needs to have a robust exploration and mining development process in order to continue to balance the budget and all those kinds of things.

I have thrown this up here, but it is a really hard topic. It comes down to the fact that in Australia — and I was raised on a farm — we do not really own what is under our feet. It is not like freehold land in America or somewhere else. As freehold landowners we own a strata title to a certain amount of it, just like native title and

pastoral leases and the mining industry licences and leases. The push for growth in fossil fuel mining along the east coast in areas where historically coal has always been found is due to the growth in demand from overseas. We are a commercial company and are part of that, and we look to find existing deposits of resources, so I guess it is more of a brownfields-type discussion than a greenfields-type discussion. I would like to clarify that in our view really all exploration is actually brownfield these days. All these mines were around 100 years ago, 50 years ago and 20 years ago, and when you get waves of changing mineral demand all that happens in the exploration industry is that old projects get re-looked at.

All these things are running together. There is the history of 100 years of development of all the integrated legislation in Australia, of which the mining legislation that allows for the coexistence of exploration and landowners is part of and all about creating an environment that promotes exploration, and there are the triple-bottom-line sustainability considerations in feasibility studies to then determine if mining can occur. The differences between exploration and mining as far as impacts are concerned are absolutely substantial. The crux of what I am getting at is that the whole country's legislative environment has been set up to basically delegate the federal and state responsibility for developing mineral resources to private industries through, primarily, the exploration side of it first.

When you look at the detail in the legislation, or the prescriptive regulations that actually get to how Callum has to deliver a project on the ground as an exploration manager — getting everything from the DPI, all the licences and approvals, land access and compensation agreements and all these kind of things — they are absolutely locked down as to how they work. There is a lot of onus of responsibility and flexibility and ultimately how consultation is delivered on the ground, but they are all set in stone, and there is an extreme legislative difference between how exploration is done and how mining is done. If you look, for instance, at the guideline that the DPI puts out for community consultation, you will see it is a book that is 5 millimetres thick, and I think half a page of that is based on what to do in exploration; the rest is based on what to do in mining, because of the differences in impacts.

What we are saying is that we believe that the exploration side of the process in the body of the legislation is essentially correct, but each state needs to improve it through these types of inquiries to deal with whatever is an arising issue at the time. But you are going to question me here on what I can tell you about improving the relations between myself and the people who do not want us there, and I am going to say to you: the legislative system is there driving me to do it the way that I am, and it comes down to the process of consultation.

We can — and I am sure you will — delve into the issues that have arisen in this inquiry about what we have or we have not done with consultation properly or not — okay — but everything that we have done has to fit within that legislative process, and it basically says for exploration that really there is a requirement to consult to the level that that requires. So it is based in how impacting is the situation and how much of the community is involved, interested or wants to know more about that situation. When it goes to consultation and it has to do with the advertisements you place in the papers and then how you start to look at your community and how you start to talk to your communities, it is really a you-see-how-you-go kind of thing.

You start with the ads, and they were mandated about how to do those in the newspapers from the Department, and those ads go to the councils as part of the process of getting licences. From there, based on what feedback is given, from communities, the DPI and from councils, then consultation goes from there. That includes when you are going to do initial exploration if there is not a known deposit there. In this case the reason that we went to Bacchus Marsh was that there is a known deposit. It is up on the DPI website, shown there with heaps and heaps of holes in it. There is an existing mine, there is a special-use zone that is already defined that all different persuasions of governments that have been in power have agreed to keep there for the future development of that resource. You say to yourself: Victoria is open. The policies and the set-up and the DPI websites and all that suggesting to you, 'Come! Look at this deposit' — not develop it so much, but look at it.

The looking at it is basically doing what we are doing — the exploration. When you move from exploration to feasibility study, then you have to take on board — and we do now with consultation, anyway — all the environmental and community considerations, and we have to be able to show through that that they can be mitigated to an acceptable level. At a feasibility study in mining — especially in mining — is where all the impact is.

To sum up, the other side of things is that the deposits of minerals are where they are; they have all pretty well been found. There is not much greenfield exploration going on. People come back and look at brownfields. The legislative system in Australia is set up to find a balance between making export dollars to balance the budget. It is a pretty serious issue right now; we are one of the only countries in the world which has survived the global financial crisis without collapse. The particular legislation and the DPI process, like in all states, in Victoria is suggesting to us strongly that somebody needs to do something about brown coal, about technology and about development of minerals. When we put all those together, it strongly — unfortunately — suggests: go to Bacchus Marsh and have a look. It does not say develop it; it says go and have a look, so that is what we are doing. That is all I would like to say.

**The CHAIR** — Mr Lamont, did you want to say anything?

**Mr LAMONT** — My role is just if you have any questions about the process — —

**The CHAIR** — Moral support?

**Mr LAMONT** — Moral support. If you have any questions about the process that we have gone through and any on-the-ground experiences that I have had in terms of consultation and that sort of thing, feel free to ask, and I will try to answer.

**Mr FOLEY** — Thank you for coming along. I suppose these things are all in the timing, because when the Inquiry started the field was perhaps a bit different. Since then, in Queensland, Victoria and federally there have been lots of inquiries, particularly into coal seam, brown coal, carbon and all sorts of things.

**Mr KRAEMER** — And legislative reform.

**Mr FOLEY** — Yes. But the specifics of your Bacchus Marsh proposal sort of crossed over directly with this inquiry, and we received a number of submissions and a number of comments on the record which I am sure you are familiar with. They include people from Environment Victoria stating that their experience of a regulatory environment for minerals exploration and development has been that it promotes development but fails to properly consider community views about exploration and mining activities as well as failing to consider potential environmental impacts. The Moorabool Environment Group in its submission speaks of a lack of community consultation and says specifically, and I quote:

The lack of process rigour allows for mining companies to advertise in papers which are not distributed or readily available to the area the activity is planned for ...

And it states that as a result agricultural land and farming activities are threatened.

I think it is the submission of the Mardan/Mirboo North Landcare Group that speaks of exploration work by Mantle Mining that impacts on its members, in particular the practice of fracking in order to obtain coal seam methane, which they argue will contaminate prime agricultural land. We had the mayor of Moorabool Shire Council, Cr Pat Griffin, speak of a lack of communication from the company — a lack of communication, a lack of consultation and a lack of transparency by Mantle Mining.

They also spoke about their concerns over traffic movements, damage to local roads, mining activities and a whole range of other things that in their view would see consultation with mining companies having to be raised to a whole new and different level from what it has been historically in the legislative framework you spoke of. Whilst we have not been involved directly, we have followed the debates interstate and federally, heading in a similar direction.

With those comments about Mantle Mining, we were keen to give the company the opportunity to have its position heard, and we thank you very much for that. As you pointed out, one of the key references is the last one, which talks about opportunities to improve the management of potential conflicts between exploration and other land uses. It strikes us — and we will have to go through a process in the next few months — that, given the community's changed expectations over time, perhaps the legislative consultative framework that has applied in the past does not suit in particular those peri-urban increasingly developed areas. As the population grows and communities expand for all sorts of reasons, perhaps that existing arrangement does not suit those community needs.

In other evidence we have heard, it has been suggested that over and above the minimum requirements, officers of Mantle Mining made direct approaches to a number of land-holders, that they knocked on doors and wanted to discuss proposals and that that was the first that the particular land-holders knew. There are suggestions in the evidence that Mantle Mining actually went to that next level about how it should consult — the next level that seems to be supported by the Minerals Council's goals as to what the best practice model of consultation looks like. In that mix of issues in the development of this issue across particularly the eastern seaboard, does Mantle Mining have a view that the existing arrangements for consultation are adequate from a community consultation perspective?

**Mr KRAEMER** — Let me put it this way: I believe that if you are going to have a huge amount of confrontation, it is going to be very difficult to get a project up and running, first of all. So from a purely commercial perspective, you would like to have a consultation process that delivers an outcome. So from that perspective maybe it is not perfect, so I would agree with the statement.

I am involved in other committees in Queensland looking at these issues as well, mainly for hard rock, not for coal. It is not such an issue for those because they tend to be not in competing land use situations. What has happened, in my estimation, in Queensland and New South Wales — and now we are part of it in Victoria — is that obviously the push from overseas for demand for energy, primarily fossil fuel, has pushed for more fossil fuel, and Australia is the deliverer of that. Fortunately, or unfortunately, where fossil fuels are is where prime agricultural communities generally are, because they are sedimentary basins and the two generally go together. So if Australia as a country is going to say, 'We need a better balance of trade, and we need to make export dollars' — and at the moment that is primarily coming off the mining back, not the sheep's back — and as a country through the legislative environment we want to increase that, what is going to happen is that as at the moment the push is for fossil fuels on the eastern seaboard the governments are going to try to evolve processes to allow that to happen. But because fossil fuels and the rural sectors are competing primarily, you are going to have elevated levels of conflict, and you are going to have to have a different level of consultation.

What that is is up to committees like yourselves to deliver, but in my view it is going to be fundamentally very difficult to come to a solution by changing little bits and pieces in the legislation or changing the way that consultation is supposed to occur, because it comes down to landowners, mining resource owners and states' rights to a piece of land. It is a whole different scenario from where you might have been up in central Queensland on not highly productive land or around Mount Isa or Charters Towers, where you are doing mineral exploration; you have not got the competing land use. But if the governments of the day are going to want that revenue earner and they are going to say through their legislation, 'We want to open up all these fossil fuel areas', knowing that the fossil fuel areas are pushing into the better farming areas, then just fixing clashes through changing the consultation is not going to do it, because people are going to put their digs down and say, 'Enough is enough'. That is what is happening, and that is what is happening up and down the eastern seaboard.

What I am trying to say to you is that this is a big issue for the mining industry and the governments to sort out. It is not just Mantle Mining that is causing this level of added consultation; it is all up and down the eastern seaboard. It has to do with major export dollars and niggling around the edges. I am not saying the Inquiry is niggling around the edges; what I am trying to say is that there are no tiny little fixes to this. It is a very deep issue that goes to ownership of land, the sovereign rights of the country and all those kinds of things, so it is not simple.

**Mrs PEULICH** — So in summary you are saying that if governments want to fix it, the ball is actually in their court in order to do so.

**Mr KRAEMER** — I think so.

**Mrs PEULICH** — Are you therefore saying that you have complied with the legislative requirements?

**Mr KRAEMER** — Not only that, but I am saying that we have escalated the level of consultation that would normally be required. You suggested that yourself. Going and knocking on people's doors or making phone calls or things like that, in the best practice guidelines and all those kinds of things, that is how you are supposed to do it. You are supposed to do it by going and having a cup of tea, sitting down and talking about your plans and trying to deliver an outcome that is not driven by fear, high emotion and things like that, so that you can talk through the process, knowing that — to me — the line that is drawn in the sand by the legislative

framework is the difference between exploration and mining. An exploration is about letting the country have a look at its historic deposits and determine whether they have legs and if those legs are big enough to mitigate all the associated issues that delivering a project like that would have.

**Mrs PEULICH** — Just for clarity, when did Mantle Mining get the permit at that particular location?

**Mr KRAEMER** — I think the exploration licence for Bacchus Marsh was probably granted early last year, February, March, April time, so just under a year ago, probably.

**Mr LAMONT** — I will make a comment about that. There are two things that really need to be kept in mind with this particular project. One is that it is in the very early stages exploration. The other thing is that one of the first things you have to do in the process is go to the DPI and lodge a work plan which outlines your process, including community consultation and rehabilitation and all that sort of thing, before you get a chance to do anything. The DPI makes the decision about whether it is low impact or high impact. We were adjudged as a low impact project, but we have done a work plan that is required for a high impact project. We made that choice just to make things really clear and open. They are the two things you have to keep in mind.

The other thing is that with the community consultation we made a decision to keep it fairly low key. I have lists of the people who are going to be directly or indirectly affected by the low impact nature of the exploration. I made it my duty to go and visit or contact these people in some way just to introduce them to the idea of what is going on. Because it is low impact, that is why we chose that — just the people who are going to be impacted in any way are the ones I have spoken to.

The other thing is that we made a decision for the policy to be that if there was any sort of negativity, we would look for an alternative site rather than enforce our access onto that site.

**Mr FOLEY** — When you say ‘alternative site’ is that locally or elsewhere?

**Mr LAMONT** — No, within a 300 metre radius. So I did 300 metre — —

**Mr FOLEY** — We are talking about a well?

**Mr LAMONT** — Yes, 300 metre diameter. I did a 300 diameter clearance with the Dial Before You Dig process to enable us to move it around where there was conflict. The reason why it was granted as low impact was that we are in and out in seven days and the place is rehabilitated within a couple of weeks after that. That early stage exploration is when we do not know if there is a project that is going to follow. If we make it bigger than what it is, we get the reaction that we are probably getting at the moment where people are in fear of losing their houses and things like that, which is speculation that is for way down the track. It probably got out of hand a little bit because some of the landowners happen to be on Landcare councils and things like that, so the protests or the ‘anti’ feeling has got a little bit ahead of where we are in the process.

**Mr KRAEMER** — If I may clarify that too, to be fair there is a massive debate — and I think it is quite well advanced — about climate change and about carbon and things like that. That is part of this issue; it is not just the NIMBY discussion that we do not want something in our backyard and the like. It is also a bigger picture around the world about how to mitigate climate change and yet how to manage and maintain pulling 3 billion people out of poverty on the other side of the planet who are going to burn coal and burn uranium and build as much solar and wind as they can. But they are going through an industrial revolution. You and I are not going to stop them, and the US is not going to stop them. We are at their back door and the macro global economics are driving what we are sitting here today about.

The conflict that is occurring and the conflict resolution that is required is not as simple as, ‘We did not do the right thing by going and asking to have a cup of tea and a sit-down’. It is not as simple as, ‘We don’t want mining 2 kilometres or 5 kilometres or 50 kilometres away from our house’; it is also about climate change and what role to play in that. As I said in my submission I think we could discuss that, but it is a fruitless exercise. It is a bit like being pro-uranium and anti-uranium. Anti-uranium sees the mushroom cloud, pro-uranium sees what they see and never the twain shall meet, because it is a quite emotive situation — —

**Mr SHAW** — I must say this inquiry really has not brought up climate change because it is not part of our — —

**Mr KRAEMER** — With respect, what I am saying to you from my perspective is that the reason why so much has been brought up in this committee about Bacchus Marsh and supposedly about the bad consultation is that the level of issue in people's minds is elevated beyond just exploration. It is not only to do with exploration but also about mining close to regional communities and also about climate change. You asked me to come and tell you how to fix the consultation problem; I am saying to you that it is a very complex issue that is very emotive, and it has a whole bunch of different components that are not just about, 'Did we go and have the cup of tea the right way?'

**The CHAIR** — Before I ask this question, I think it varies at different stages, but I am not sure that is made clear in legislation, and I am certainly not sure it is made clear in practice on the ground. I would be interested in your definition of 'public consultation'.

**Mr KRAEMER** — It is defined in the prescription in the Regulations. It literally says in there that if you do not agree, you go and consult, and consulting means talking to communities, telling them what you are doing, getting their feedback and utilising it in the decisions you make. Okay?

**The CHAIR** — I get the impression from you, either rightly or wrongly — and I am happy to be corrected on this — that at the exploration level the public consultation is really about going to the community and telling them what you are about to do, informing them. Again, correct me if I am wrong. Whereas what you are saying from public consultation at the next step would be about allowing the community to have a much greater impact on what you actually do.

**Mr KRAEMER** — There are two levels to that. There is the big project that might occur in the future, and there is doing the exploration and drilling the holes, and both of them have a potential impact that needs to be talked about. Callum is involved with talking to the people on the land and near the land who could be impacted by what he is doing, which is exploration — that is, putting a drill hole down vertically into the ground and then filling it up again.

**Mrs PEULICH** — So how big is the drill hole?

**Mr LAMONT** — Up to 96 millimetres in diameter.

**The CHAIR** — I just do not get the impression that regardless of what was said in the community there was going to be, 'We are not going ahead with the exploration'. I do understand from what you have said, though, in your initial introduction that you would approach that in a different manner at the time of mining — —

**Mr KRAEMER** — Way before that; at the time when exploration is finished and you are starting to look at scoping studies and feasibility studies.

**The CHAIR** — Hang on. And I understand — —

**Mr KRAEMER** — Even at exploration you are looking at triple-bottom-line — —

**The CHAIR** — And I understand that, but I think from what I have picked up and from observations of the reports that have come out from Bacchus Marsh that the people felt that the public consultation was more a public information session and not really a consultation session. I think that is part of the reality of commercial business — that you probably were not there to ask them whether you could do it and under what circumstances.

**Mr KRAEMER** — In fact, the Regulations — and I should have brought the book to you; I just read it on the plane — tell you not to. They literally say that you are not there to make decisions or get agreement; you are there to consult, which means that if you are consulting about the drilling program, you are saying, 'We want to put this hole here roughly within 300 metres', and that is driven by compliance with announcing results to the stock market through the JORC code. We are tied to the fact that the holes have to be at a certain spacing. If we do not get that JORC code written out, then we cannot do a pre-feasibility study, because theoretically it is garbage in, garbage out.

So there is the consultation that goes on with, 'Hi, there is an ad in the paper, and we are applying for a mining licence'. Sure that may or may not work in this day and age, but we are constrained to do that because otherwise

we set precedents that the whole government system does not allow to be set. We have to go and talk to the council because the application process requires us going to council.

In relation to Mirboo North, that council called me when I applied for that licence, and I told them we were not doing fracking or coal bed methane drainage. It is the same with this deposit out here. Technically it is not right to do it, because it cannot be done there. But that is part of the consultation process.

At the same time as you are talking to people about the exploration process and the consulting and saying, 'No, I don't want it on my land', so we move it. We do not say, 'Here is the legal agreement; sorry, you have no rights', because that is not conducive to getting a project up and running in the future. So that is happening with exploration, but at the same time you are saying, 'We are exploring for coal. We want to look at the feasibility of developing a lower emissions coal so that we can export it and earn revenue, make money and all that kind of thing'. That then goes to our view on being part of a climate change solution, which then also goes to a commercial outcome because you can sell more of the technology and more of the developments. But at the same time you are talking about exploration access, you are also consulting about what coal might mean, what a mine might mean, all that kind of thing, and if you do not think I am taking that on board, there is something wrong. It is all written down.

The fact that there are community issues is known, and that goes into the process of determinations of pre-feasibilities and feasibility studies. When we get to the point of finishing this exploration we will have to, as a public company, announce what we got, because my shareholders will push me to say what is the next step, and I have to have a plan. Then there will be announcements that we are now going to do a scoping study, and that scoping study, if that is the next step, will look at what you would do conceptually to design a mine or to introduce the technology. So the two things — the exploration consultation and the ultimate project consultation — all start at the same time, but it is consultation. It is listening and reacting to what you hear, and the reacting we are doing at the moment is to the activity we are doing at the moment, which is exploration. So we are listening to people. Of the X number of landowners we have approached to put holes in, there have been a couple that do not want the holes there, and we have moved them. We have done a whole bunch of other consultation processes too.

What I would prefer, if it pleases you, is not to get into an issue by issue by issue argument here. We have our perspective, and we believe that poetic licence has been taken with a lot of these things that have been thrown at us, and for each one of them we can quite clearly say, 'This is actually what happened'. But that kind of mud-slinging match does not assist the outcome of this process here.

**Mr NOONAN** — With respect, there are lots of issues I think the Committee would want to discuss, but the impression we have been given, rightly or wrongly, is that you have done the minimum. The problem for us as a committee is that we will have to assess whether the minimum is appropriate for this point.

**Mr KRAEMER** — Yes.

**Mr NOONAN** — I think what we are hearing back is that you have provided some information, but people are yearning for more. How much is always contestable, but a lack of information in the forums where people are looking for it drives fear and suspicion. I want to know why it is that you would not take the opportunity to go along to a community meeting and just put your view as information.

**Mr KRAEMER** — I have personally been to two community meetings, we have held two open days and we have provided immense amounts of information to the newspapers to circulate and I think answered most questions that everyone has thrown at us. We do a lot of exploration projects around the country, and I would submit to you that we have done much more than the minimum. We have escalated our community consultation process as we have seen a requirement for more. However, the reality is that sitting underneath this is not a lack of community consultation; it is just 'We do not want coal; we do not want fossil fuel'. So there is an underlying issue, and no amount of consultation in the world would get you to a point of those people feeling comfortable.

**Mr LAMONT** — A complete disregard of the process that is in place.

**Mr FOLEY** — But I think what Mr Noonan is saying is that if the process is clear and transparent and all the stakeholders are seen to have a crack at it, then the final outcome is slightly more robust than is, it is argued, the current arrangement.

**Mr KRAEMER** — I guess there are two ways to determine or kind of get a handle on how much consultation should be done. One is through the political process into the departmental delivery process, so from yourselves as representatives and other elected representatives down into the DPI and down through their site management people we get a feed of whether we are doing a sufficient job and we are doing more because of that process. We also get, obviously, from the community a read of how much to do. We have escalated our community consultation through a variety of methods; the problem is how much. What I am submitting to you is that we are told by the legislation where that is for exploration, which is what we are doing now.

**Mrs PEULICH** — Just on the issue of consultation, you have stated that you have done more, you have done sufficient consultation to meet a high impact activity rather than a low impact activity?

**Mr LAMONT** — Yes, the work plan.

**Mrs PEULICH** — You are saying that there are fairly entrenched positions that are not going to shift, amongst some of those who have been opponents. You have mentioned also that there are authorities that monitor what you do. I do not wish to compromise what you do or make it any more difficult, but is there political involvement in the entire process? Have there been people who are — —

**Mr KRAEMER** — To answer that, on a project where there is little difference of opinion, the process politically is just through the Department and then to the local councils. However, then, obviously — and in a way this is a test case for everyone — where there is conflict, that conflict rises up through the political process to the local members, to the council and through the media. Eventually it becomes a political question. Certainly we have had audits and things like that done, where a variety of officials have, I guess, sent the signals through the channels. The other thing is we have had a number of open days where local and regional representatives have both asked us and attended, and that is why we have done that. The community engagement through their elected political representatives at all levels has been running on this process, and we have been attending to that.

**Mrs PEULICH** — You mentioned that the permit was granted some little more than 12 months ago. When was it first submitted?

**Mr KRAEMER** — It would have been submitted probably about 9 or 10 months before that. Then it had to run through the normal approvals process, including native title adverts — —

**Mrs PEULICH** — So it was a submission on the basis of existing protocols and legislation requirements?

**Mr KRAEMER** — Yes, absolutely.

**Mr LAMONT** — That work plan was lodged on 3 August, and then we have sort of progressed from there.

**Mr NOONAN** — Before we move on from communications, you have no regrets about the way Bacchus Marsh has unfolded? If you had your time again, you would just do exactly the same?

**Mr LAMONT** — I think perception is probably a little greater than what the actual in-the-field feelings are.

**Mr NOONAN** — Perceptions made the front page of our *Age* newspaper here in town, so it is a bit more than that. It is a really frank question, and I am trying to be fair and pragmatic. I am just saying: you have not regrets?

**Mr KRAEMER** — I am happy to answer that this way: I think we all arrive at the job we have in life through our past. I have done that since I was 16, when I started in an underground coal mine. So you are a product of your career, and I take the job of managing director of a publicly listed company six months before the GFC. We are, like every other business, trying to get to a commercial outcome for our shareholders, and that flows to the country and the communities we work in. Now, that process is, then, legislated. So we are in the legislative process, where we are looking at all the DPI websites around the country and going: where is an exploration licence that we can get hold of that we see some commercial potential in? Obviously most of those areas are held, depending on the different legislative environments. New South Wales is completely empty, because they have a tender process; Queensland is a completely tendered state, a bit like Victoria, because they have an application process. I cannot apologise for being the managing director of a listed exploration company — —

**Mr NOONAN** — I am not asking you to apologise.

**Mr KRAEMER** — So we are there and looking for opportunities, and — —

**Mr NOONAN** — I am just asking you about the consultation process.

**Mr KRAEMER** — We see the opportunity in Victoria because it is up there in front in lights: you have got the new political spectrum and the prior government looking to develop cleaner coal technologies and potentially export commodities. It sits there as a deposit that is known, a special use zone, come and explore it. So I think that was the right decision to make, based on our views of the commercial opportunities.

**Mr NOONAN** — You have been through that.

**Mr KRAEMER** — Since then, obviously it became a larger political football, and a lot of that is that it has had an added level added on top of it because of what is happening in the other states at political levels — things like that. I wish it were an easier process. I think that things can be resolved by legislative change, but I do believe a commercial mine could be built there. I believe it can lead to outcomes for Victoria and Australia that, technically, can have positive impacts on climate change. Certainly for Mantle Mining it can have positive impacts, and it is my job to deliver that. I wish that the community consultation process could be a way to resolve this issue, but I have the fundamental thinking that because of the fact that it is coal and it is not out in the middle of nowhere there is a deep-seated issue there, so what would I do differently?

**Mr NOONAN** — That is the question I am asking. You have just re-prosecuted the case for what you do. That was not the question. There is legislation, and you are putting to us as a committee that you follow the legislation but that legislation is the minimum and at times, you have said, you have gone over and above that. I am just simply asking: would you do things differently to this point in order to potentially avoid the point that you have arrived at?

**Mrs PEULICH** — Or is there an improvement to the legislation that governs the processes that you would recommend?

**Mr KRAEMER** — In hindsight, which is — —

**Mr NOONAN** — It is a wonderful thing.

**Mr KRAEMER** — I think a company has to chase its commercial outcome. You have to give yourself the opportunity to look at feasibility. It is quite clear in my mind that the process in the legislation is set up based on a good historical development process that says that we the people of Australia, through our governments, want you to go and do exploration to determine feasibility, and that is my job. I would do it again. I would go and look at the deposit and try to get the information, including the outcome of the consultation, and then try to put that into a feasibility study to determine whether it is valid.

**The CHAIR** — Not wanting to interrupt you, but in relation to a point I raised before, I do not think there is any way, given the attitude of the company and given the terms of the legislation the way it stands, that you are ever going to avoid conflict. The reason I say that — and I am not placing the blame at the feet of Mantle Mining — is that I can tell you from experience in my own community that when a community goes into consultation it expects consultation where it may go ahead or it may not go ahead. I do not think for 1 second that your consultation at all considered the possibility of not going ahead with your exploration.

**Mr KRAEMER** — Sure it does. With respect, it does.

**The CHAIR** — I do not see that. You said you would then put it into a feasibility study.

**Mr KRAEMER** — Hang on — you mean when the exploration may not go ahead?

**The CHAIR** — Yes, which is the point I was making before. There are two separate parts: consultation for feasibility, whether that is right or wrong, and consultation for mining, whether that is right or wrong. At this point it has never been Mantle Mining's approach that it could go ahead or not go ahead. It was your approach to say, 'This is going ahead. We have come here to tell you what we are doing'. I acknowledge this point: you may not go ahead with your mining, depending upon your feasibility study, which came from what you are

calling consultation. I do not think there is any doubt in the world that there was always going to be conflict because the community actually went into that thinking there was a possibility that that would not go ahead.

**Mr KRAEMER** — The exploration?

**The CHAIR** — That is right.

**Mrs PEULICH** — But surely, Neale, that decision would have been made by those who issued the permit.

**The CHAIR** — No, not really, because otherwise it is not consultation, it is information.

**Mrs PEULICH** — But if they have — —

**Mr KRAEMER** — I am being asked by the State of Victoria, by the set up, to come and explore that deposit. It has been suggested to me to go there.

**The CHAIR** — And I have not suggested that Mantle Mining is doing the wrong thing.

**Mr KRAEMER** — What I am trying to say in my answer in hindsight is that there is community reaction to any mining that is done anywhere.

**The CHAIR** — Of course.

**Mr KRAEMER** — The only way you can sort that out is to get the minimal amount of information with the lowest impact to take you to a point where you can decide whether to do something or not. We will walk away if it is decided that it is not feasible, but it is only the exploration that give you the tools to make that decision. Admittedly you can say that exploration is the thin end of the wedge to mining. That is an issue, but it is low impact; it is — —

**The CHAIR** — I see exploration as a win for everybody; you know what is there and you can compensate if you need to. You can really have negotiation. Where I think we have set ourselves up for a problem is the fact that we are saying to the community, ‘Come along, we are going to consult with you about this project’ when in fact at that point what you are really doing is informing them.

**Mr KRAEMER** — And that is what the legislation tells you to do.

**The CHAIR** — That is where I think we have an issue.

**Mr KRAEMER** — The other thing is — and I will keep mentioning it; I know I have been over it — there is a line of division between exploration impact and mining impact.

**The CHAIR** — And that is the point I made earlier.

**Mr KRAEMER** — When you ask me whether I would do it again — I would do it again because if you cannot explore, you are never going to have any natural resource.

**The CHAIR** — You do not know what is there.

**Mr FOLEY** — Earlier you spoke about the company’s responsibility to chase commercial outcomes. We live in a market-based society and a globalised economy so that is a fine thing; that is how the system of publicly listed companies works. What I am asking is: we heard earlier in submissions last year from Exergen that it has a MoU of some description with Mantle Mining relating to the technology to allow the export of brown coal. That is your core business essentially. I do not want to put words in Exergen’s mouth — far from it — but the suggestion is that when you look at the resource at Bacchus Marsh, which is tiny in comparison with the allocated and not used resource in Gippsland — —

**Mr KRAEMER** — It is a special use zone in the Latrobe Valley.

**Mr FOLEY** — It is chalk and cheese. One is huge, and one is, relatively speaking, tiny. The suggestion is that your chasing the commercial outcomes for Mantle Mining is really about dealing in the process for

Gippsland and that in any dealings with the regulator — in this case DPI and others — the deal would be something like you would withdraw from Bacchus Marsh in return for an outcome in Gippsland.

**Mr KRAEMER** — Where did that come from?

**Mr FOLEY** — There have been various suggestions in here and elsewhere. Do you have a view on what chasing the commercial outcomes in all of your dealings in the Victorian jurisdiction might look like, and is that a feasible arrangement?

**Mr KRAEMER** — There are two or three issues. One is obviously, firstly, that we look for a commercial opportunity. The Latrobe Valley is all tied up by major companies with 30- or 40-year mining licences. The existing power station owns them. Monash Energy, HRL and the other two got the allocation under the ETIS. It is a major deposit on a global scale, and it is already in an industrial area, but it is constrained export-wise by there being no infrastructure, and it is tens or hundreds of billions, or whatever it is, to develop that. In my company you are looking for outcomes over a three to six-year period, not decades, otherwise you cannot get investment in your process. Bacchus Marsh, however — albeit it is a smaller deposit, something of the order of 1 billion or 2 billion, versus 20 billion to 40 billion or 60 billion tonnes, or however you want to cut that up — does not have the infrastructure constraints that the Latrobe Valley does in generating an export market. It requires hundreds of millions of dollars to develop technology to clean up coal, and offshore investment companies from China and India are willing to pay those dollars to get coal supply and lower emissions coal supply. The particular circumstance at Bacchus Marsh leads to an easier commercial outcome to get upgraded coal to market because it has a rail there, the Port of Geelong with capacity and it does not have the eastern Melbourne sprawl. If you are ever going to develop the Latrobe Valley, how are you going to do it infrastructure-wise for bulk commodities? I guess — albeit one is a big deposit and the other is a little deposit — there are other commercial issues that say the Latrobe Valley one involves a lot of hard yards. As far as the issue about swapping deposits, it is first I have heard of it.

**Mr FOLEY** — Fair enough.

**Mrs PEULICH** — I have a quick question. Evidence has been submitted to the Committee that only about 0.3 per cent of exploration licences actually translate into a mining licence.

**Mr KRAEMER** — Right.

**Mrs PEULICH** — But I can understand naturally the community concern. You have not yet suggested any improvements to the legislation that governs that process. If it were such an easy answer, this committee would not have a job. Can you tell me, as part of your exploration permit, how many holes — of, you said 96 millimetres? — you will be digging?

**Mr KRAEMER** — Fifteen holes.

**Mrs PEULICH** — How many?

**Mr KRAEMER** — Drilling 15 holes.

**Mrs PEULICH** — Fifteen holes.

**Mr KRAEMER** — There are hundreds of holes drilled there already; we just have to prove that those other holes are accurate and infill them to a point that is allowed to a reported level.

**Mrs PEULICH** — So there have been hundreds of holes drilled already, you have got a permit to drill or reconfirm — —

**Mr KRAEMER** — Fifteen.

**Mrs PEULICH** — Fifteen, of 96 millimetres in diameter, and what is the area that is impacted on around each hole?

**Mr LAMONT** — A 5 metre-by-5 metre drill pad. We stockpile the topsoil and then put it back over at the finish.

**Mrs PEULICH** — And access to those holes is something that has to be negotiated with the landowners?

**Mr KRAEMER** — You can either do it on road reserves, so you talk to the councils and you look at the verge width to see if it is going to impact on traffic density and things like that, and you talk to the landowners. It is preferable always to do it just inside a landowner's block if that is not going to impact because of OHS considerations for public thoroughfares and things like that. Generally still all over the country the relationships between miners and landowners are incredibly good. Most landowners recognise — and my parents have been on their farm for 50 years and know — that explorers have the right to come in, and generally it is a cup of tea and you get that done. It is eminently better, in an occupational health and safety process, to do it just inside the farm gate, kind of thing. Generally, 99 per cent of the time, that is not an issue unless other issues are underlying the reason for not wanting the exploration or be an attendant at the discussion.

**Mrs PEULICH** — Those pre-existing holes were drilled when?

**Mr KRAEMER** — The '20s, '40s, '60s and '80s — various.

**Mr LAMONT** — We are collating them all and making a 3D model of the region, which is useful in more ways than just for exploration.

**Mr SHAW** — So exploration for coal has been happening in that area for 80 years?

**Mr LAMONT** — Yes. We have got 70 holes from previous programs — —

**Mr KRAEMER** — As I mentioned in my submission, if you look at the history of Victoria's development and a lot of countries' development, the first thing that the Brits come in and do is find the coal and then build the railway lines to get the coal, right? All down through Gippsland and eastern Melbourne down to Wonthaggi, all that was opened up because of coal and rail — and out through Bacchus Marsh, all those areas. That happened how many years ago? A long time ago. Ever since then a lot of those deposits, most of the little deposits that are not in the Latrobe Valley, were mined up until the 1960s — small scale. But this is not atypical for mining all across Australia. When new technology or new demand arises, the explorers and the miners just look back at the old existing deposits that were mined 20, 40 or 60 years ago and give them a reshake, feasibility wise. So this particular deposit, albeit never mined on a major scale for export or anything like that, has been in existence for 100 years, on and off. It is drilled out, but just not to the compliancy level that the modern legislation requires. We need 15 holes to do that, and then go through the feasibility-type thinking process.

**Mr LAMONT** — Those 15 bore holes will allow us to report at an inferred level of confidence, and that is getting back to that line between mining and exploration. That is the lowest level of confidence that you can have to report on a deposit. You cannot go to a bank with that and you cannot start a mine plan with that. You are just not allowed to; those are the rules and regulations. You have to go to the next level, which is indicated. So it is really hard to be arguing about mining when you are at the very lowest level of confidence about the deposit.

**Mr KRAEMER** — The size and shape of the deposit.

**Mr LAMONT** — Yes.

**The CHAIR** — I understand.

**Mr NOONAN** — Just one final one. I am cognisant that we have gone over time, but we have been keen to get you along here, so thank you for that. Your mining interests obviously include coal seam gas, which is clearly one of those areas that you have talked about being in the public domain in terms of the debate, if you like. Given that Environment Victoria has suggested to this committee that there be a moratorium on all new exploration projects for coal seam gas, what do you think the future for coal seam gas exploration is, generally and in Victoria? We cannot record you laughing, by the way!

**Mr KRAEMER** — I am an underground coal mine manager by trade, so I have been involved in draining underground gas from underground coal mines and have not been directly involved with the surface extraction of coal seam gas, but I have been in the US with a company. You have got surface coal mining and underground coal mining, you have got coal gas drainage, and you have got underground coal gasification —

all these different technologies — to extract the hydrogen energy, ultimately, out of coal and convert it back into electrons. Each one of them has different levels of impact and, depending on how long they have been around and how much they have been studied and under what regulatory environments and all those kinds of things, they each have a level of technical knowledge and risk and opportunity attendant to them. It is very much site specific; I can tell you from my experience that everything is very much site specific.

Like any technologies, from my perspective on those technologies they can all be made to work to be acceptable. I have been very much involved with occupational health and safety legislation in running underground coal mines, and a lot of legislation in the British Empire was prescriptive legislation: it told you how to do X, Y and Z and you could not go beyond it. Then we started the duty of care-based legislation where it was not prescriptive but more about risk assessment and management planning, which is getting to what we are talking about here. So coal bed methane drainage, in my estimation, can be done in some places fine and well, and in some places it will have impacts that do not impact on things and in other places it will be completely different. Like with all evolving technologies, like with driving a truck on a road or flying an aeroplane or whatever, there is a continuous focus on improvement. Beyond that, I really have to leave it to the political process in each state to determine the effect of division of risk and opportunity. Because if you want an industry to develop and grow, then you either regulate it through prescriptive legislation or you give it its legs through duty-of-care legislation. Somewhere in amongst that — it is such a broad area to try to get your hands around — is your answer, but it is all site specific.

**Mr LAMONT** — And geologically it is not going to happen at Bacchus Marsh. All those, there is probably no chance at — —

**Mr KRAEMER** — In relation to Bacchus Marsh let me tell you another thing, and it is probably an issue to be raised about exploration permits, when you apply for them in Victoria. In some states you have a petroleum permit and a coal permit and a minerals permit; in Victoria I think the permit is basically for anything and you just tick off the boxes for what you want. Again, for a company that is coming into a state and has been asked to come and look at a deposit, at that point in time — there are technologies emerging in Queensland and New South Wales that have not become political footballs — if you are looking for fossil fuels, you tick those boxes; if you are looking for base and precious metals, you tick those boxes; and if you are looking for industrial minerals, you tick those boxes. When you then get a permit granted and you start with the exploration consultation process — I immediately get calls from councils saying, ‘You’re not fracking, are you?’, or, ‘Don’t do underground coal gasification’ — I tell them on the phone exactly what those technologies involve and whether the deposit that we are looking at in our minds has those available to it.

For instance, the Bacchus Marsh coal deposit is not old enough to have evolved coal bed methane, and I think you have seen that in all the explorations going on in Victoria, where people have come in. The oil companies came in 15 years ago looking for coal bed methane, but it is not in that coal and it is not deep enough to do underground coal gasification. I am not saying that we would not do those things; I am just telling you that technically it is not there. So when those councils rang me up then, when they became political footballs and said, ‘You ticked that box’, I said, ‘We’re not doing it’, because, if nothing else, technically it is not there; it cannot be done.

**Mr NOONAN** — But you would do it on a site-by-site basis for analysis?

**Mr KRAEMER** — As you know, from our website that you have seen, one of our projects is a coal bed methane-focused project, and the specific geological situation with that deposit means that the risk of the things that people are concerned with, like aquifers and all those kinds of things, is not so attendant to that particular deposit. Again, it is so geologically site specific that I could not say yes or no. It is feasibility study by feasibility study — do the exploration, look at that particular deposit and then decide if it is feasible.

**Mr LAMONT** — If the geologists were wrong, which is probably highly unlikely, and you did find coal seam gas there, you would not just leave it.

**Mr NOONAN** — The environmentalists might have a different view.

**Mr LAMONT** — It would be there, so you would have to deal with it in some way.

**Mr FOLEY** — I am no geologist, but the submission we had from DPI was that whilst we might not have coal seam gas, we have certainly got shale gas. Do not ask me what the difference is; apparently it is a qualitatively different product. Are you in the shale gas business?

**Mr KRAEMER** — No.

**The CHAIR** — Gentlemen, I thank you very much for being here and taking the time and also for giving us volumes of information. You will be sent a transcript of today's proceedings, which will be available for you to make typographical changes if you believe there have been mistakes made, but nothing to the substantive nature of the information provided. You will receive that in a couple of weeks. So on behalf of the Committee, I thank you very much for being here.

**Mr KRAEMER** — Thank you for your time.

**Witnesses withdrew.**