

17 April 2014

Committee Secretary
Senate Foreign Affairs, Defence and Trade Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam

Inquiry into Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014

We refer to your invitation of 31 March 2014 to make a written submission in relation to the inquiry into the Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014 which was introduced into the Senate by the Minister for Defence, Senator the Hon David Johnston on 27 March 2014.

The following is our submission.

South Australian Coal Limited ("SA Coal") is a long time existing user of areas contained within Woomera Prohibited Area (WPA) Zones described by the Department of Defence as the Green and the Amber (corridor).

SA Coal has previously made submissions in relation to the WPA Review, including SA Coal's submission to the Government Review of WPA Interim Report dated November 2010 and SA Coal's written submission on the draft Bill for the WPA dated 13 May 2013 (copies as attached).

SA Coal requests that the Committee refer to SA Coal's past submissions for the purposes of the present inquiry. SA Coal maintains the same position as contained in its previous submissions.

Yours Sincerely,

John J. B. Cooper

Director

South Australian Coal Limited

SOUTH AUSTRALIAN COAL LIMITED

Monday, 13th May, 2013.

Woomera Prohibited Area Coordination Office

Email: WPACO@defence.gov.au

Dear Sir/Madam,

Re: We refer to your request of 8 May, 2013 for written submission on the draft Bill for the Woomera Prohibited Area.

The following is our submission.

SUBMISSION on the Defence Legislation Amendment (Woomera Prohibited Area) Bill 2013 ("the Bill").

South Australian Coal Limited ("SA Coal") is a long time existing user of areas contained within WPA Zones described by the Department of Defence ("the Department") as the Green and the Amber (corridor).

SA Coal is not a New Non-Defence User.

SA Coal has previously made submissions to the Woomera Prohibited Area Review.

SA Coal requests that the Department reviews the matters raised therein as part of its development of the draft Rules.

SA Coal, in general terms, supports the recommendation of the Hawke Report whereby a framework is developed to allow co-existence between Defence and Non-Defence users of the WPA,

The Bill provides a mechanism for the preparation of Rules and Ministerial delegation.

The Bill does not provide any recognition of the principles provided in the Hawke Report, which we understand will be included in the "associated rules" described in the media release of the Minister of Defence dated 8 May, 2013.

At this stage of development of amendment to Defence legislation, SA Coal is not in a position to make any detailed submission until it has had the opportunity to review the draft Rules.

SA Coal awaits receipt of the draft Rules and requests that, in the preparation of these draft Rules, close attention is made to adequately reflect the recommendations of the Hawke Report.

The draft Rules should not simply provide general unlimited power to make Rules relating to WPA access, and should take into account the long term investment that SA Coal has made in its exploration licence.

SA Coal also requests that it is provided adequate and a reasonable time to consider and make submission relating to the proposed Rules, unlike the time made available to consider the Bill.

Yours Sincerely,

John J. B. Cooper

Director

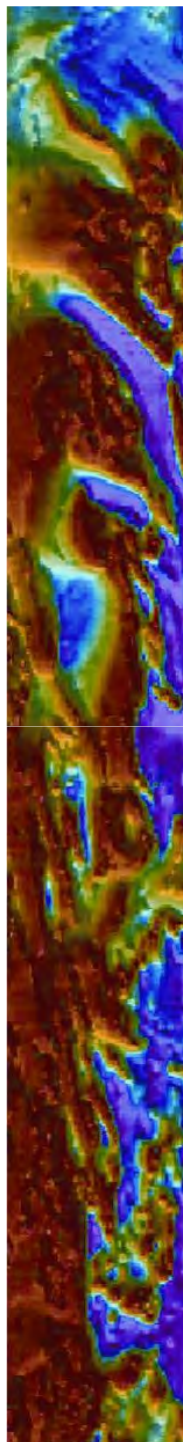
South Australian Coal Limited

SOUTH AUSTRALIAN COAL LIMITED

Government Review of the Woomera Prohibited Area Interim Report

Comments of South Australian Coal Limited

November 2010



SA Coal Background Information Update

- Subsequent to the South Australian Coal Limited (SA Coal) submission to the Government Review, SA Coal has been granted a new Exploration Licence (EL4534) over the same area that was previously held by SA Coal and referred to in the SA Coal Submission as EL3386.
- The term of the Exploration Licence 4534 is for a period of three (3) years commencing on 8 August 2010.
- All of Exploration Licence EL4534 and the two Retention Leases (RL100 and RL104) are within the Woomera Prohibited Area (WPA) (**Figures 1 and 2**).
- SA Coal is presently conducting a drilling program in part of EL4534 to further delineate the resource.
- Since June 2009 SA Coal has not been permitted to enter approximately 70% (Figure 3) of EL4534 (which includes the two Retention Leases) which is located within the Defence exclusion zone.
- EL3386 has a known coal resource of about 515 million tonnes, a non-JORC resource of 5.4 billion tonnes.

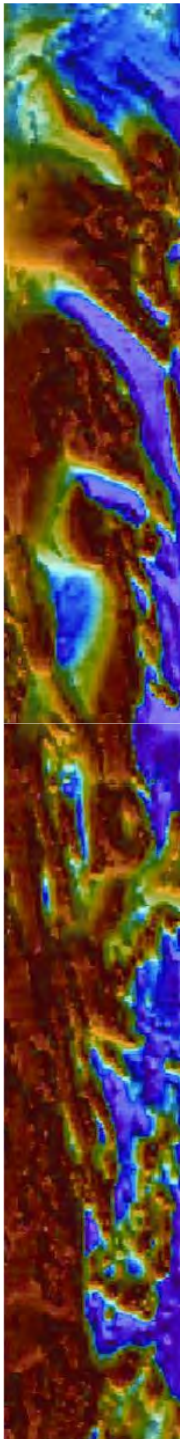


Figure 1. EL4534 (formerly EL3386) is located approximately 260 km northwest of the township of Woomera.

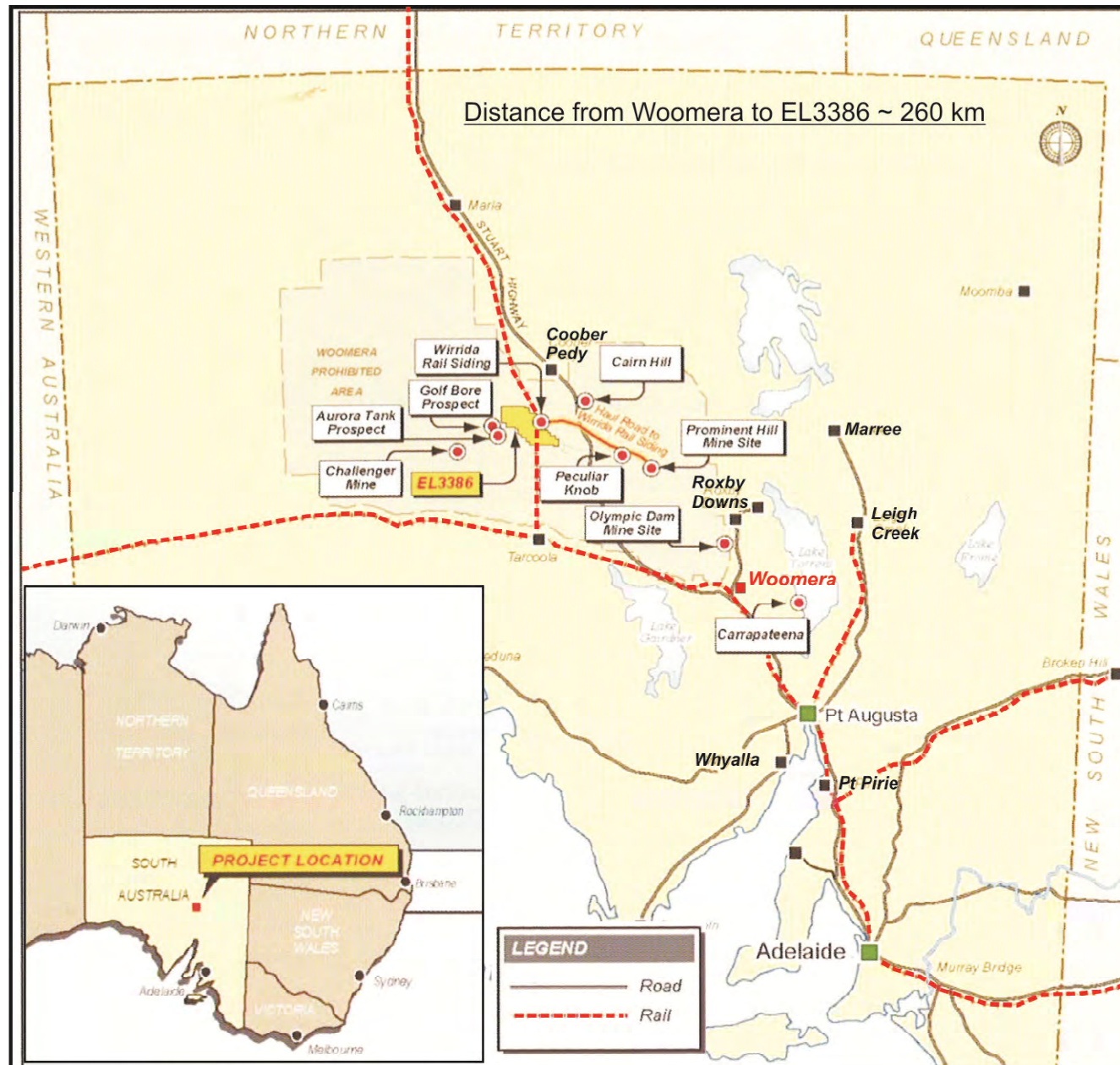
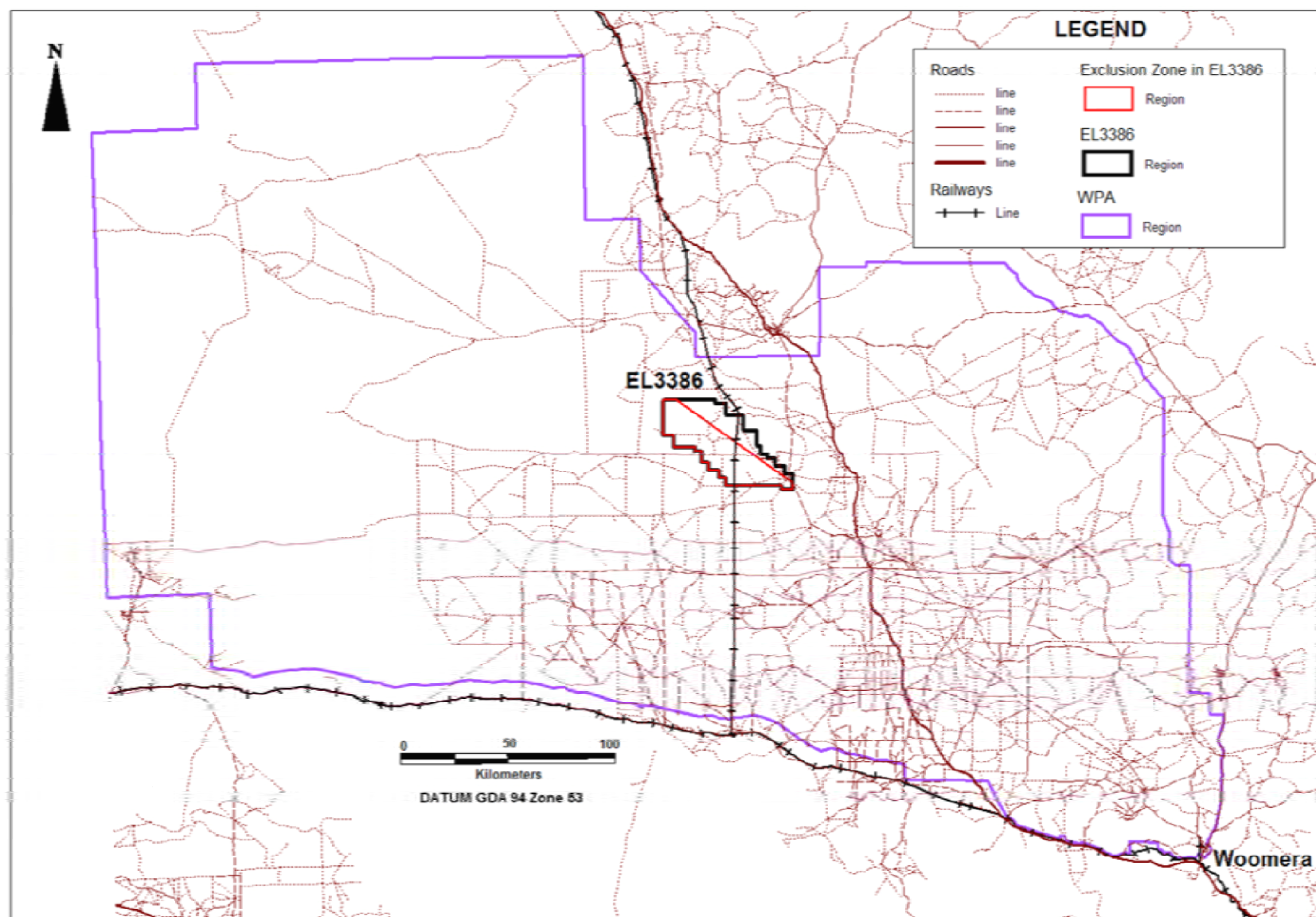


Figure 2. Location of EL4534 (formerly EL3386) in the WPA including the approximate position of the current exclusion zone (red polygon) affecting the Exploration Licence.



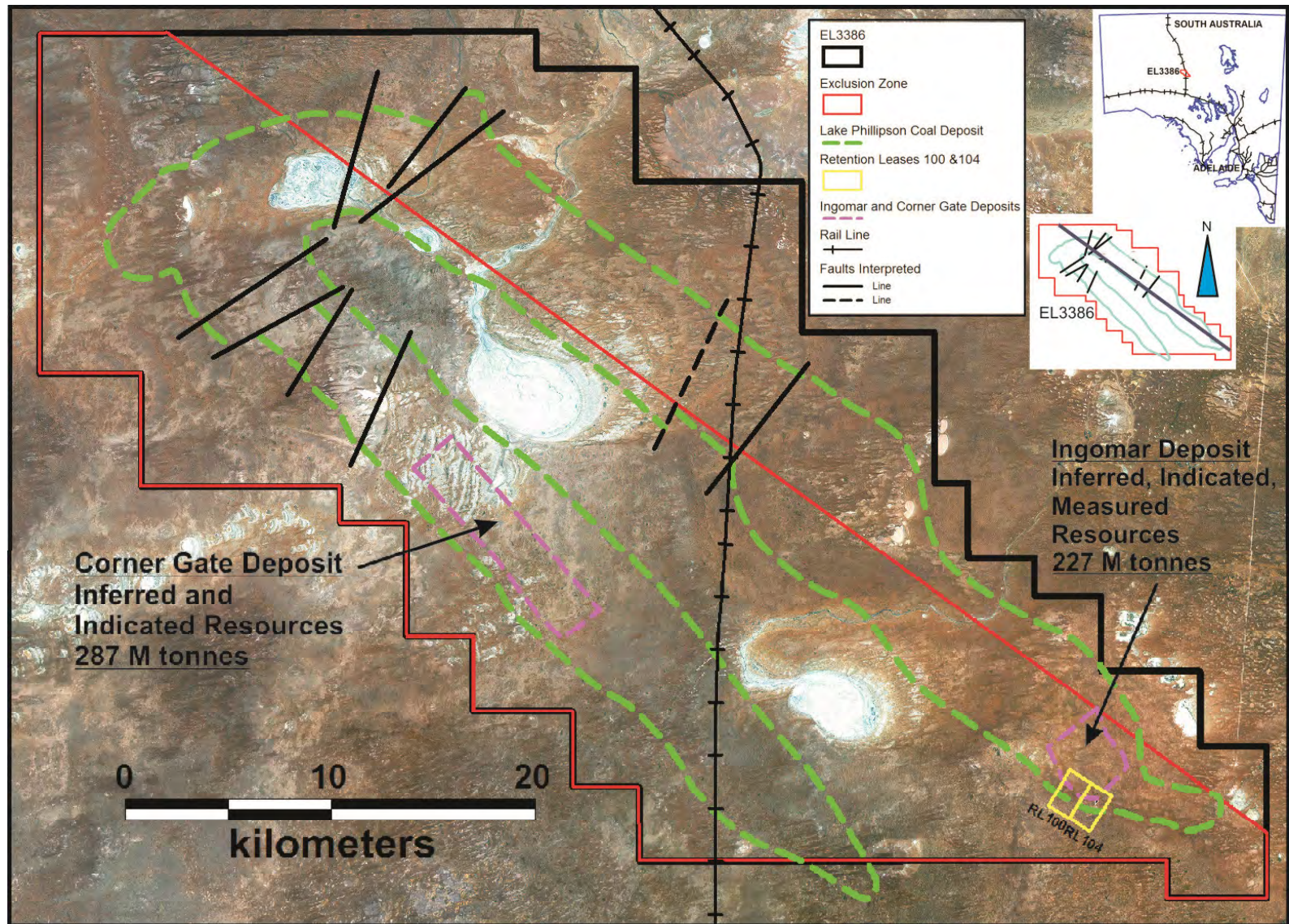
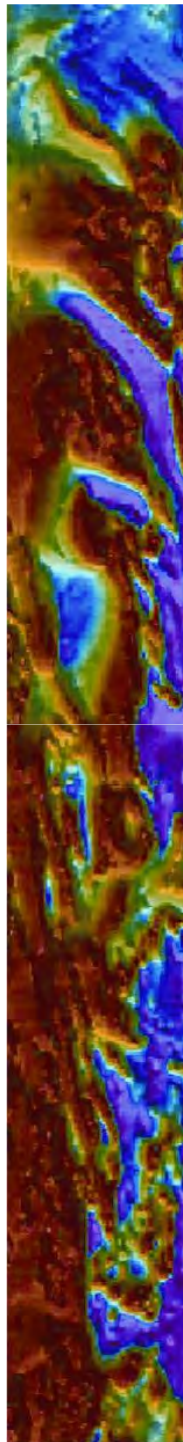
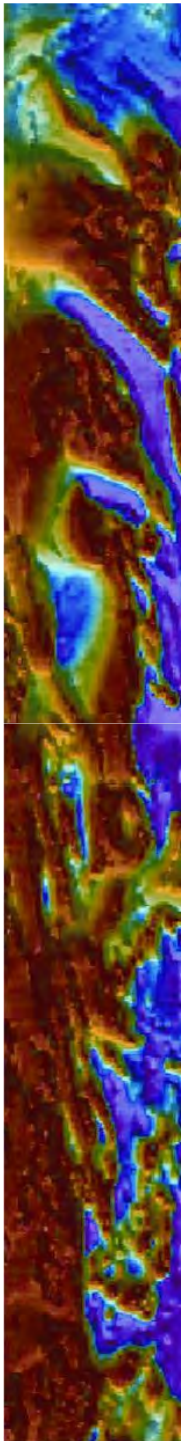
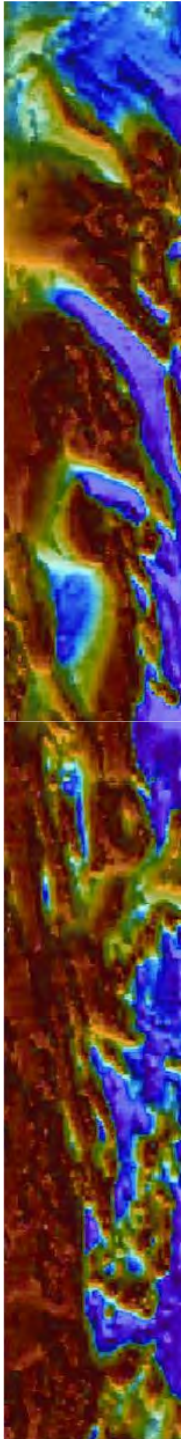


Figure 3. Location of the Lake Phillipson Coal Deposit in EL4534 (formerly EL3386) (green dashed line) and the position of the current exclusion zone covering ~70% of the Licence, which includes the Corner Gate and Ingomar Coal Deposits and Retention Leases .

General Comments on the Interim Report

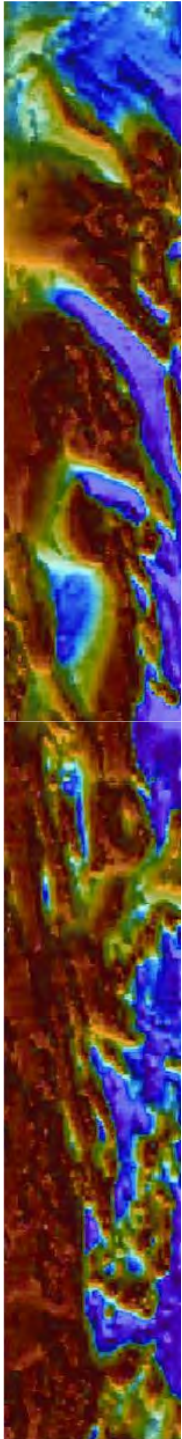
- SA Coal supports the introduction of an improved access control process in the WPA.
- The establishment of a comprehensive management framework would improve coexistence, as a clearly defined process of management would be in the interests of both Defence and SA Coal.
- SA Coal requests that any changes to the current procedure should be implemented as soon as possible as SA Coal wishes to proceed with its business program relating to EL4534 without undue delay.
- SA Coal is of the opinion that its special geographical position and historical connection with the WPA should be recognized, in particular that:-
 - it is not a newcomer to the area, holding the exploration licence since 1995,
 - the expenditure undertaken since that time,





General Comments on the Interim Report Cont'd

- its compliance with Defence requirements during that time, and
- it did not expect a total exclusion to approximately 70% of EL 4534.
- SA Coal agrees with the comments made in the Interim Report that there should be possible adjustments to the core area and provide access to areas outside the south east corner of the WPA.
- EL4534 is located on the western side of the Stuart Highway and the previous request made in the SA Coal Submission of a slight repositioning of the northern boundary of the core area on that side of the Stuart Highway would be of great benefit to SA Coal.
- Such a repositioning would be a real example of co-existence between SA Coal and Defence as SA Coal is of the opinion that it is in a zone of lower risk, being outside the south-eastern core area.

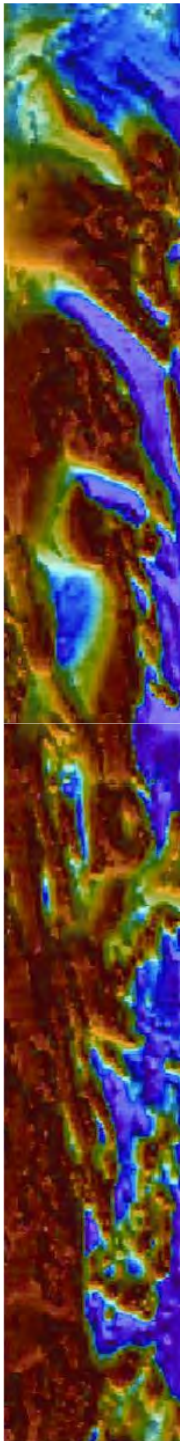


General Comments on the Interim Report Cont'd

- Although SA Coal agrees that in general terms an access control process is welcome for especially new parties to the WPA, Defence and the Government Review should recognize the individual needs of parties such as SA Coal and its long term commitment to the area.
- At this time SA Coal will be required to spend significant resources in the exploration phase of development of EL4534 with no guarantee of commercial development in any portion of the Lease.
- Recognition should also be given to parties that have and follow a policy of compliance and accept the principle of co-existence.

Existing Arrangements with Defence

- SA Coal has entered into a Deed of Access with the Commonwealth Government of Australia to access about 30% of the Licence area (Figure 4) due to expire on the 4th July 2011.



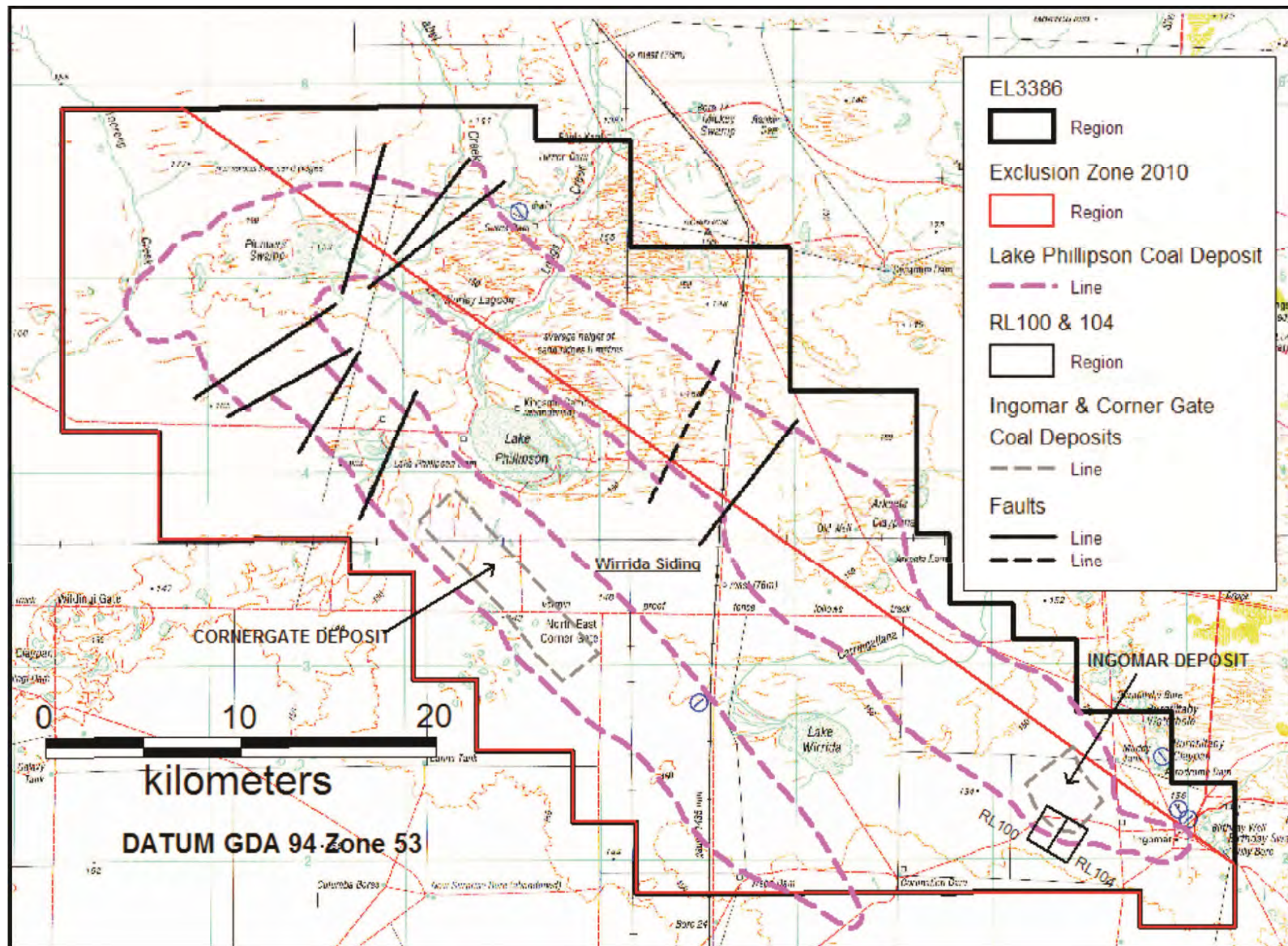
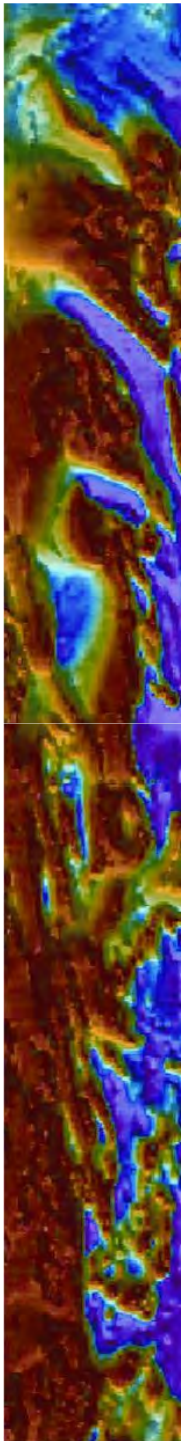


Figure 4. Location of the Lake Phillipson Coal Deposit in EL4534 (formerly EL3386). About 30% is available for access under a Deed of Agreement. Note Wirrida Siding and haul road are in the exclusion zone being utilised by both OZ Minerals and Western Plains.

Additional Specific Comments on the Interim Report

- Paragraph 2.2 of the Interim Report:
 - SA Coal has been an exploration licence holder in the area since 1995 and Defence has been aware of its presence including the construction of a trial coal open pit. SA Coal believes that it complied with all Defence requirements at that time. SA Coal also believes that this interest should be recognized in a repositioning of the core area boundaries as previously identified in the SA Coal Submission.
- Paragraphs 3.22 – 3.25:
 - SA Coal agrees with these statements.
- Paragraph 4.10:
 - SA Coal does not believe that it has conducted any act of non-compliance as described therein.

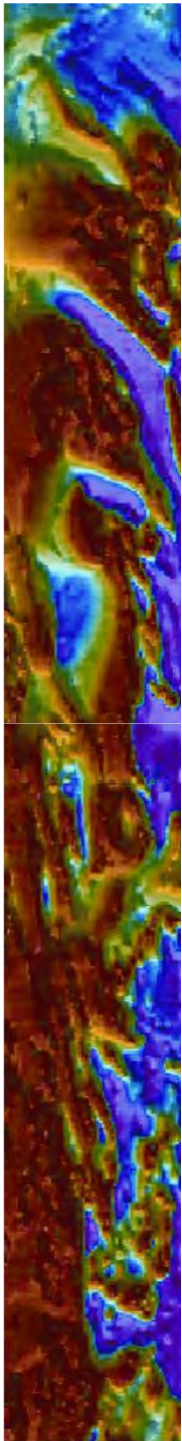


Additional Specific Comments on the Interim Report cont'd

- Paragraph 4.18:
 - Negotiation time limits are considered of importance, and accordingly SA Coal is anxious that any changes to the current system are in place as soon as possible.
- Chapter 6:
 - The statements made therein are considered by SA Coal to recommend a way forward that hopefully will promote co-existence arrangements that may be workable, but SA Coal wishes to repeat that the interest by SA Coal in EL4534 is not a recent attraction.

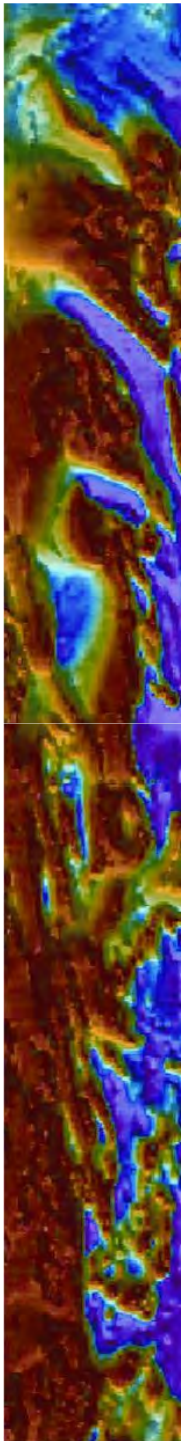
In addition:

- Paragraph 6.16:
 - SA Coal is concerned that such revision of legislative framework will take some time and agree that interim measures should be put in place to action some of the basic access guidelines detailed in the Interim Report to promote co-existence.



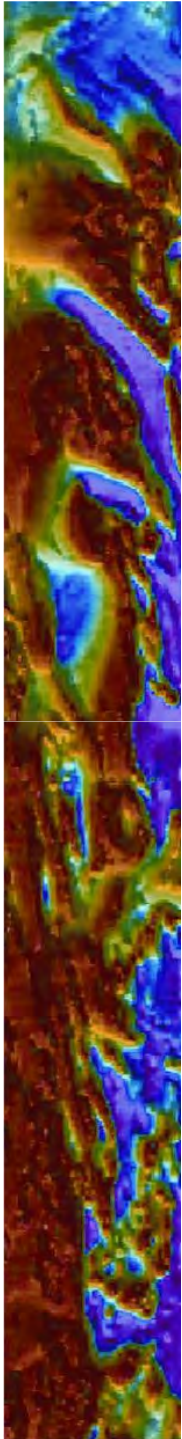
Interim Request of SA Coal

- As requested in the SA Coal Original Submission, in the short term a slight repositioning of the northern line of the corridor would allow SA Coal to focus on its business activity of coal exploration in EL4534.
 - If it was moved ~5.5km to the southwest at the south end and 1km west at the north end it could benefit SA Coal and others (Figure 5)
- This would allow access to Retention Leases, the trial pit, Wirrida Rail Siding and a portion of the Lake Phillipson Coal Deposit essential to the long term viability of the company in SA.
 - Repositioning of the line only within EL4534 could be viewed as representing an acknowledgement of our investment and long history in the area, and
 - It could additionally be viewed as a zone of lower risk given its proximity to the margin of the exclusion zone.



Interim Request of SA Coal Cont'd

- SA Coal specific interest and access request are not considered excessive in the circumstances as presently known to SA Coal.
- However, we maintain that access to all of the Exploration Licence should be permitted.



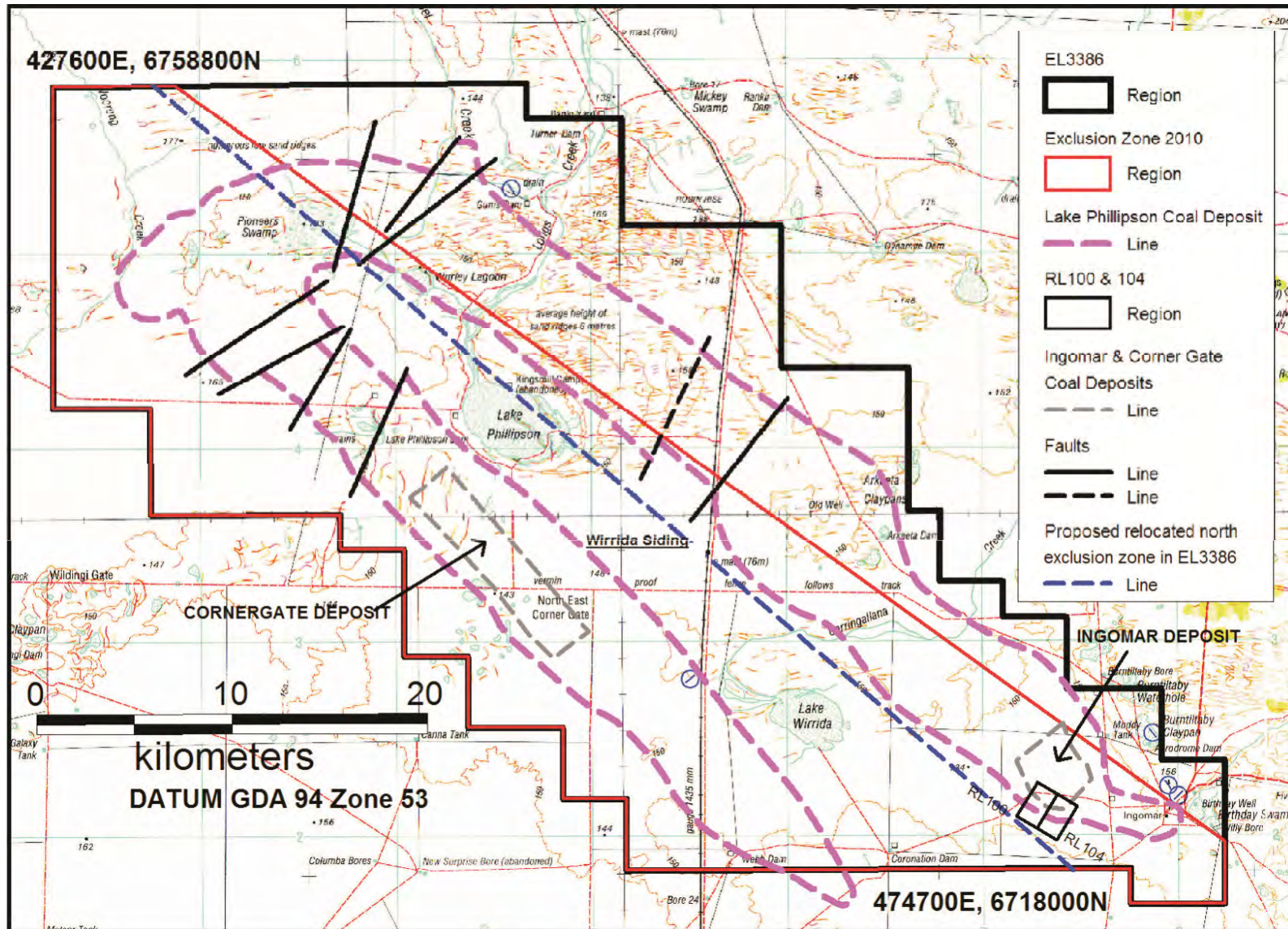


Figure 5. Location of the Lake Phillipson Coal Deposit in EL4534 (formerly EL3386). The location of the blue line (coordinates supplied) would give access to the entire East limb of the Lake Phillipson Coal Deposit.

White Energy Mining Pty Ltd

- The White Energy Mining Pty Ltd takeover of SA Coal as mentioned in the SA Coal Submission has been completed. SA Coal repeats its Submissions statement that foreign ownership issues are not considered applicable to SA Coal because of its present shareholder structure.

