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29 October 2018

Mineral Resources Division
Department for Energy and Mining
GPO Box 320
ADELAIDE SA 5001
By Email: DEM.MintabieOpalMining@sa.gov.au

Dear Sir/Madam,

Re: Future of Mining at Mintabie Precious Stones Field

As you are aware, I am instructed by the Mintabie Miners' Progress Association ("MMPA"). This letter is in response to the Call for Submissions into the Future of Opal Mining at Mintabie.

I am aware that a number of residents of Mintabie have already made submissions to the Department for Energy and Mining ("the Department") and would ask that this submission be read in conjunction with them.

The MMPA is very strongly of the view that both the township and the Mintabie Precious Stones Field ("MPSF") should remain open.

I will address a number of issues below.

The Department's Desktop Analysis

This was attached to the 2017 Mintabie Review as appendix 8.

It is to be noted that only 9% of the MPSF appears to have been intensively worked.

The retail value of the opal mined in that area since 1978 is \$2.477 billion.

The Department analysis estimates the remaining opal in the MPSF has a raw value of approximately \$3.6 billion. This would appear to indicate a potential retail value of **approximately \$21.6 billion**. On any assessment, that is a substantial resource.

These figures would also appear to be contrary to the assertions in the 2017 Mintabie Review that the MPSF 'is now a depleted field' and 'that the mined areas are now of very limited value'.

It appears to be universally accepted that Mintabie Opal is of superior quality, and one of the few reliable places to mine black opal.

The MMPA notes that mining continues at Mintabie. Those doing so are experienced Mintabie opal miners. They would not spend thousands of dollars hauling diesel and equipment to a remote location in hot and oppressive conditions if the MPSF was truly 'depleted' given that there are a number of other active opal mines in South Australia that are far more accessible and cheaper to operate from.

The MMPA submits that, rather than closing the MPSF and shutting the door on such a valuable mining resource, efforts should be made by government to encourage more miners back to Mintabie.

What Would it Mean to the Residents if the MPSF was Closed? How Would it Impact on Residents Personally?

For a number of residents, the impact of a closure of the MPSF would be disastrous.

Several residents, such as Max Novelli, Mark Hoobin and Rachel Montgomery run successful businesses mining and selling "Mintabie Opal". Mintabie opal has a long-standing and well-deserved reputation as some of the best black opal in the world. These residents have invested heavily in developing and marketing opal from Mintabie as a superior product.

Closure of the MPSF would self-evidently be a catastrophic blow to their businesses.

A number of other residents mine in Mintabie on various scales, from 'noodling' to significant operations. Some mining operations involve the investment of thousands of dollars in diesel, equipment purchase and maintenance, wages and time. Many of them have told me that they will not finish mining their claim if the MPSF is closed in the near future. They are mining claim areas with a long-term view.

Although mining licences might only be issued for twelve (12) month periods, miners in Mintabie necessarily have a long-term approach to their task. The ground is hard and not easy to dig and the opal is often found quite deep. The investment in time, energy and money is inevitably extensive. Miners have come to Mintabie on the basis that they will be able to mine here for a long period – at least until October 2027. To now give them twelve (12) months' notice or less will crush many of them financially and psychologically.

At the other end of the scale, many residents love 'noodling' in the area. These include several residents with physical and/or mental health concerns. They find living and mining in Mintabie meaningful and peaceful. A number of residents have been unable to cope with living elsewhere. This includes former armed forces

veterans suffering from PTSD who have been unable to cope with living in large towns or cities.

Many of the miners In Mintabie do not want to mine anywhere else. They love Mintabie as a place to mine, live and come together at the Hotel to talk and socialise. The opal here is unique and of high quality. They have developed a specialised and extensive knowledge base of mining in the area that will be lost if the MPSF is closed. They have not lived anywhere else for many years, often decades. Mintabie is the only home that they have known for much of their lives.

Many of the residents and miners have made Mintabie their home and would not cope living and mining elsewhere.

What Would be the Impact on the Income of Residents? What Other Financial Impacts Should be Considered?

Many miners have made plans to be here for many years or, indeed, the rest of their lives and have committed themselves financially and emotionally to living in Mintabie.

If the MPSF is closed eight (8) years early, they will be forced to re-locate large and heavy pieces of expensive equipment. Mintabie is extremely remote, and the moving of over-size equipment will be enormously expensive. That unexpected expense will occur for many at a time when their mining operation is closed prematurely before they have reached the opal deposits they are seeking (but when considerable expense has already been incurred).

That combination of:

- the inevitable large and early expenses of opal mining; and
- missing out on income from opal not able to be dug up in time due to the early closure; and
- waste of monies expended; and
- relocation expenses

will be catastrophic for many miners who often invest heavily in their operations.

If Mintabie were to close, it would likely not be cost-effective to sell the mining equipment in the township and MPSF as much of it is so large that the cost of moving it to a new mining field would outweigh its remaining value.

If the MPSF was to close early, the MMPA would ask the government to consider:

- Meeting relocation and setup costs of miners to new sites; and
- Payment of compensation for costs 'thrown away' in current mining operations that would be incomplete.

How Would it Affect the Families of Residents

The impact on the families of MMPA residents and miners would be similar to the impact on the residents themselves. Any personal and financial impact will inevitably flow on to family members regardless of whether they are living in Mintabie or not.

Many family members of residents visit and stay at Mintabie for extended periods, especially in the cooler months. These family members often grew up in Mintabie and went to the school. They often return to the town as it is a place they value and enjoy visiting as well as potentially mining there, whether that be by assisting the resident family member or noodling.

The closure of the MPSF on top of the termination of the township lease will likely result in Mintabie becoming a ghost town. Few, if any residents, will remain and they will be wholly isolated. The connection and history of many people, including entire families, to the area will be lost forever.

How Would the Opal Mining Industry be Impacted if the MPSF Were to Close?

Opal is the national gemstone of Australia, and Australia is historically and currently by far the largest producer of opals. In turn, South Australia is the supplier of an estimated 80% of Australia's opals.

However, it is also clear that the opal reserves in the MPSF are, on the Department's own analysis, both extensive and extremely valuable. If the MPSF were to close, that resource would be permanently closed off.

Although the current level of opal mining and production is not large having regard to historical levels or production in fields such as Coober Pedy, it remains an important source of high quality black opal.

It is highly likely that much of the reason for the drop-off in investment in mining in Mintabie is the uncertainty over its future. If the town remained open and viable with a long-term future – either under government or APY control – and the MPSF also remained open then the potential for growth of mining in Mintabie would be significant. It would be possible for APY and government to carefully control and monitor such activity in Mintabie to avoid mistakes that may have occurred in the past.

Mintabie opal has a justifiably excellent reputation in terms of quality. If the MPSF is closed, the reputation of Australian opal generally will inevitably suffer.

Any decision to terminate the MPSF early is unlikely to engender the kind of confidence that opal mining requires. Already, there are concerns amongst miners at other localities that their fields are 'next' under threat of native title claims or other forms of mining such as oil and gas. Opal mining is expensive and difficult, and will not attract miners and investment if there is uncertainty about the tenure of the fields.

I note that the following opal mining bodies support both the MPSF and Mintabie Township remaining open:

1. Opal Association Inc
2. Coober Pedy Miners Association
3. Lightning Ridge Miners' Association
4. Andamooka Progress and Opal Miners' Association
5. National Opal Miners' Association (NOMA)

The MMPA has read the submissions of the Opal Association and NOMA and agrees with them.

How Would the Supply of Opal into the Market be Impacted?

At the moment, opal production at Mintabie is at lower levels than previous years.

In terms of quantity, there would be minimal impact if the MPSF were to close at current production levels. Production levels are currently low because of ongoing uncertainty about the future of the MPSF. Miners are understandably nervous about commencing a large claim as, if the MPSF was closed, there would not be sufficient time to finish the job.

If the MPSF remained open, miners would have the necessary certainty of tenure to make the decision to invest time, money and equipment into mining at Mintabie. Mintabie opal is generally accepted as superior to many, if not all, other fields. It is one of two main sources (along with Lightning Ridge in NSW) of black opal. The impact on the supply of high end opal, especially black opal, would therefore inevitably be more pronounced.

Miners would be even more likely to commence claims if there was, once again, an on-field supply of fuel for mining equipment. There has not been a fuel supply in Mintabie since Nobby's Store closed (and was repeatedly ransacked and vandalised by Anangu soon thereafter). Given the government is intending to terminate the township lease, that is something that the MMPA would seek to negotiate with APY.

In addition, the Department's own analysis indicates that significant reserves of opal remain in the MPSF. In effect, over fifty (50) years of mining has barely scratched the surface of the opal reserves in the current opal field.

If the MPSF were closed, billions of dollars of high quality black opal would be permanently removed from supply. That is a significant impact on the long-term viability of the opal mining industry.

How Would it Impact the Wider Opal Community?

There would be an inevitable loss of confidence amongst opal miners around Australia.

Since the opal mining boom in the 1980s, conditions for opal mining have been made more difficult by:

- Increasing costs of fuel and equipment; and
- Economic stagnancy in Japan and other Asian countries/markets for opal; and
- A strong Australian dollar against other currencies; and
- Loss of miners to other minerals and mines (ie Olympic Dam).

In response to these challenges, the opal mining industry has remained relatively united and worked together to explore ways to:

- Reduce mining costs; and
- Improve marketing of opal in overseas and domestic markets.

There has been a recovery and demand for opal is again on the rise. Australia remains the major source of high quality opal and is noted for being ethically and sustainably mined compared to other countries.

The Opal Association Inc has noted that the industry is rejuvenating and demand is on a strong upward trend. Mintabie opal is sought after on the world market and has enormous economic potential in the foreseeable future.

The loss of a key opal mining area such as Mintabie at this time would be a blow to the wider industry. Not only does it reduce the capacity to mine and sell black opal, but causes concerns to other mining areas about the certainty of their tenure.

It is difficult to imagine that there would be no loss of confidence in other areas such as Andamooka, Lambina and Coober Pedy which might be vulnerable to native title claims, ILUA's or more large scale 'corporate' mining such as oil, gas and shale.

It is likely that closing the Township and MPSF would only make it harder to attract new miners and investment in other opal fields, both in this State and elsewhere. That is especially the case where the government proposes to close the township on one year's notice with – it would appear – little assistance in terms of relocation expenses and none in terms of compensation for having to leave their homes behind.

Closing the MPSF will shake the confidence of people thinking of investing time, energy and resources in our opal fields. If the MPSF is closed on short notice, the fear of this occurring elsewhere will hinder development.

How Would it Impact on Services that Support the Mintabie Opal Mining Industry?

There would be an inevitable impact on the surrounding areas (such as Marla and Coober Pedy). Opal mining activities use a lot of diesel, manual labour and

equipment that needs servicing. Those services are inevitably provided from outside Mintabie.

Residents generally obtain their food and services outside Mintabie.

If Mintabie were, in the future, to grow to a degree such that mining activities were expanded and the population increased by a manageable degree, then the economic benefits to the area would increase significantly.

Closing the township and the MPSF ensures, with permanency, that those economic benefits are lost to the nearby towns such as Coober Pedy, Marla, Alice Springs and the APY townships.

What Would be the Implications if Marla was the Nearest Place to Live When Mining in Mintabie?

Most miners that I have spoken to in Mintabie consider that operating out of Marla would be unworkable for a number of reasons.

Firstly, costs would be significantly increased in terms of time spent travelling, fuel usage and maintenance. It is a 35km drive along a rugged dirt track to Mintabie from Marla. Fuel and maintenance costs would inevitably increase.

This also assumes that land was available in Marla to live in, which I am advised it is not currently. The government would need to release some land to allow the miners to reside there.

The miners would be very concerned about leaving their equipment on site at Mintabie unguarded. Theft and property damage, generally by young Anangu, is at chronically epidemic levels at the moment. If the residents are removed from Mintabie there will be no oversight of criminal and anti-social behaviour at all.

The miners would either have to drag what equipment they could back and forth from Marla every day or leave it on site and hope for the best when current circumstances suggest enormous risk.

Finally, the miners love the town of Mintabie and do not want to leave there. It is easier for them to work on the MPSF and then keep watch over their equipment and to meet at the Pub at the end of the day to talk about their plans and successes over a few beers at the Mintabie Hotel.

How Would it Affect Local Tourism?

There would be a reduction in tourism if the MPSF was closed.

Having been there, I can say without hesitation that Mintabie is a genuine outback experience, far less developed and more remote than towns such as Coober Pedy. There is a growing market for such towns and experiences, particularly as the number of 'grey nomads' continues to rise.

It is notable that, at the town meeting at the Mintabie Hotel that SA government officials attended in July 2018, there were several tourists staying at the Hotel. They were appalled at the decision to close the town and one of them in particular made his view plain that the decision to close the town in the manner proposed by the government was 'un-Australian'. I expect his view on any closure of the MPSF would be:

- Similarly critical; and
- Typical of the view of the average person.

One of the residents at Mintabie (Robyn Lloyd-Grocock) had recently purchased two sites at Mintabie with a view to renovating them and running a small eco-tourism operation on Airbnb. The locals are always willing to show people around the town and fields and help them noodle and experience the town and MPSF. Such small, but important, businesses will not succeed with no township lease and no MPSF.

I appreciate your attention to this submission and please feel free to contact the writer if you have any questions.

Kind Regards
ADELTA LEGAL

TODD GRANT

Direct Line: (08) 8415 5004
Email: tgrant@delta.com.au