

# Around the Conferences – Mining

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*Over the past year members of Hogan Lovells have been enthusiastic participants at a number of key mining industry conferences, including: Diggers & Dealers, Future of Mining Australia and AMPLA. Below is a snapshot of some of the key themes that we took away from these events.*

## **Future of Mining Australia Conference: Sydney, 25 - 26 March 2019**

The Future of Mining Australia conference takes place in Sydney and is an opportunity for the mining industry to discuss Australia's current market developments, industry challenges and future trends that are changing the future of mining in Australia. The 2019 conference was its second edition and was held from 25 to 26 March.

Key themes:

- Disruptions are occurring within the mining industry brought about by social, geopolitical and economic forces and market trends that have and will continue to shape the mining industry.
- In order to keep up with other sectors such as renewables and information technology, the mining industry is re-focusing their efforts on creating a united workforce to encourage innovation, collaboration and transparency.
- The mining industry is striving towards a sustainable future with the application of new processes, systems and methods of communication with the aim of optimising the value chain. Mining companies are also being more innovative with advanced extraction, processing and exploration methods.
- The latest technology in mining equipment is being applied across the mining lifecycle to improve the economics of existing mines and new projects including: remote cameras and sensors, haulage and hybrid loaders and drones.
- Industrial artificial intelligence leader, Uptake, and Codelco, the world's largest copper producer are working together to support Codelco's digital transformation. Codelco aims to deploy artificial intelligence to monitor the health of mining equipment to ensure operations run efficiently and maintenance needs are predicted. By deploying artificial intelligence which creates business value from operational data, the mining industry can benefit from new operational efficiencies by making proactive maintenance decisions based on predictive insights.
- Queensland-based ground engaging tools and shovel optimisation specialist CQMS Razer's Titan excavator bucket payload monitoring tool has mined one billion tonnes of resources. The Titan was showcased and has been reported to accurately calculate and display real-time bucket payload data to the machine operator, enabling increased loading accuracy and efficiency.

The conference presented ten awards including:

- Operational excellence in mining: Northern Star Resources
- Innovation award: Bis
- Mining contractor of the year: Mader Group
- Mining consultant of the year: AMC Consultants
- METS Exporter of the year: Core Resources Pty Ltd
- Emerging leader: Komatsu
- Environmental Excellence: OceanaGold
- Startup of the Year: Movus
- Safety award: ReRisk
- Future of Mining award: Core Resources Pty Ltd

### **AMPLA WA State Conference: Perth, 17 May 2019**

The annual AMPLA WA State conference provides an opportunity to engage with colleagues and discuss topical issues and changes surrounding the energy and resources regulatory regime in Western Australia and beyond. The 2019 conference theme was 'Project Development in an Increasing Regulatory Environment', reflecting the ever-increasing regulatory regime affecting the development of resource and energy projects in Western Australia and nationally. The conference was presented by lawyers, barristers, as well as industry and government representatives which offered different perspectives on this year's theme.

Key themes include:

- (As with the AMPLA Annual conference) Dr Vanessa Guthrie, a geologist and experienced board director, was the keynote speaker who provided insights from a company director's perspective as to how increasing government regulation is impacting board decisions.
- From the recent judicial review into Ministerial decisions and Environmental Protection Authority ("EPA") policy announcements, increasing scrutiny seems to be applied to regulatory approvals for WA projects.
- China is changing its approaches to investment in energy, resources and infrastructure. As it is the greatest trading nation within our region, China will favour bilateral agreements over multilateral ones- prompting Australia to adapt and continue to engage with China to compete for incoming capital from China. Another area of difference is in value calculation- Chinese businesses tend to factor in the long term strategic worth of assets. The conference also looked into the impact of recent changes in foreign investment, foreign influence and foreign interference laws in Australia.
- In the resources sector, there has been increased activity in associated mineral fields and in Warden's Courts throughout the State. Amendments to the WA Mining Regulations have been proposed to allow for parties not only to be represented in Warden's Court proceedings by a lawyer (currently), but also to represent themselves whether they are an individual or corporation or use an agent in non-legal initial stages of proceedings. Using

an agent for later stages of proceedings would require leave from the Warden in exceptional circumstances.

- In the energy sectors, reform by the Western Australian Government is currently underway to modernise the regulation and market rules governing the South West Interconnected system, WA's main electricity system. The reforms seek to act on the opportunities and manage the challenges arising from the transformation in the electricity sector to ensure the delivery of secure, reliable and cleaner electricity to Western Australia at the lowest sustainable cost.
- There has been an expansion of the legislative and administrative frameworks underpinning foreign investment regulation in Australia. Particularly, there has been increased scrutiny, increased complexity in the legislative framework and the requirement of more detailed FIRB applications. Further implications for resources investment in Australia surround tight transaction timelines, longer approval timeframes especially for critical infrastructure assets. Foreign investors possess a reduced ability to transact in M&A processes alongside foreign government related entities facing increased regulation.
- As many projects are entering the critical financing and development stage, the landscape for mine financing is changing. Project owners are increasingly demanding innovative solutions due to factors such as commodity, geography or other project features. This has resulted in pools of capital to emerge to support projects which are not well serviced by traditional financing sources.

### **Diggers and Dealers Conference: Kalgoorlie, 5 - 7 August 2019**

Australia's leading annual mining conference, Diggers and Dealers, took place in Kalgoorlie, Western Australia between 5 and 7 August 2019. Hogan Lovells was again an active participant. The 2019 edition of the conference year saw the largest turnout since 2012 reflecting continued improvement in the WA mining industry. General sentiment across the conference was positive, stemming from gold prices at record levels as well as strong performance in iron ore and nickel prices.

The keynote speaker was the honourable John Howard OM AC, former Australian prime minister. Mr Howard spoke about recognising the significant contribution of the mining industry to the Australian economy, climate change and associated activism, trade, treaties, international relations, domestic politics and world superpowers.

Key themes from the conference were the continued positive outlook for precious and battery metals as well as improved prices and positive sentiment across a variety of locally important commodities. Other themes included:

- Throughout the conference the gold price increased, breaking through AUD\$2,270/oz on the last day of the conference. Due to the AUD exchange rate, significant activity remains in the gold sector, which is expected to continue. At present, the Australian gold sector is leading the world in terms of value and profile. There was discussion surrounding potential acquisitions of producing or near producing assets. There was also a favourable outlook on smaller gold explorers especially those in close proximity to milling infrastructure, possessing exploration expertise on their team, directors with insight and lean operating structures.
- While cutting the red tape hampering the mining industry's progress was the central theme of several presentations, focus away from the stage was on labour shortages.

- As part of his address, Mr John Howard defended the resource sector from attack in the face of climate change. Pointing to the Adani Carmichael coal mine in Queensland, Mr Howard claimed that climate change protesters threatened the mine's future and Asia's energy security.
- WA's lithium mining industry has taken full flight as construction began earlier this year in Kemerton, Perth on what is expected to be the world's largest lithium refinery. A number of other lithium processing plants and mines have been flagged across WA with WA already home to the world's largest lithium mine in Greenbushes. There is a continued, strong interest in battery metals including lithium, cobalt, and graphite.
- Technological innovations in the mining sector are now seen to be put into practice. The use of drones has helped to obtain detailed surveys over salt lakes, seismics for deep exploration targeting, ore sorting in gold, tin and copper, PhotonAssaying for real-time gold analysis and artificial intelligence for prospect generation. Alinta Energy is developing a 60MW Chichester solar farm which will help power nearby iron ore mines owned by Fortescue Metals, amongst others.
- Leading the charge in new mineral technology are junior and mid-tier explorers with the major players expected to come on board once implemented innovations are in full swing.
- Strong belief that brownfields development will not be sufficient to meet demands presents obvious opportunities in greenfields development, though with consequential challenges of securing finance.
- M&A activity is expected to increase through 2019 and beyond as miners look outside their portfolios for growth and asset diversification.

Worthy award recipients at the Diggers and Dealers annual gala dinner were: G.J. Stokes Memorial Award: Mark Creasy; Digger Award: Roy Hill Holdings Pty Ltd; Dealer Award: Northern Star Resources Limited; Media Award: Barry FitzGerald; Best Emerging Company: Bellevue Gold Limited.

### **AMPLA National Conference: Brisbane, 16 - 18 October 2019**

The AMPLA Annual conference is the premier resources and energy law conference in Australia and throughout the Asia-Pacific region. The conference gave our Hogan Lovells team an opportunity to expand our business network and build on our current knowledge and skills. The theme for the 2019 AMPLA National Conference was 'Sparking Change: Culture, Regulators and New Economies'.

Held in Brisbane from 16 to 18 October, the AMPLA Annual Conference centred on the widespread impact of the Royal Commissions on the resources industry and its regulators. These and other key themes from the conference included:

- Post-Hayne Commission, boards and companies are focussing on cultural change to ensure companies are equipped to properly address risk and governance issues. The keynote address from Dr Vanessa Guthrie focusses on her view of this change and how it will influence the future direction of corporate Australia.
- The Royal Commissions have had a significant impact on regulators including the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) and ASX as well as the judicial system.

- New technology, including various forms of automation, is changing the nature of work in the resources industries. With the pace of this transformation certain to increase, industry can harness these new technologies to increase productivity, consistency and safety. To effect such change, the conference considered how industrial agreements may affect progress and any obstacles presented by the Fair Work Act particularly if automation changes or replaces current jobs. Even with the identifiable safety benefits, the conference discusses the current view of safety regulators and union as well as the effect on the community such as the number of jobs in regional areas, the nature of role changes and local community sentiment towards resources projects.
- The rise in the hydrogen economy is attributed to its potential to reduce emissions in high-temperature industries and across some transport sectors. With forecasted global demand for hydrogen exported from Australia at favourably high levels, the Australian Government is working to develop the hydrogen industry. The Government is providing support for hydrogen energy projects and developing a national strategy involving collaboration between governments, the industry, regulators and researchers.

We look forward to continuing to pass on the lessons learned from our participation in these conferences to our clients.