



MINING, EXPLORATION & GEOSCIENCE ADVICE RESPONSE

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Dear Gen

Project: Angus Place Extension Project
Stage: Advice on Amendment Report & Resource & Economic Assessment
Development Application: SSD-5602

I refer to your correspondence dated 10 March 2020 inviting Regional NSW – Mining Exploration & Geoscience (MEG) to provide comments on the Angus Place Extension Project (the Project or APEP) Amendment Report (ART). The ART was submitted by Centennial Angus Place Pty Limited, a subsidiary of the Centennial Coal Company Limited (Centennial or the Proponent).

The relevant units internal to MEG have been consulted in generating this advice. The Department of Planning, Industry and Environment - Planning & Assessment Division and the Proponent should be aware that matters pertaining to rehabilitation, environmental impacts of final landform design, subsidence, subsidence management, mine operator and safety are not assessed by MEG. Reference should be made to the response from the NSW Resources Regulator on these matters.

Advice overview

MEG has determined that the APEP will:

- extend the Life-of-Mine (LOM) of Angus Place Colliery until 2053.
- ensure reliable coal supply to the Mt Piper Power Station (Mt Piper), in terms of both quantity and quality of coal.
- increase the maximum production rate from 4 million tonnes per annum (Mtpa) under the current consent to 4.5 Mtpa.
- produce an additional 55.7 million tonnes (Mt) of Run-of-Mine (ROM) coal and 53.5 Mt of product coal.
- improve resource recovery and be an efficient use of resources.
- ensure an appropriate return to the state of A\$297 million in royalties (current dollars).
- generate total revenue (value of ore produced) of A\$4.3 billion (current dollars).
- generate ongoing and initial capital investment in the order of A\$560 million.
- support continued employment for a workforce of up to a maximum 450 full-time equivalent (FTE) personnel, sourced primarily from the existing Springvale Colliery when it closes in 2025.

The coal mined at Angus Place Colliery, if approved, will supply Mt Piper which provides 15 percent of NSW's energy needs. The Project's one product produced will be a 28 percent ash product suitable for use in Mt Piper. Currently, Mt Piper is due to be decommissioned in 2042 and it is anticipated that this is when the Project will also cease, however, Centennial seeks approval for production until 2053 as a contingency if Mt Piper is decommissioned later than planned.

Mt Piper is the newest and most efficient coal-fired generator in NSW and is a crucial part of the electricity generation system in NSW and the National Electricity Market. Without the APEP, Mt Piper may not be able to operate at maximum capacity.

Resource and Economic Assessment

The APEP is an extension of the current underground mining operation, which has been in care and maintenance since 2015 and is proposed to extract approximately 55.7 Mt ROM coal over 33 years, at a maximum rate of 4.5 Mtpa. The Project will utilise existing equipment, coal handling and processing, and approved management systems and will require the development of underground roadway connections between the Angus Place Colliery underground mine workings and the Springvale Colliery underground mine workings. The Project will also require additional infrastructure on the Newnes Plateau for mine water management and ventilation

The Project proposes to continue to mine the Lithgow Seam, the basal seam of the Illawarra Coal Measures, with strata dipping easterly at a shallow angle (< 5 degrees). The target seam's depth varies across the project area and ranges from 260 to 440 metres. Coal resources within the mine design will be extracted via underground methods (continuous miner and longwall).

MEG has verified that the APEP will provide approximately 55.7 Mt of ROM coal and 53.5 Mt of domestic thermal product coal. The Proponent has completed coal resource and reserve estimations for the Project in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code). The JORC Code is an industry-standard professional code of practice that sets minimum standards for public reporting of mineral exploration results, mineral resources and ore reserves. Reserves are the economically mineable portion of a resource. A JORC compliant reserves report assists in independently assessing the commercial viability of the APEP and the proposed mining method.

Many factors constrain the mine plan and extraction methodology and therefore the resource recovery of the Project. The options were assessed according to mine design, engineering feasibility, economic feasibility and the balance provided for appropriate environmental and social outcomes. Centennial considered four mining options, with the mine layout chosen based primarily on the optimal geotechnical orientation of longwall gate roads (based on principal stress direction), favourable geological features, minimising environmental constraints, and maximising commercial viability.

In view of the constraints outlined in the Proponent's ART and based on the information currently available, MEG considers the Project satisfies section 3A objects of the *Mining Act 1992* and the requirements of clause 15 of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007. The APEP represents an efficient development and utilisation of coal resources which will foster significant social and economic benefits.

MEG is satisfied that, should the operational outcomes be achievable, the proposed mine design and mining method submissions adequately recover coal resources and will provide an appropriate return to the state.

The resource utilisation, recovery and economic benefits assessment undertaken by MEG is addressed in Attachment A.

Application of section 380AA of the *Mining Act 1992* – restrictions on planning applications for coal mining and titles required to undertake mining

Coal is a prescribed mineral under the Act and the Proponent is required to hold appropriate mining titles from MEG to undertake mining.

Section 380AA states:

(1) An application for development consent, or for the modification of a development consent, to mine for coal cannot be made or determined unless (at the time it is made or determined) the applicant is the holder of an authority that is in force in respect of coal and the land where mining for coal is proposed to be carried out, or the applicant has the written consent of the holder of such an authority to make the application.

(2) For that purpose, an authority in respect of coal need not be in force in respect of the whole of the land to which the application for development consent relates but must be in force for the land where mining for coal is proposed.

Based on current title information MEG advises that Centennial holds the appropriate titles as required for planning applications for coal as relating to the Project and satisfies the requirements of section 380AA (see Attachment B, C, D and E).

The requirement for a mining authorisation and royalty liability

The requirement for a mining lease

As coal is a prescribed mineral under the Act the Proponent is required to apply for appropriate mining title(s) allowing for mineral extraction, such as a mining lease, from MEG to undertake mining. Based on current title information MEG advises that the Proponent holds the appropriate titles as required for mineral extraction (coal) satisfying the requirements of sections 5 and 73 of the Act.

Additional ancillary mining activities (including ventilation shafts)

For ancillary mining activities, a proponent holding a mining lease granted in respect of mineral/s may, in accordance with the lease conditions, carry out any ancillary mining activity on that land (see definition of ancillary mining activity in clause 7 of the Mining Regulations 2016).

There is a subset of ancillary mining activity that the legislation defines as 'designated ancillary mining activity' (defined in section 6(6) of the Act).

A proponent seeking to undertake designated ancillary mining activity on land inside the mining area must ensure that the mining lease granted in respect of mineral/s contains a condition allowing undertaking of this designated ancillary mining activity (Section 6(1) of the Act).

A proponent seeking to undertake a designated ancillary mining activity outside a mining area, but in the immediate vicinity of and that directly facilitates the mining lease in respect of mineral(s), must apply for one of the following:

- A separate mining lease for the designated ancillary mining activity which authorises the carrying out of the activity. (This provides the holder with the right to access the mining area to undertake the ancillary mining activity, however, does not provide the holder with the right to mine).
- A condition on an existing mining lease that regulates the carrying out of the designated ancillary mining activity in an off-title area. (See section 6(2) of the Act). The ancillary mining activity condition will include the survey plan of the designated ancillary mining activity area on which the designated ancillary mining activity is (or is proposed to be) located.

Royalty Liability

Furthermore, the holder of a mining lease is also liable to pay a royalty for both publicly and privately-owned minerals (refer to section 282-285 of the Act).

Application of section 65 of the *Mining Act 1992* – development consents under the *Environmental Planning and Assessment Act 1979*

A development application under the *Environmental Planning and Assessment Act 1979* must be approved before a mining lease can be granted. A mining lease will only be granted for activities specified in the development consent.

Section 65 states:

The Minister must not grant a mining lease over land if development consent is required for activities to be carried out under the lease unless an appropriate development consent is in force in respect of the carrying out of those activities on the land.

Biodiversity offset assessment

MEG requests that Centennial consider potential resource sterilisation in relation to any amendments to proposed biodiversity offset areas. MEG requests that both the Geological Survey of NSW – Land Use Assessment team and holders of existing mining and exploration authorities that could be potentially affected by planned biodiversity offsets be consulted. This will ensure there is no consequent reduction in access to prospective land for mineral exploration or potential for the sterilisation of mineral and extractive resources.

Summary of review

MEG has determined that should the project be approved, efficient and optimised resource outcomes can be achieved, and any identified risks or opportunities can be effectively regulated through the conditions of mining authorities issued under the *Mining Act 1992*.

MEG requests to review the draft conditions of approval before finalisation and any granting of development consent.

For further enquiries and advice concerning this matter, please contact Adam W. Banister, Senior Advisor, Assessment Coordination Unit – Resource Assessments on 02 4063 6534 or assessment.coordination@planning.nsw.gov.au.

Yours sincerely



Stephen Wills
Executive Director Resource Operations
Mining, Exploration & Geoscience
Regional NSW
24 April 2020

Encl.

Attachment A – Angus Place Extension Project (SSD-5602) - Resource & Economic Assessment (DOC20/261042)
Attachment B – Angus Place Extension Project (SSD-5602) - diagram – overview incl. sterile lands (DOC20/295645)
Attachment C – Angus Place Extension Project (SSD-5602) - diagram – overview (DOC20/295646)
Attachment D – Angus Place Extension Project (SSD-5602) - diagram – mining (DOC20/295649)
Attachment E – Angus Place Extension Project (SSD-5602) - diagram – exploration (DOC20/295650)