

MINING, EXPLORATION & GEOSCIENCE ADVICE RESPONSE

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Dear Clay

Project: Newstan Mine Extension Project
Stage: Environmental Impact Statement review
Development Application: SSD-10333

I refer to Department of Planning, Industry & Environment correspondence dated 22 September 2021 inviting the Department of Regional NSW – Mining, Exploration & Geoscience (MEG) to provide comments on the Newstan Mine Extension Project (the Project), submitted by Centennial Newstan Pty Ltd (the Proponent).

Advice Overview

MEG considers the Project will provide an appropriate return to the NSW Government including:

Parameter	\$m (2021 dollars)
Total Royalties received	136
Net Present Value (NPV) royalties (7% discount rate real)	73
Annual estimated royalties (average)	11

In addition, the Project will generate:

- on average 320 full-time equivalent (FTE) continuing jobs during operations from 2024 to 2039. The mine would also employ an additional 50 FTEs during the construction period and an additional 1280 indirect jobs
- a value of around \$2 billion in current dollars, with the NPV of this revenue stream at around \$1 billion
- capital investment of about \$130 million

Newstan Extension Project - Estimated economic contribution over project life

Parameter	\$m (Estimated)
Net economic valuation benefit	\$74.3 NPV)
Regional benefit (payroll)	\$15
Annual non-labour expenditure (regional)	\$53
Annual regional sum spent in local economy (LGA)	\$15
Total annual expenditure in NSW	\$82

The recommencement of Newstan is considered to be an efficient use of resources. If the Project does not proceed the economic and social benefits outlined above will not be realised.

Resource and Economic Assessment

The Newstan Colliery (Newstan) is located 25 kilometres southwest of Newcastle, in the Lake Macquarie district of NSW. Newstan commenced operations in 1887 and has been mined using bord and pillar methods. Newstan was placed on care and maintenance in April 2009 and again in August 2014 due to market forces.

The Project would include the extraction of approximately 25.82 Million Tonnes (Mt) of ROM coal over a fifteen-year period equating to 21.17 Mt product coal. The Project would be supported by the use and augmentation of the existing Newstan Colliery infrastructure and the nearby Awaba Colliery surface facilities, extracted coal will be transported to the Northern Coal Logistics Project for handling, this is approved under SSD-5145 and will not be part of this Project.

The main elements proposed for the Project include the following:

- underground extension
- utilisation of Newstan Colliery and Awaba Colliery Surface Site infrastructure
- transportation via the existing men and materials drift at Newstan Colliery
- gas captured and transferred to gas flaring facility at Awaba Colliery
- water extraction via the existing Fassifern Pump Station
- clearing of 0.35ha of remnant vegetation for new ancillary services that could not be sited on pre-disturbed areas.

The Project, if approved, would support the following activities:

- further extraction from the Newstan mining leases by mining of additional coal reserves
- construction of conservative protection barriers to minimise subsidence impact risks to the Main Northern Railway, Eraring Power Station and Eraring Ash Dam and sensitive surface water features such Stockyard Creek, Kilaben Creek, and Stony Creek
- progressive rehabilitation of minor surface disturbances, removing of all underground plant and equipment at the completion of mining, filling and sealing mine access and removing or finding a beneficial reuse for mine infrastructure
- construction and operation of new ancillary infrastructure in support of mining
- ongoing exploration activities; and other associated infrastructure, plant, equipment and activities.
- produce a semi-soft coking coal product for the export market and a thermal coal product for both the domestic and export markets
- help to ensure ongoing security of thermal coal supply for domestic electricity generation at the adjacent Eraring Power Station through the beneficial use of existing private infrastructure
- provide tangible social and economic benefits to the local community and positive flow-on effects to regional and State economies through additional wages and royalties

- design, construct, operate and close the project in an ecologically sustainable manner
- minimise the project's impacts on sensitive built and natural environmental features
- optimise resource recovery. The coal resource is a public asset owned by the State of NSW and it is therefore in the public interest to optimise resource recovery
- regularise the development consents for Newstan and Awaba Collieries into a single contemporary development consent, providing streamlined and enhanced environmental management

The Proponent has completed 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 Modification and the proposed mining method.

In view of the opportunities and constraints outlined in the Proponent's EIS and based on the information currently available, MEG considers that the Project is consistent with the objects of the *Mining Act 1992*. *In addition, in relation to* clause 15 of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007, the Proposal represents an efficient development and utilisation of minerals resources which will foster significant social and economic benefits.

MEG is satisfied that, should the operational outcomes be achieved, the proposed mine design and mining method submissions adequately recover 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 the Proponent holds the appropriate titles as required for planning applications for coal as relating to the Modification and satisfies the requirements of section 380AA.

The requirement for a mining authority and royalty liability

The requirement for a mining lease

As coal is a prescribed mineral under the *Mining Act 1992*, the proponent is required to hold an appropriate mining title(s) from MEG to mine the mineral.

For ancillary mining activities as, in so far as the ancillary activities are to be carried out in connection with and in the immediate vicinity of a mining lease in respect of a mineral, the proponent is required to hold a Mining Lease for ancillary mining activities or an 'off title' designated ancillary mining activity as defined by clause 7 of the Mining Regulation 2016 (the Regulation).

Where a proposal includes Crown Land the proponent is required to comply with the Commonwealth *Native Title Act 1993* and undertake the right to negotiate process for the Crown Lands within the current exploration licence area(s) if proof of extinguishment cannot be determined.

MEG notes that this project is located within the existing Mining Lease 1452 (Act 1992) (ML 1452) and Consolidated Coal Lease 746 (Act 1973) (CCL 746).

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 the Proponent consider potential resource sterilisation should any future biodiversity offset areas be considered. The Proponent must consult with MEG and any holders of existing mining or exploration authorities that could be potentially affected by the proposed creation of any such biodiversity offsets, prior to creation occurring. 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.

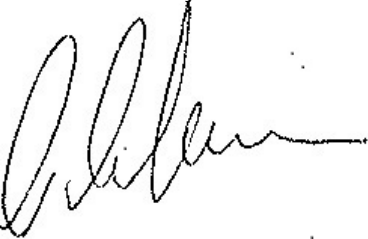
Summary of review

MEG considers that should the Project be approved, efficient and optimised resource outcomes can be achieved.

MEG requests that it be provided with an opportunity to review the draft conditions of approval before finalisation and any granting of development consent.

For enquiries on this matter, please contact Adam Banister, Senior Advisor Industry Advisory & Mining Concierge – Industry Development on 02 4063 6972 or Mining.Concierge@regional.nsw.gov.au.

Yours sincerely



Chris Celovic
Director Industry Development
Department of Regional NSW – Mining, Exploration & Geoscience
27 October 2021

Encl. Attachment A – Newstan Mine Extension Project – Resource & Economic Assessment (DOC21/837544)