



ASSESSMENT REPORT

Proposal to Process Mandalong Coal at Newstan Colliery Section 96(1A) Modifications Mandalong Coal Mine (DA 97/800 MOD 5) Newstan Colliery (DA 73-11-98 MOD 2)

1 BACKGROUND

The Mandalong Coal Mine and Newstan Colliery are underground coal mines located near the towns of Fassifern and Morriston, respectively, within the Lake Macquarie local government area southwest of Newcastle (see Figure 1).

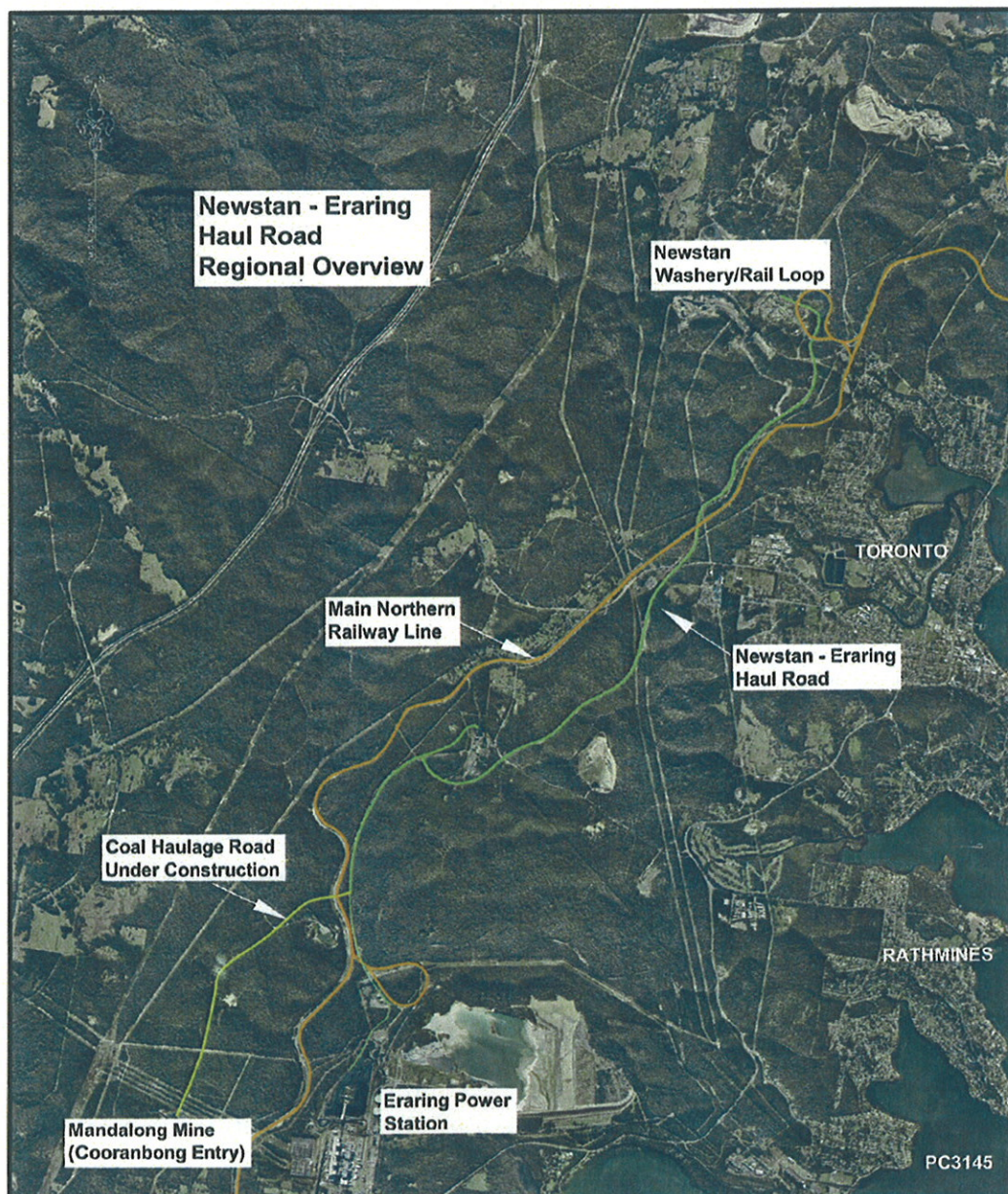


Figure 1: Location of the Mandalong Coal Mine and Newstan Colliery.

Centennial Mandalong Pty Limited operates the Mandalong Coal Mine (Mandalong) and Centennial Newstan Pty Limited operates the Newstan Colliery (Newstan). Both are subsidiaries of the Centennial Coal Company Limited (Centennial).

On 14 October 1998, the Minister for Planning granted the Mandalong development consent (DA 97/800), which has subsequently been modified four times. This consent allows Centennial to undertake longwall mining at Mandalong to extract up to 6 million tonnes (Mt) of coal per annum.

On the 14 May 1999, the Minister of Planning granted the Newstan development consent (DA 73-11-98), which has subsequently been modified once. This consent allows Centennial to undertake longwall mining at Newstan to extract up to 4 Mt of coal per annum.

2 PROPOSED MODIFICATION AND PROJECT NEED

On 16 October 2009, Centennial submitted applications and accompanying documentation to the Department under Section 96(1A) of the *Environmental Planning and Assessment Act 1979* (EP&A Act) to further modify both the Mandalong and Newstan development consents. The proposed modifications involve:

- a temporary increase of up to 400,000 tonnes in the approved amount of coal to be delivered to Eraring power station from Mandalong by conveyor until February 2010;
- a temporary increase of up to 400,000 tonnes in the approved amount of coal to be handled and stored at the Eraring power station facilities until February 2010;
- loading of trucks with coal at the Eraring power station until February 2010;
- transportation of coal by truck from the Eraring power northwards to Newstan, using the existing private Newstan-Eraring haul road until February 2010 (see Figure 2);
- transportation of Mandalong coal by trucks to the Newstan washery, instead of the Newstan rail loop facility (see Figure 3);
- washing coal from Mandalong at the Newstan washery and storing the washed coal at Newstan; and
- placement of the coarse and fine reject material generated from washing the Mandalong coal in the Newstan reject emplacement.

Essentially, the proposed modifications would facilitate the road transport of coal from Mandalong to Newstan for washing. Until February 2010, this transport would also involve the use of the Mandalong-Eraring conveyor.

The proposed modifications would not change the currently approved development consent area, mining area, extraction rates or mining extraction methodology at either the Mandalong or Newstan mines.

The Mandalong and Newstan consents already provide approval to transport 2 Mt of Mandalong coal per annum by a private haul road to the Newstan rail loop facilities for export at the Port of Newcastle. This private haul road, which will connect to the Eraring-Newstan private haul road, is planned to be completed in February 2010 (see Figure 2). In the interim, Centennial wishes to transport coal to Newstan, first by conveyor to Eraring power station, then by truck to Newstan using the existing Eraring-Newstan private haul road (see Figure 2).

Centennial has always intended to wash Mandalong coal prior to export. The Mandalong mine has an approved but not yet constructed coal washing module as a component of its existing coal handling plant. Newstan has been producing and processing coal at quantities significantly less than its approved 4 Mt per annum. Whenever Newstan has capacity to wash additional coal, Centennial proposes to wash Mandalong coal at the Newstan facilities, prior to export.

As such, Centennial proposes to use existing infrastructure to wash Mandalong coal prior to export, instead of constructing additional facilities. Consequently, the modifications would result in minor additional environmental impact above that which is already approved.

The need for the project arises from both the Eraring and Delta power stations being unable to accept their contracted volumes of coal from Mandalong, due to a warm winter. Consequently, Mandalong is producing excess coal, and to reduce production to match the demand of the power stations would have a subsequent effect of reducing the number of employees at the mine. The best use of this excess coal is for export as washed product.

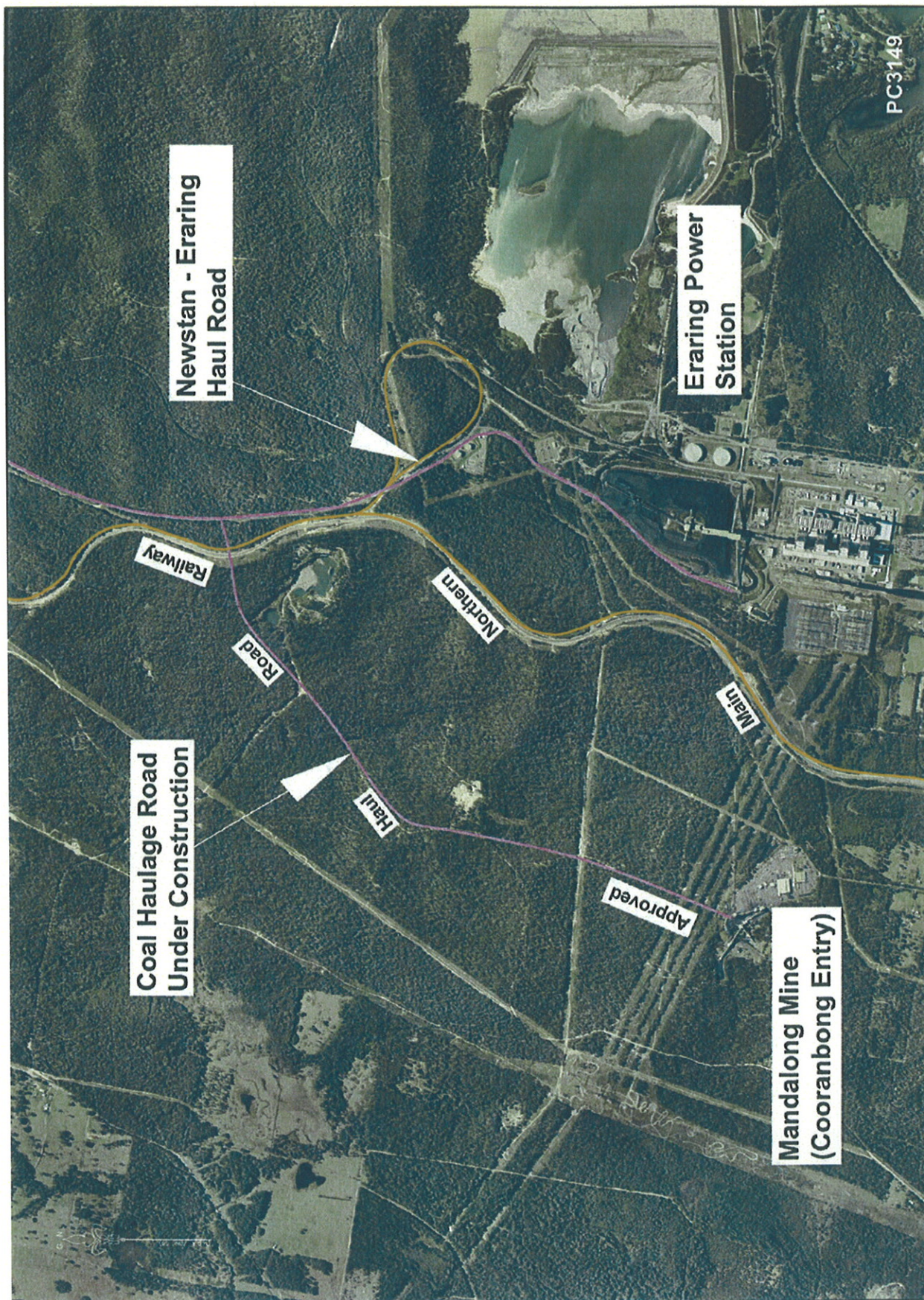


Figure 2: Mandalong Coal Mine, Eraring Power Station and associated infrastructure.