

9 November 2016

Margaret McDonald Hill
Independent Chair Person - Lake Coal Community Consultative
Committee
Sent via email to: mmacdonald_hill@bigpond.com

Re: Mannering Colliery - Modification 5 to MP 06_0311

Dear Margaret,

1 Introduction

LakeCoal is the operator of Mannering Colliery (MC) and has engaged EMM Consulting Pty Limited (EMM) to prepare an environmental assessment for a modification to MC's existing project approval (MP 06_0311) to enable an increase in throughput capacity from 1.3 Million tonnes per annum (Mtpa) to 2.1 Mtpa (the proposed modification). The proposed modification will be sought under the now-repealed Section 75W of the NSW *Environmental Planning and Assessment Act 1979* (EP&A Act) as it is a 'transitional Part 3A project' as approved under Schedule 6A of the EP&A Act.

This letter is intended to provide the LakeCoal Community Consultative Committee with a briefing on the proposed modification.

2 Background

MC is an underground coal mine located on the southern end of Lake Macquarie approximately 60 kilometres (km) south of Newcastle (Figure 1). Underground mining commenced at MC in 1960, and since that time has extracted coal from the Great Northern and Fassifern Seams using both the bord and pillar and longwall mining methods.

MC was granted MP06_0311 on 12 March 2008. The approval, as modified, enables extraction of up to 1.1 Mtpa of run-of-mine (ROM) coal and the handling and transport of up to 1.3 Mtpa of ROM coal until 30 June 2022. Coal from MC is transported via a dedicated overland conveyor to Delta Electricity's Vales Point Power Station (VPPS) for domestic energy generation.

MC is owned by Centennial Mannering Pty Limited, a wholly owned subsidiary of Centennial Coal Company (Centennial). Centennial is in turn a wholly owned subsidiary of Banpu Public Company Limited, which purchased Centennial in 2010. LakeCoal became the operator of MC effective 17 October 2013.

It is noted that an underground linkage within the Fassifern Seam is approved between MC and the adjacent Chain Valley Colliery (CVC). CVC operates under State significant development consent (SSD-5465) and is also operated by LakeCoal. The linkage, which is likely to be completed in quarter 1 of the 2017 calendar year, will enable coal from CVC to be transferred to VPPS via MC's conveyors.

MC's project approval boundary and CVC's development consent boundary are shown in Figure 1.



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3 Proposed modification

As described in Section 1, LakeCoal is seeking to modify MP06_0311 under Section 75W of the EP&A Act to permit an increase in the rate of coal handling at, and transport from MC, from 1.3 Mtpa to 2.1 Mtpa.

No changes to surface infrastructure are proposed, with the existing infrastructure having adequate capacity to accommodate the additional coal throughput, and no upgrades or additional plant or equipment are required. The increased coal throughput would all be dispatched via the existing overland conveyor to VPPS as currently approved. There will be no increase in approved employee numbers under the proposed modification.

4 Operational need

Following LakeCoal's decision in late 2015 to initiate construction of the previously approved link road development between CVC and MC, a review of its long term business requirements has been undertaken. The decision to seek approval for the increase of the coal handling volume at MC has been made following this review for the following reasons.

- It will enable LakeCoal to provide additional coal to the VPPS via an existing conveyor network and thereby sustain the local power generation network. LakeCoal is currently in the final stages of negotiating a contract with Sunset Energy, the operator of VPPS, which will require the provision of coal in excess of the currently approved handling volume of 1.3Mtpa.
- Capital costs will be lower as the existing infrastructure at MC has the proven ability to feed coal to the power station at a higher and more efficient rate than CVC due to more advanced coal clearance infrastructure.

5 Benefits

The increased handling at MC will have the following benefits.

- Reduced capital costs associated with the coal clearance system will result in greater financial certainty for the mine which, in turn, will provide increased job security and associated ongoing social and economic benefits.
- Security of coal supply to the local domestic power generator (Sunset Energy).
- Reduction of haulage vehicle movements to and from the power station due to the increased volume of coal being transferred to the power station via an existing conveyor network. This will result in a reduction of potential impacts from traffic, air quality, and noise.

6 Consultation

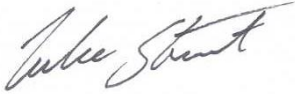
It is anticipated that community consultation will occur in the form of the existing Community Consultative Committee (CCC) which has proven an effective mechanism for feedback and information dissemination for past environmental approvals.

LakeCoal will also engage with the Lake Macquarie City Council, Central Coast Council, the NSW Department of Planning and Environment and other government agencies including the NSW Environment Protection Authority.

7 Close

We trust this letter provides sufficient information regarding the status of the proposed modification. Should you require any further information, please contact myself or Wade Covey, LakeCoal Environment and Community Coordinator on 02 4358 0883.

Yours sincerely

A handwritten signature in black ink that reads "Luke Stewart". The signature is written in a cursive style with a large initial 'L'.

Luke Stewart
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