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24 February 2015

Minister for Planning
c/- Executive Director, Mining Projects
Department of Planning & Environment
22-23 Bridge Street
SYDNEY NSW 2000

Attention: David Kitto

Dear David,

MOOLARBEN COAL PROJECT STAGE 1 (05_0117) – MODIFICATION TO COAL EXTRACTION LIMITS OF APPROVAL (MOD 10)

Moolarben Coal Operations Pty Ltd (MCO) is the operator of the Moolarben Coal Complex on behalf of the Moolarben Joint Venture (Moolarben Coal Mines Pty Ltd [MCM], Sojitz Moolarben Resources Pty Ltd and a consortium of Korean power companies). MCM and MCO are wholly owned subsidiaries of Yancoal Australia Limited (Yancoal).

Mining operations at the Moolarben Coal Complex are approved until 31 December 2038 and are carried out in accordance with Project Approval (05_0117) (Moolarben Coal Project Stage 1) and Project Approval (08_0135) (Moolarben Coal Project Stage 2).

The two (2) Project Approvals authorise:

- the extraction of up to **8 Mtpa** of ROM coal from Stage 1 open cut pits;
- the extraction of **12 Mtpa** of ROM coal from Stage 2 open cut pits; and
- the processing of up to **13 Mtpa** of ROM coal from Stage 1 and Stage 2 open cut operations.

MCM requests the Minister for Planning (or delegate) to modify the Moolarben Coal Project Stage 1 Project Approval (05_0117) to increase the limit of run-of-mine (ROM) coal that can be extracted from the Moolarben Coal Project Stage 1 open cut mining operations from 8 million tonnes (Mt) to 9 million tonnes in any calendar year (herein referred to as “the Modification”).

MCM proposes to remain within the approved limit of coal processing of up to 13 Mt (total) of ROM coal from the Moolarben Coal Complex (Stage 1 and Stage 2) in any calendar year. That is, for any calendar year that 9 Mt of ROM coal is extracted from Moolarben Coal Project Stage 1 open cut mining operations, extraction from Moolarben Coal Project Stage 2 open cut mining operations would be restricted to 4 Mt or less.

MCM requests that the Minister for Planning assess the proposed Modification under section 75W of the New South Wales (NSW) *Environmental Planning and Assessment Act, 1979* (EP&A Act).

Proposed Modification of Moolarben Coal Project Stage 1

Table 1 presents a summary of the proposed Modification to the Moolarben Coal Project Stage 1. Of note, the Modification would not change the maximum extraction of coal from open cut mining operations at the Moolarben Coal Complex (i.e. 13 Mt from Stage 1 and Stage 2 combined). In addition, there would be no change to the approved open cut mining fleet.

**Table 1
Summary Comparison of Approved and Modified Moolarben Coal Project**

Relevant Approval Component	Moolarben Coal Project		Moolarben Coal Project (including the Modification)
	Stage 1 Project Approval (05_0117)	Stage 2 Project Approval (08_0135)	
Operational Mine Life	Mining operations can be carried out until 31 December 2038.		Unchanged.
Hours of Operation	Mining operations can be carried out 24 hours a day, 7 days a week.		Unchanged.
Blasting Limits	A maximum of 2 blasts a day and up to 9 blasts a week (averaged over a calendar year), can be carried out at the Moolarben Coal Complex.		Unchanged.
	Blasting can be carried out on site between 9.00 am and 5.00 pm Monday to Saturday inclusive. No blasting is allowed on Sundays, public holidays, or at any other time without the written approval of the Secretary.		Unchanged.
Coal Extraction Limits	Up to 8 Mt of ROM coal can be extracted from the open cut mining operations in any calendar year.	Up to 12 Mt of ROM coal can be extracted from the open cut mining operations in any calendar year.	Up to 9 Mt of ROM coal would be extracted from the Moolarben Coal Project Stage 1 open cut mining operations in any calendar year. No change to the Moolarben Coal Project Stage 2 ROM coal extraction rate.
	Up to 4 Mt (total) of ROM coal can be extracted from the underground mining operations at the Moolarben Coal Complex in any calendar year.		Unchanged.
Coal Processing and Offsite Transport	Up to 13 Mt (total) of ROM coal from the Moolarben Coal Complex can be processed in any calendar year.		Unchanged.
	All coal is to be transported from the site by rail.	The Proponent shall ensure that all coal extracted from the site is sent to the Moolarben Stage 1 mine surface infrastructure area for processing and/or transport to market.	Unchanged.
General Layout	The general layout is shown in Appendix 2A of Project Approval (05_0117).	The general layout is shown in Appendix 2 of Project Approval (08_0135).	Unchanged.

Table 1 (Continued)
Summary Comparison of Approved and Modified Moolarben Coal Project

Relevant Approval Component	Moolarben Coal Project		Moolarben Coal Project (including the Modification)
	Stage 1 Project Approval (05_0117)	Stage 2 Project Approval (08_0135)	
Biodiversity Offset Strategy	The Biodiversity Offset Strategy is shown conceptually in Appendix 8 of Project Approval (05_0117).	The Biodiversity Offset Strategy is shown conceptually in Appendix 7 of Project Approval (08_0135).	Unchanged.
Water Management Design and Objectives	Design, install and maintain the dams generally in accordance with the series <i>Managing Urban Stormwater: Soils and Construction – Volume 1 and Volume 2E Mines and Quarries</i> .		Unchanged.
	Maximise as far as reasonable and feasible the diversion of clean water around disturbed areas on site.		Unchanged.
	Mine water storage infrastructure is designed to store a 50 year average recurrence interval 72 hour storm event.	Mine water storage infrastructure is designed to store a 100 year average recurrence interval 72 hour storm event.	Unchanged.
	On-site storages (including tailings dams, mine infrastructure dams, groundwater storage and treatment dams), and the Ulan Seam sub-crop line of the most northerly final void are suitably lined to comply with a permeability standard of less than 1×10^{-9} metres per second (m/s).	On-site storages (including tailings dams, mine infrastructure dams, groundwater storage and treatment dams) are suitably lined to comply with a permeability standard of less than 1×10^{-9} m/s.	Unchanged.

Justification for the Modification of Moolarben Coal Project Stage 1

MCM does **not** seek to increase the total ROM coal extracted from the combined Stage 1 and Stage 2 operations beyond the currently approved 13 Mtpa. Rather, MCM seeks to increase flexibility on coal extraction between the two stages, while remaining within the overall limit of **13 Mtpa**.

MCM considers that an increase in the limit of ROM coal that can be extracted from the Moolarben Coal Project Stage 1 open cut mining operations is of minimal environmental impact, as the Moolarben Coal Complex would remain within its combined approved limit of extraction of coal from open cut mining operations at the Moolarben Coal Complex (i.e. from Stage 1 and Stage 2 combined) and the approved limit of coal processing.

An increase in the limit of ROM coal that can be extracted from the Moolarben Coal Project Stage 1 open cut mining operations would enable continued mining within approved areas of the OC1 and OC2 pits to proceed efficiently in parallel with the construction, development and commissioning of the approved Moolarben Coal Project Stage 2 (expected to occur over the next 12 months).

As the approved mining fleet is currently mining approved areas with a lower strip ratio relative to other approved mining areas, the current limit of 8 Mtpa of ROM coal in Project Approval (05_0117) is forecast to be exceeded by end October 2015, requiring approved open cut mining fleet, and all associated operating personnel, to be stood down for a material period of time, or alternatively for fleet and personnel to be reduced and for mining to proceed at a slower rate.

The Modification is justified on the basis that the increase in extraction from Moolarben Coal Project Stage 1 open cut mining operations could be conducted with no change to environmental conditions and performance limits specified in both the Project Approval (05_0117) for Moolarben Coal Project Stage 1 and MCO's Environment Protection Licence 12932.

Environmental Review

The following approved components of the Moolarben Coal Project would be unchanged by the Modification:

- operational mine life;
- total life of mine ROM coal;
- approved general arrangement (including open cut extents and disturbance areas);
- major surface infrastructure;
- mining method and mining fleet;
- frequency or size of open cut blasting;
- coal processing; and
- off-site rail transport of coal.

In addition, the Modification would not materially result in any additional demand for employees or contractors. However if the Modification did not proceed, approved open cut mining fleet (and all associated operating personnel) would need to be stood down for a period of time in late 2015 which would impact MCO's workforce and cause economic penalty to MCO and to NSW via deferred royalties.

Based on the above, it is apparent there would be no material alteration to the approved impacts of Moolarben Coal Project Stage 1 on the following aspects:

- ecology;
- heritage (Aboriginal and non-Aboriginal);
- surface water and groundwater resources;
- land resources;
- blasting and vibration;

- visual amenity;
- road or rail transport network;
- population and community infrastructure demand; and
- consequences or likelihood of a hazardous event.

The Moolarben Coal Complex would continue to be operated in accordance with the approved management plans under Project Approval (05_0117) for the Moolarben Coal Project Stage 1 incorporating the Modification.

Further justification that potential impacts from air quality, noise and greenhouse gas emissions would remain within approved levels is provided below.

Potential Air Quality and Noise Impacts

Existing Management Strategies and Performance

MCO implements best practice control measures for air quality and noise impacts as outlined in the approved Air Quality Management Plan and Noise Management Plan. These approved plans include the implementation of real-time response protocols to assist in maintaining noise and air quality levels within compliance.

In addition to the approved Air Quality Management Plan, MCO has complied with Pollution Reduction Programs (PRPs) under Environment Protection Licence 12932, including programs to mitigate wheel generated dust.

Monitoring results for 2014 indicate that the Moolarben Coal Complex is operating well within the annual average impact assessment criteria for PM₁₀ outlined in the Project Approval (05_0117). Monitored PM₁₀ levels were within the 24 hour impact assessment criteria, with the exception of occasional higher levels caused by regional events or local Council road works.

Monthly attended noise monitoring throughout 2014 for the Moolarben Coal Complex did not record any exceedance of the criteria in the Project Approval (05_0117).

Proposed Modification

The Moolarben Coal Complex, incorporating the Modification, would continue to comply with the air quality impact assessment criteria and the noise criteria outlined in Conditions 17 and 1, Schedule 3 of the Project Approval (05_0117).

In relation to potential air quality and noise impacts, it is noted:

- The Modification would not increase the maximum extraction of coal from open cut mining operations at the Moolarben Coal Complex (i.e. 13 Mt from Stage 1 and Stage 2 combined) and therefore would not materially change the total volume of coal handled at the Moolarben Coal Complex.

- No additional fleet would be operated in order to meet the additional ROM coal rate from Moolarben Coal Project Stage 1 (i.e. fleet would be diverted from Moolarben Coal Project Stage 2 and higher extraction rates from Stage 1 would only occur in areas of lower strip ratio relative to other approved mining areas).
- Given extraction of 9 Mt of ROM coal from Moolarben Coal Project Stage 1 open cut mining operations in any calendar year would only occur when the fleet is diverted to areas of lower strip ratio, this circumstance would result in the approved fleet handling more coal relative to waste rock material, and would not materially change the total volume of material handled.

Based on the above and with the continued implementation of the approved real-time response protocols, the Modification would result in no material alteration to the approved air quality and noise impacts of the Moolarben Coal Complex.

Greenhouse Gas Emissions

A greenhouse gas assessment was undertaken for the most recent modification to the Moolarben Coal Project Stage 1 (05_0136 MOD 9). The greenhouse gas assessment estimated the cumulative emissions from Moolarben Coal Project Stage 1 and Moolarben Coal Project Stage 2.

The Modification would not change the maximum extraction of coal from open cut mining operations at the Moolarben Coal Complex (i.e. from Stage 1 and Stage 2 combined) and would not change the total life of mine ROM coal. There would also be no change to the approved open cut mining fleet or mining method.

Therefore, although the Modification would result in minor changes to the relative timing of greenhouse gas emissions associated with Moolarben Coal Project Stage 1, there would be no material alteration to the combined maximum annual greenhouse gas emissions from Moolarben Coal Project Stage 1 and Moolarben Coal Project Stage 2 or the total estimated greenhouse gas emissions during the life of the Moolarben Coal Complex.

Approvals Pathway

The Moolarben Coal Project Stage 1 is a 'transitional Part 3A project' under clause 2 of Schedule 6A of the EP&A Act and therefore section 75W of the EP&A Act continues to apply to modifications to Project Approval (05_0117), despite its repeal¹.

¹ Part 3A of the EP&A Act (as in force immediately before its repeal) continues to apply for the Moolarben Coal Project Stage 1. The description and quotations of relevant references to clauses of Part 3A in this document are as if Part 3A of the EP&A Act is still in force.

Section 75W of the EP&A Act relevantly states:

75W Modification of Minister's approval

(1) *In this section:*

Minister's approval means an approval to carry out a project under this Part, and includes an approval of a concept plan.

Modification of approval means changing the terms of a Minister's approval, including:

- (a) *revoking or varying a condition of the approval or imposing an additional condition of the approval, and*
 - (b) *changing the terms of any determination made by the Minister under Division 3 in connection with the approval.*
- (2) *The proponent may request the Minister to modify the Minister's approval for a project. The Minister's approval for a modification is not required if the project as modified will be consistent with the existing approval under this Part.*
- (3) *The request for the Minister's approval is to be lodged with the Director-General. The Director-General may notify the proponent of environmental assessment requirements with respect to the proposed modification that the proponent must comply with before the matter will be considered by the Minister.*
- (4) *The Minister may modify the approval (with or without conditions) or disapprove of the modification.*

...

MCM requests the Minister for Planning assess the proposed modification under section 75W of the EP&A Act.

Requested Modification of Project Approval (05_0117)

MCM requests that the Minister for Planning (or delegate) modify Condition 6, Schedule 2 of the Moolarben Coal Project Stage 1 Project Approval (05_0117) under section 75W(4) of the EP&A Act. In particular, MCM requests the following change to this condition as indicated below:

Coal Extraction

6. *The Proponent shall not extract more than:*
- (a) ~~8 million tonnes~~ 9 million tonnes *of ROM coal from the open-cut mining operations of the project in any calendar year; and*
 - (b) *4 million tonnes of ROM coal from the underground mining operations of the project in any calendar year.*

It is proposed that no change is required to Condition 7, Schedule 2 of the Moolarben Coal Project Stage 1 Project Approval (05_0117), and it can remain as follows:

Coal Processing

7. *The Proponent shall not process more than 13 million tonnes of coal from the Moolarben mine complex in any calendar year.*

Optimisation of Underground Mine Extraction Limits

We note that MCM is currently reviewing its approved underground mines (UG1, UG2 and UG4) with a view to increasing the efficiency of those proposed operations. Our initial investigations suggest that the rate of extraction can be increased from the currently approved 4Mtpa from underground operations with minimal additional environmental impacts.

Once that optimisation assessment has been concluded, we expect to revert to the Department of Planning and Environment with an application to increase the extraction limits of underground coal. However, there is no current plan to increase ROM coal from open cut operations above the already approved 13 Mtpa.

Please do not hesitate to contact the undersigned should you wish to discuss.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Jacobs', with a large, stylized flourish underneath.

Mark Jacobs
General Manager, Environment & Approvals

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17 March 2015

Senior Planner, Mining Projects
Department of Planning & Environment
22-23 Bridge Street
SYDNEY NSW 2000

Attention: Paul Freeman

Dear Paul,

MOOLARBEN COAL PROJECT STAGE 1 (05_0117) – MODIFICATION TO COAL EXTRACTION LIMITS OF APPROVAL (MOD 10)

Please find herein a response to the queries raised in regard to Moolarben Coal Mine Pty Ltd (MCM)'s request for modification to the run-of-mine (ROM) coal extraction limits of approval under NSW Project Approval (05_0117) (the Modification).

I understand the queries relate to the following:

- The nature of the proposed increase in coal extraction limits for the Stage 1 open cuts (i.e. temporary or permanent).
- Information regarding the strip ratios of OC1 and OC2 to support the statement about currently mining in lower strip ratio areas relative to the other approved mining areas.
- Detail of interactions with proposed future modifications relating to production increases.

Please find a detailed response to each query below.

Nature of Proposed Increase in Coal Extraction Limits

MCM request that approval for the Modification be granted on a temporary basis for the 2015 and 2016 calendar years.

As described in my letter to David Kitto (dated 24 February 2015), an increase in the limit of ROM coal that can be extracted from the Moolarben Coal Project Stage 1 open cut mining operations would enable continued mining within approved areas of the OC1 and OC2 pits to proceed efficiently in parallel with the construction, development and commissioning of the approved Moolarben Coal Project Stage 2 (expected to occur over the next 12 to 18 months).

Once the Moolarben Coal Project Stage 2 open cut mining operations (OC4) have commenced, MCM will be able to remain within the existing Stage 1 ROM coal extraction limit of 8 Mtpa without disrupting operations.

Additional Information Regarding Strip Ratios in OC1 and OC2

As described in my letter to David Kitto (dated 24 February 2015), the approved mining fleet is currently mining approved areas (i.e. OC1 and OC2) with a lower strip ratio relative to other approved mining areas (e.g. OC4).

Substantial delays to determination of Stage 2 and the time it will take to obtain all necessary subordinate approvals and a Mining Lease, has significantly delayed commencement of the OC4 box-cut. Further, mining had been precluded from areas approved under Stage 1 Modification 9 until the Secretary expresses satisfaction that MCM has met the requirements of condition 69 to schedule 3 of PA 05_0117. As you are aware, access to the Mod 9 coal was finally secured (by satisfaction of Condition 69) on 13 March 2015.

However, the time taken in regard to the above matters has resulted in open cut mining operations being constrained to lower strip ratio areas in existing open cut pits, rather than balancing high and low strip ratio areas within these pits, or commencing a new box-cut (in OC4) which inherently involves a greater strip ratio as a significant amount of waste rock is removed prior to coaling.

The current strip ratios within OC1 and OC2 are approximately 25% lower than previously planned due to this delay (i.e. approximately 3:1 compared to 4:1).

Detail of Interactions with Proposed Future Modifications Relating to Production Increases

As discussed previously with the Department, MCM are currently preparing Environmental Assessments for two modifications for the Moolarben Coal Complex, namely:

- the Moolarben OC4 South-West Modification; and
- the Moolarben UG1 Optimisation Modification.

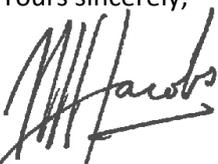
No change to the coal extraction limits under NSW Project Approval 05_0117 or 08_0135 are proposed as part of the OC4 South-West Modification.

The UG1 Optimisation Modification proposes an increase to the ROM coal extraction limit from the combined underground mines however no change is proposed to the ROM coal extraction limits from the open cuts.

Therefore MCM considers there to be no significant interaction between the Modification and any planned future modifications at the Moolarben Coal Complex, particularly given the temporary nature of the proposed Modification.

Please do not hesitate to contact the undersigned should you wish to discuss.

Yours sincerely,



Mark Jacobs
General Manager, Environment & Approvals