

PRIVATE company Cascade Coal, subject to a \$A486 million takeover offer from White Energy, is targeting up to 5 million tonnes per annum run-of-mine over 20 years from its \$400 million Mt Penny open cut project in New South Wales.

Cascade Coal's preliminary environmental assessment and project application were recently released by NSW Department of Planning.

Located in the Western Coalfields, 3 kilometres northwest of the village of Bylong and 60km northeast of Mudgee, the thermal coal project's exploration licence (EL 7406) covers 84 square kilometres south of the Goulburn River National Park.

With an anticipated construction workforce of 300, building of the mine is expected to start in 2013 and take between 12 and 18 months to complete, while 250 operational jobs will be created from the proposed 24-7 operation.

The mine will require ROM coal facilities for initial processing, plus a coal processing plant, stockpiles, conveyors, plus associated coal and reject-handling facilities.

To reduce environmental impacts, Cascade plans to undertake in-pit emplacement for overburden even though this creates some additional re-handling work.

To power the mine a 66 kilovolt powerline from the Bylong substation is planned.

A bi-directional rail loop on the northern side of Sandy Hollow on the Ulan rail line is planned to allow coal to be freighted to Newcastle, and potentially through to Port Kembla for export.

The company has already secured 1500 megalitres of existing and alluvial-water access licences, deemed sufficient for the operation.

Other construction items include dams, borefields, an upgrade of the local road network, a temporary overburden emplacement area outside of the pit, plus administrative buildings, bathhouses and workshops.

Up to 4.25Mtpa of product coal is expected over the 20-year mine life, and the proposed equipment fleet includes four excavators, one loader, one surface miner and 22 haul trucks that can move 204t.

The open cut is expected to reach a depth of 100 metres, and cover 1200 hectares.

Mining is slated to start in the north and progressively head south in a series of 100m wide strips.

Waste is planned to be dumped back into the mined-out void starting about midway through the first year of production.

"This will provide the advantages of reduced haul for the haul trucks, a reduced footprint of the mining operation and allow consistent release of mine waste dumps for shaping and rehabilitation," Cascade said.

With 95.3Mt of measured resources and 22.3Mt indicated, Cascade's current mine planning estimates a resource to reserve recovery of 101Mt or 90%.

The project is targeting the Coggan, Ulan Lower, Ulan Upper and Goulbourn River seams.

While the Ulan seams have a higher ash content, the other two seams are expected to lower the total target ash content to a range of 17-20% through blending.

Cascade said land access agreements were in place for all relevant properties in the project area for geological and environmental investigations.

The land in the Coggan Valley was also considered as traditionally "overgrazed", resulting in reduced agricultural productivity.

Cascade has undertaken 3950m of exploration drilling through 65 boreholes, including 2600m of coring since an environmental licence was granted in October 2009.

The NSW Coalition would review the circumstances of how exploration licences were granted to Cascade and NuCoal Resources after winning government at the election late this month, according to a recent *Australian Financial Review* report.

However, White Energy, led by ex-Felix Resources duo Brian Flannery and Travers Duncan, does not believe that review would apply to the Mt Penny project as it has already entered into the development application stage.

An *AFR* investigation of Cascade in early December found that five White directors were each 12% shareholders of the company, including Flannery and Duncan.



Conceptual mine layout, courtesy of Cascade Coal.



Mt Penny project location.