

APPENDIX D

STAKEHOLDER CONSULTATION

MT ARTHUR COAL PROJECTS UPDATE



FEBRUARY 2009

THE BACKGROUND

Mining commenced within the Mt Arthur Coal complex in the 1960s in the Bayswater No. 2 pits. Coal production progressively increased and approval to mine at Bayswater No. 3 at a rate equivalent to 5 Mtpa ROM coal was granted in 1994. In 2001 the Mt Arthur North project commenced development following an extensive social and environmental assessment process. The current Mt Arthur Coal operation comprises the: Mt Arthur North Mine, Bayswater No. 2 Mine, Bayswater No. 3 Mine and South Pit Extension; and the Mt Arthur Coal Exploration Adit and Mt Arthur Underground Project. The purpose of this newsletter is to provide you with an update on the status of Mt Arthur Coal's current projects and plans.



Photo: Mt Arthur Underground Exploration Adit

In early 2008 the Mt Arthur Underground Project Application was lodged with an accompanying Environmental Assessment following a detailed stakeholder engagement program. In December 2008 the NSW Minister for Planning granted Development Consent for the proposed Mt Arthur Underground Project, permitting 21 years of longwall mining operations at the Mt Arthur Coal mine. This approval, when combined with the existing open cut operations, enables Mt Arthur Coal to produce up to 28 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal and employ up to 1,120 full time employees.

Since its approval in 2006, the exploration adit (trial mine) is being progressed and is providing valuable information regarding constraints and issues associated with the geology and mining techniques in the underground operation. Full development of the Mt Arthur Underground Project will not commence until the project's feasibility phase is complete, is found to be technically feasible and commercially sound, receives BHP Billiton Board approval and all regulatory requirements are met. These requirements include a review and update of site environmental management strategies, plans and monitoring programs.

MT ARTHUR COAL CONSOLIDATION PROJECT

Mt Arthur Coal's open cut mine currently operates under four different development consents with over 790 consent conditions. Given this complexity, Mt Arthur Coal is seeking to combine these development consents into one single contemporary planning approval for its open cut operations. This will update all of the older leases to the modern and higher environmental standard. It will also gain approval to access further coal reserves located within the current mining lease boundary as part of Mt Arthur Coal's long term growth plans. This is being referred to as the **Mt Arthur Coal Consolidation Project** (the Consolidation Project). The following information provides a general overview of the proposed Consolidation Project, an outline of the NSW government's planning approvals process that the company will be required to follow, and

most importantly an outline of how you, the community, can be involved in the process.

At Mt Arthur Coal, current approvals allow for 28 Mtpa ROM coal to be produced from the underground and open cut operations combined. The proposed Consolidation Project would increase the amount of ROM coal that is produced by 8 Mtpa. Open cut extraction will be limited to a maximum of 32 Mtpa.

Approval for the Consolidation Project will provide Mt Arthur Coal with the flexibility to respond to changing external market conditions and technical mining constraints into the future and as such Mt Arthur Coal proposes the following technical changes:

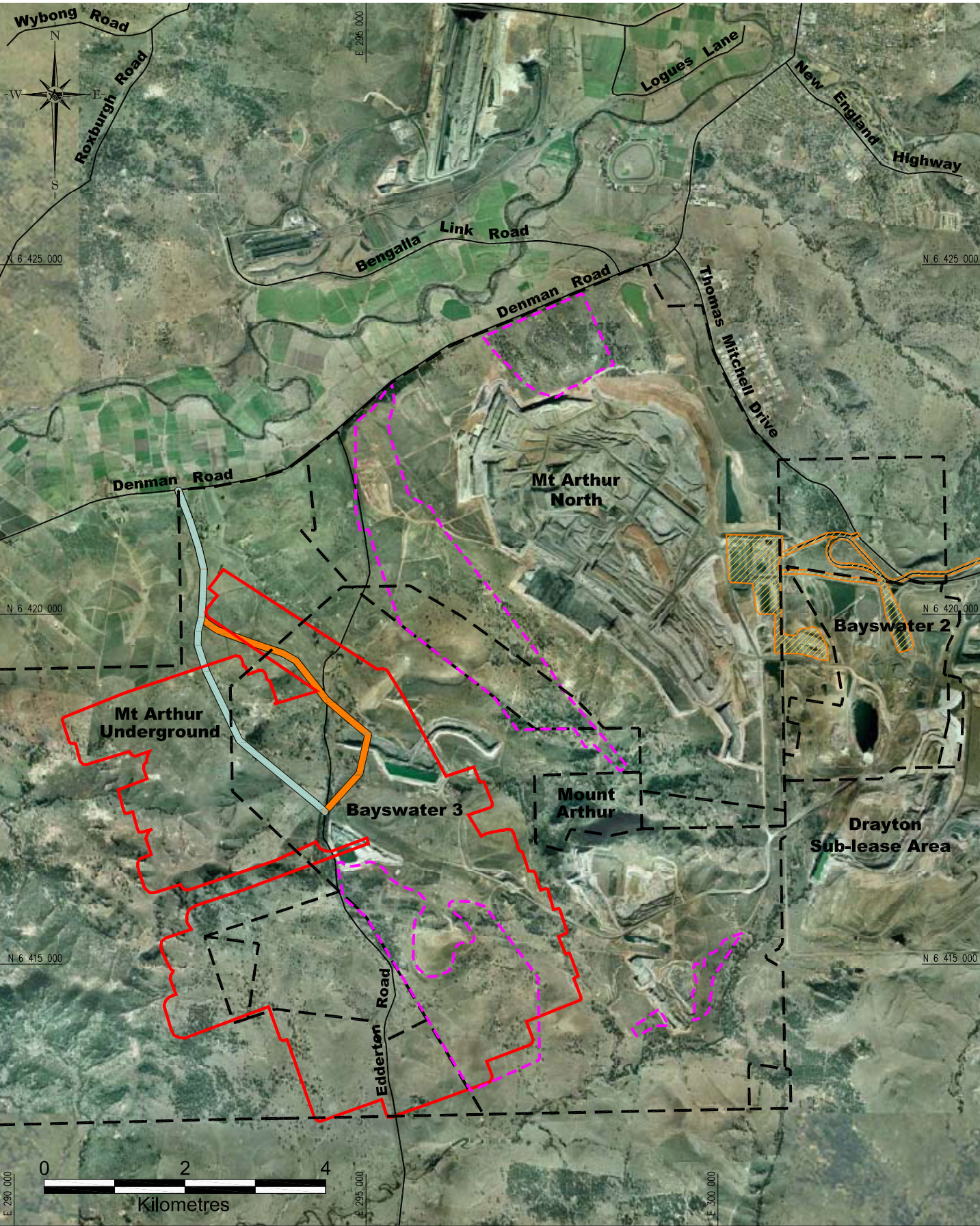
- ▶ Consolidation of Mt Arthur Coal's four open cut development consents into **one** contemporary approval;

- ▶ Extending the mine footprint to uncover additional coal reserves within the current mining lease boundary;
- ▶ Relocating and upgrading a section of Edderton Road (proposed for around 2019);
- ▶ Upgrading the existing Coal Handling and Preparation Plant to enable increased recovery of coal and reduce water demand;
- ▶ Increasing the approved rail haulage capacity and constructing a second rail load out facility, and other associated infrastructure; and
- ▶ Modifying existing infrastructure (such as workshop and bathhouse) and construction of new infrastructure (such as a ROM coal hopper and coal stockpiles).

In addition to the mine changes outlined above, an increase of up to **970** new full time positions is anticipated, taking the total approved workforce to approximately 2,108 during peak production.



Photo: Mt Arthur Coal complex



- Mining Lease Boundary
- - - Additional Open Cut Disturbance
- Mt Arthur Underground Disturbance Area
- Edderton Road Realignment Option 1
- Edderton Road Realignment Option 2
- ▨ Current Infrastructure

APPROVAL PROCESS

Planning approvals will be sought from the NSW Minister for Planning (facilitated through the Department of Planning) under Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act). The Approvals process requires that a detailed Environmental Assessment (EA) be prepared. This work is being undertaken by Hansen Bailey, environmental consultants.

Specialist studies to be undertaken as part of the EA include:

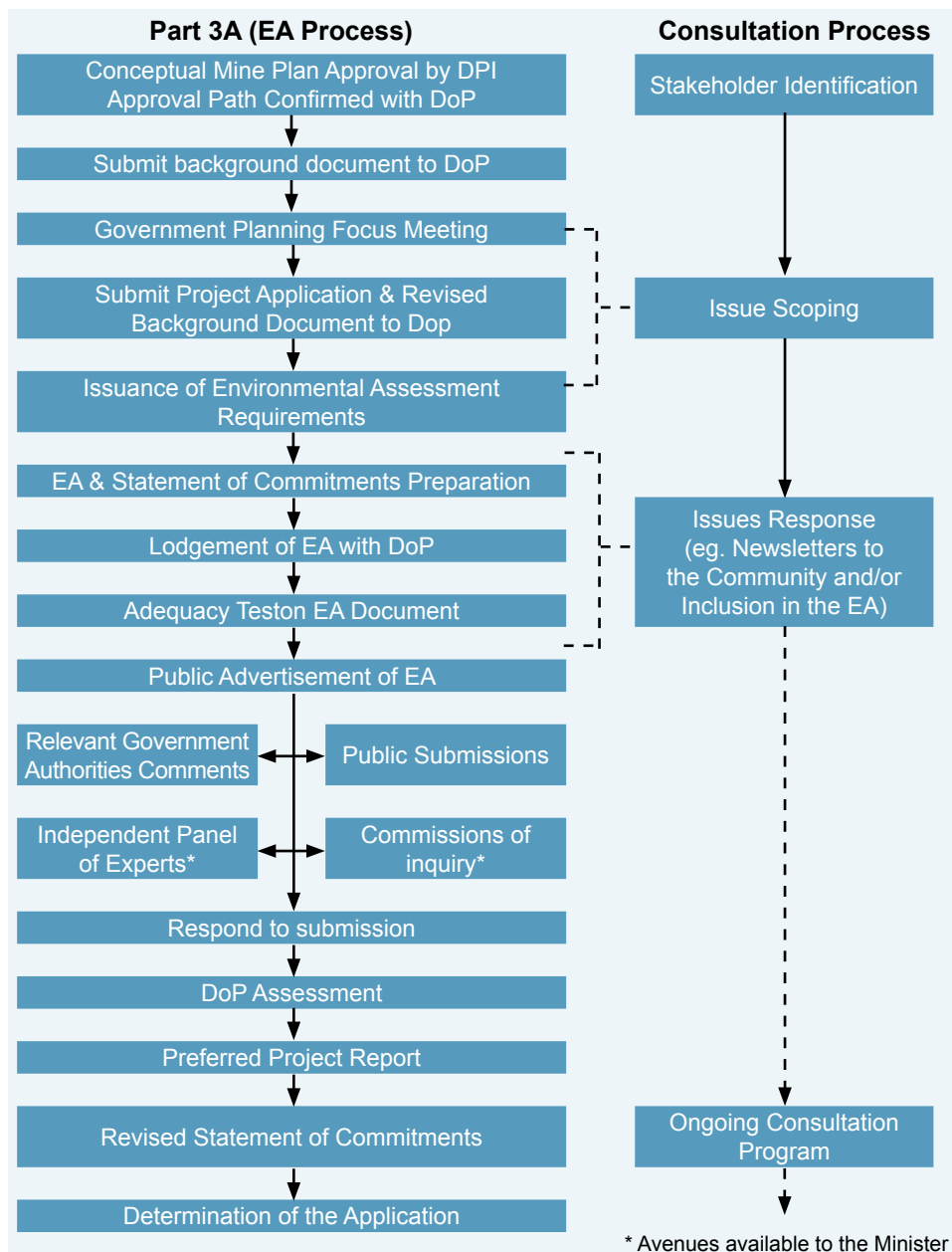
- ▶ Ecology
- ▶ Aboriginal and non-Aboriginal heritage
- ▶ Greenhouse
- ▶ Acoustics (noise and blasting)
- ▶ Traffic and Transport/Water (surface and ground)
- ▶ Economics
- ▶ Social Impact Assessment

Stakeholder Engagement Program

Community involvement is a key part of the approval process. Over the next four months Mt Arthur Coal's ongoing community engagement program will include additional engagement with members of the local community (e.g. landholders, employees, government, community groups and other interested stakeholders) to ensure that potential social impacts associated with the proposal are documented and where possible addressed through appropriate mitigation measures.

Coakes Consulting, who was involved in the Social Impact Assessment and consultation process for the original Mt Arthur North Mine and Mt Arthur Underground Project will be assisting Mt Arthur Coal by making contact with members of the community to provide information on the proposal and to obtain feedback.

The EA and project approval is likely to take approximately 12 months to complete. The following flow chart provides a summary of the key steps involved in the process. Once lodged with the Department of Planning, the EA will also be placed on public exhibition. During this period the community will be able to make further comment to the Department of Planning on the project, to be considered in the assessment process.



FURTHER INFORMATION

If you would like to register your interest or would like to make a time to learn more about the project, please don't hesitate to contact:

Mt Arthur Coal

Sarah Withell – Environment and External Affairs Manager

Phone: 1800 882 044

email: mtarthurcoalfeedback@bhpbilliton.com

We look forward to your involvement in the project.

Coakes Consulting

Ms Erika Blockley – Principal Consultant

MT ARTHUR COAL PROJECT UPDATE



MAY 2009

As part of Mt Arthur Coal's broader community engagement and social assessment program, community consultation was undertaken during February 2009. The purpose of the consultation was to gain community feedback regarding Mt Arthur Coal's operations as well as specifically about the proposed Mt Arthur Coal Consolidation Project. The feedback from these meetings will inform the overall development of the Environmental Assessment for the project.

Over 100 near neighbours were invited to participate in these discussions, with approximately 50 face to face interviews conducted. At the same time, discussions took place with other key stakeholders such as the Muswellbrook Shire Council, the Mt Arthur Coal Community Consultative Committee and government agencies.

This project update sheet provides a summary of some of the key issues that emerged from the initial phase of the consultation process. A range of questions was also raised by landowners and residents during the meetings, and this newsletter aims to provide answers to some common questions in the following sections.



WHAT YOU TOLD US...

You raised a number of topics, the most common themes being dust, employment opportunities, blasting, general impact of mining on lifestyle, effect on property values, noise from operations, as well as the cumulative impacts of mining on Muswellbrook.

Many people we spoke to did not distinguish between the potential impacts of the Mt Arthur Coal Consolidation Project and the cumulative impacts of mining in general. Therefore, some of the concerns raised were in reference to any additional mining in Muswellbrook, rather than in relation to the project itself.

DUST

"Dust affects everyone in the whole Valley"

Residents who live close to the mine were concerned about the impacts of dust on their specific properties and homes. They felt they needed to clean their house, pools and vehicles more frequently, and some farmers were concerned about dust affecting their stock feed.

Some residents suggested mining companies work together as a collective group to address the dust issue. While many people acknowledged Mt Arthur Coal is taking steps to minimise dust impacts, they felt more needed to be achieved.

DUST FREQUENTLY ASKED QUESTIONS (FAQS):

How do you monitor dust, and where are Mt Arthur Coal's dust monitors located?

Dust management at Mt Arthur Coal is proactive and involves the integration of operational procedures, alarming systems and an extensive monitoring network surrounding the site (ref. page 3), which consists of depositional dust gauges to measure coarse particles, PM10 monitors running on a set schedule and real time PM10 monitors which operate continuously, to measure smaller sized particles.

How do you manage dust?

Mt Arthur Coal implements a management plan that provides a framework to monitor, assess and mitigate dust impacts. Operational controls on site to minimise dust include:

- ▶ minimal disturbance ahead of active mining
- ▶ use of up to five water carts to suppress dust generated from haul roads
- ▶ accelerating rehabilitation of mined areas
- ▶ an SMS alarming system for strong wind events to enable operational personnel to modify activities where required
- ▶ strategic use of low dumping areas to minimise dust generation during high wind events
- ▶ restricting blast events to suitable weather conditions
- ▶ auto start for stockpile sprays in windy conditions
- ▶ enclosed run of mine (ROM) dump, enclosed conveyors and CHPP with associated sprays
- ▶ trialling dust suppressant techniques on haul roads and other exposed areas.



Bitumen based dust suppressant trial

AERIAL PLAN OF PROJECT INCLUDING ALL MONITORING LOCATIONS



- EA Boundary
- MAC Consolidation Extension Area
- Meteorological Station
- Ground Water Monitor
- Surface Water Monitor
- Flora & Fauna Monitor
- Blast Monitor
- Depositional Dust Monitor
- Real-time Dust Monitor
- HVAS PM10 Monitor
- Periodic Noise Monitor
- Real-time Noise Monitor

EMPLOYMENT

"More permanent positions mean people will stay in town and bring their family"

The majority of people recognised the mine will create additional employment opportunities and many flow-on economic benefits to Muswellbrook and the region. Some people felt that although Mt Arthur Coal makes a significant contribution to local employment, the company should encourage people to reside locally where possible. This would increase the economic benefits to Muswellbrook and help create better infrastructure and services for the town.

Some people believed one of the downsides to increased mining employment is its potential impact on the ability of other industry sectors to attract and retain staff. They also said local businesses and service providers need time to plan for the growth that will come with additional workers to ensure service levels remain at a good standard.

EMPLOYMENT FAQs

Will you advertise jobs locally?

Yes, Mt Arthur Coal advertises job opportunities in the local newspapers and on the BHP Billiton employment site (<http://bhpbilliton.com/bb/peopleEmployment/bhpBillitonJobs.jsp>).

BLASTING

"Blasting makes our house shake"

Some people felt blasting caused damage to their house and its contents. They were frustrated that they could feel blasts often and were not sure of the impact this may have on their home.

Some people living close to the Racecourse were concerned about the impact of blasting on their horses, whereas other people felt the blasting did not affect them at all.

BLASTING FAQs:

How do you measure blasting?

Mt Arthur Coal has in place a comprehensive blast monitoring system that includes dedicated monitoring sites in the surrounding community (ref. page 3) which relay results back to the mine site. The monitoring records vibration levels which travel through the

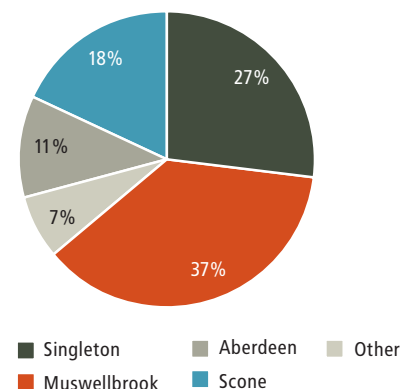


Equal opportunities for women in non traditional roles



2009 new apprentices

Mt Arthur Coal Permanent Employees by Residential Location



ground and overpressure which travels as sound waves through the air.

How do you manage the noise and vibration impact of blasting?

Mt Arthur Coal has implemented a blast management plan that prescribes the system for blast monitoring, assessment, impact mitigation and reporting. Blasting activities are carefully planned to minimise the potential for impacts on the neighbouring community and blast sensitive structures including heritage buildings.

The approach taken to reduce potential for impacts on the community and structures include the following measures:

- ▶ modelling of impacts prior to each blast
- ▶ use of appropriate stemming to prevent explosives being released upwards and causing overpressure impacts

- ▶ pre-blast assessment to prevent impacts on the environment and community
- ▶ assessing the risk of fume for each blast
- ▶ notifying nearest residents of proposed blast times by personal call or weekly letter, if requested, and publishing on the BHP Billiton website
- ▶ liaising with other mines to prevent concurrent blasts
- ▶ delaying blasts where weather conditions represent an unacceptable risk of off-site impacts
- ▶ undertaking periodic structural inspections of blast-sensitive structures.

These measures often exceed statutory requirements demonstrating Mt Arthur Coal's commitment to reducing impacts on its neighbours.

IMPACT ON QUALITY OF LIFE

"If we had known we wouldn't have built here"

Some people who were interviewed felt mining activities in general were impacting their lifestyle. They believed the cumulative impact of all the mines in Muswellbrook contributed to impacts such as noise, increased traffic, road safety issues, dust and visual amenity.

Meanwhile many acknowledged the significant contribution Mt Arthur Coal makes to the local community, thus conversely improving the lifestyle of the community.

IMPACT ON QUALITY OF LIFE FAQs

What community programs is Mt Arthur Coal currently supporting?

Mt Arthur Coal supports a large number of local community activities and organisations through financial, voluntary and in kind assistance, with a focus on the areas of health, education/training, community development, environment and arts/culture. (See table on right).

How do I find out more about Mt Arthur Coal's community investment program?

Mt Arthur Coal publishes regular updates about its community engagement and investment programs through its biannual external newsletter, *Community Matters* and in the Annual Environmental Management Report.

A copy of the Mt Arthur Coal Community Fund Application form is available on the website. (<http://bhpbilliton.com/bb/ourBusinesses/energyCoal/mtArthurCoal/community.jsp>) or by calling Mt Arthur Coal on 02-6542 4800.

Community groups that received financial support through the Mt Arthur Coal Community Fund during 2008 included:

Aberdeen Highland Games
Aberdeen Public School
Denman Amateur Swimming Club Carnival
Denman and Sandy Hollow Junior Rugby League
Denman Playgroup
Denman Public School
Dunmore Lang Christian School P & F Association
Hunter Life Education Partnership
Hunter New England Health
Hunter New England Health Local Health Advisory Committee Denman
Lions Club of Muswellbrook
Merriwa & District Little Athletics
Muswellbrook & Upper Hunter Eisteddfod
Muswellbrook Amateur RSL Youth Swimming Club Inc
Muswellbrook Chamber of Commerce & Industry
Muswellbrook Girls Junior Touch Football Under 10s
Muswellbrook High School
Muswellbrook Hospital
Muswellbrook Out of School Hours Care (MOOSH)
Muswellbrook Police
Muswellbrook Polocrosse Club
Muswellbrook Poultry Club
Muswellbrook Race Club
Muswellbrook SES
Muswellbrook Shire Council
Muswellbrook Shire Council Indoor Swimming Pool
Muswellbrook South Public School
Muswellbrook Vietnam War Memorial
Muswellbrook Visitor Information Centre
Rouchel Public School
Sandy Hollow Public School P&C Association
Scone High School
St James Primary School P & F Association
St Josephs Aberdeen High School
St Mary's School Scone
Starlight Foundation Masquerade Ball at Maitland Gaol
TransCare
Upper Hunter Conservatorium of Music
Upper Hunter Food & Wine Affair
Upper Hunter Veteran Golfers Association
Wateraid
Westpac Rescue Helicopter Black Coal Cup

(Some organisations were given financial assistance on more than one occasion)

PROPERTY VALUES

The community's views were mixed on how the project could potentially impact property values in the area. They thought the project could reduce property prices of those located close to the mine, whereas others felt the influx of new employees would help maintain or increase property prices.

Some people were unclear about Mt Arthur Coal's acquisition policy and suggested more information be provided about property acquisition, especially for those people whose properties may fall within a current or future Zone of Affection.

PROPERTY VALUE FAQs

What are Zones of Affection and what do they mean to me?

Zones of Affection are determined through the Environmental Assessment modelling at the beginning of a project, and also through environmental monitoring during the life of a project. If the modelling or monitoring results show that your property falls into a Zone of Affection, Mt Arthur Coal has a legal obligation to make you aware of this and will do so by contacting you directly via mail and arranging a meeting to discuss the

process. If you are in a Zone of Affection, Mt Arthur Coal will work with you to ensure that impacts from the mine are minimised as much as possible. If Mt Arthur Coal cannot mitigate impacts to conform to the Department of Planning's development consent criteria, your property may fall into a Zone of Acquisition. If your property falls within a Zone of Acquisition as a result of Mt Arthur Coal's operations, you can request Mt Arthur Coal purchase your property. Upon receiving your request Mt Arthur Coal will undertake the acquisition in accordance with the development consent conditions.

WATER

Some people wanted to know whether the project would impact on underground water supplies, and others were concerned visual bunding may alter the flow of water during heavy rain periods.

WATER FAQs

Do the Mt Arthur Coal operations use town water or other water?

Mt Arthur Coal is committed to managing its operations to conserve water and will continue to maximise on site water storage and water recycling; re-use mine water; utilise treated effluent from external suppliers where available; and minimise consumption and losses where feasible.

Mt Arthur Coal's water management system comprises of clean water imported to site from the Hunter River, mine water collected from runoff and recycling from the CHPP, treated effluent from the Muswellbrook Shire Council Effluent Reuse Scheme and fresh water from the potable water supply system.

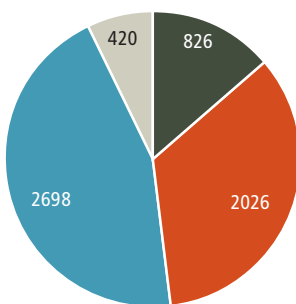
A system of water storage and diversion structures is used to manage water in such a way as to minimise the site's reliance on clean water use and maximise reuse of recycled mine water.

Objectives of the site water management plan include:

- ▶ where possible, divert runoff from undisturbed areas around areas disturbed by mining activities and allow to drain from the site;
- ▶ provide water storages to ensure sufficient capacity for mine site usage;
- ▶ collect runoff from all active mining areas, overburden emplacement areas and establishing rehabilitation areas in catch drains and direct to sediment traps and settling dams to remove suspended sediment, prior to drainage from site; and
- ▶ provide an adequate level of flood protection for mining operations and the open cut pit.

On site water storages are then used for dust suppression on haul roads and coal stockpiles, and in processing of coal in the Coal Handling and Preparation Plant. Mt Arthur Coal has not discharged mine water into the Hunter River in the last eight years.

**Mt Arthur Coal
Water Sources 2008 (ML)**



- Open Cut Seepage 420
- MSC Effluent 826
- Hunter River 2026
- Rainfall/runoff 2698

NOISE FROM OPERATIONS

*"I can hear the beepers,
but I don't know which
mine they come from"*

Several people who live close to operations said they were affected by the constant background mining noise during the day. They said the level of noise they heard depended on the time of day, weather, and season.

At the same time, many people acknowledged Mt Arthur Coal had made significant efforts to reduce operational noise and were happy with the current management of noise impacts.

NOISE FAQS

How do you monitor the noise from operations?

Mt Arthur Coal undertakes noise monitoring in the surrounding community on both a continuous and periodic basis.

Real time monitors are located within the community around the mine site and attended monitoring is also conducted by an independent expert (ref. page 3).



Noise testing of a dozer at Mt Arthur Coal

Data from the real time monitors is relayed back to the mine site and assessed continually. Audio recordings are also used to confirm the noise source or sources when elevated noise levels occur and SMS alerts are automatically

sent to the mine's operational personnel when off site noise levels are approaching target levels. SMS alerts trigger an operational response to investigate and if required reduce noise levels.

TRAFFIC – ROAD AND RAIL

Several people mentioned the cumulative impact of the mining industry on road and rail traffic. For road traffic, they felt there could be increased traffic noise and road safety issues as a result of the project or any expansion of mining activities in the town.

In regard to rail traffic, people believed the noise had been gradually increasing over time and some experienced sleep disturbance at night.

Results of the traffic study will be available soon.

TRAFFIC FAQS

What will be the rail movements associated with the project?

Maximum number of daily rail movements will not increase from our currently approved level of 24 rail movements per day, however Mt Arthur Coal is seeking an increase in rail haulage from 19 to 27 million tonnes per annum. As a result, there will be an increase in the number of days where there will be 24 rail movements per day.

WHERE TO FROM HERE?

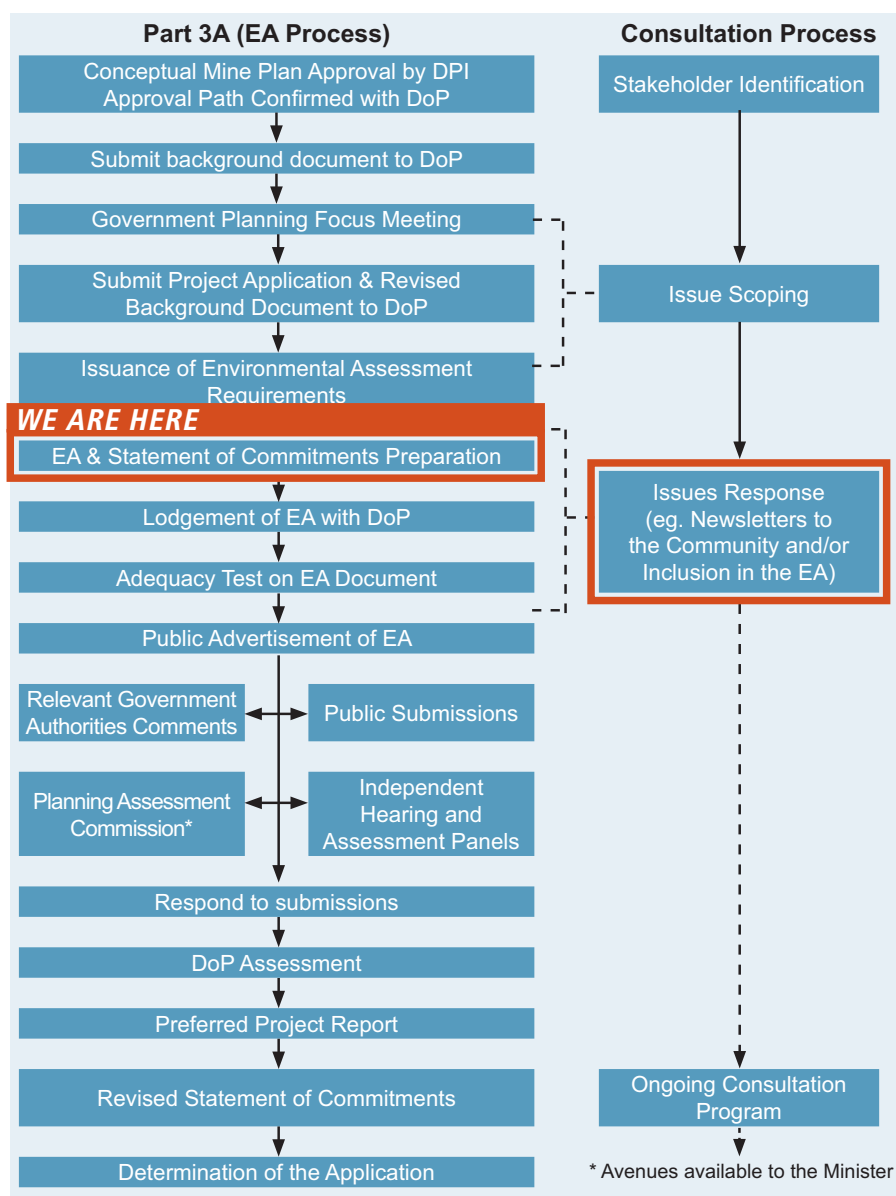
The information obtained through the social assessment and specialist environmental studies being undertaken for the project is currently being collated and analysed.

During May to July 2009 the project team will provide further feedback on the information we have gathered to individuals and groups who have expressed an interest in further involvement. If you'd like to be included in these feedback sessions, please register your interest by calling 1 800 822 044.

THANK YOU

Thank you to all of you in the community who have participated in the consultation program to date and for giving up your valuable time to discuss your thoughts and issues with us. Your input and contributions are much appreciated.

Mt Arthur Coal values your feedback, so please do not hesitate to contact us if you have any queries or concerns.



FURTHER INFORMATION

If you would like to register your interest or would like to make a time to learn more about the project, please don't hesitate to contact:

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