Appendix C

Stakeholder Consultation

ANGLO COAL

DRAYTON

Anglo Coal (Drayton Management)

DRAYTON MINE EXTENSION
Environmental Assessment

May 2006

Newsletter 1

Introduction

Anglo Coal (Drayton Mine) is located approximately 13 kilometres (km) South of Muswellbrook in the Upper Hunter Valley, NSW. Drayton was granted Development Consent in September 1980, with first coal produced in June 1983.

Drayton currently has approval to mine up to 5.5 Million tonnes per annum (Mtpa) of coal until 2012. Mining is conducted 24 hours per day, by dragline, loading units and a fleet of trucks. For the calendar year 2005, Drayton produced 4.6 million tonnes of coal for export and domestic markets. The mine currently employs 360 personnel, including local contractors.

Drayton is operated and managed by Anglo Coal Australia, which is the management company for the Drayton Joint Venture. The current participants and their interests in the Drayton Joint Venture are:

- Anglo Coal Australia Pty (88.17%);
- Mitsui Coal Development (Australia) Pty Limited (3.83%);
- Mitsui Mining Australia Pty Limited (3.0%);
- Hyundai Australia Pty Limited (2.5%); and
- Daesung Australia Limited (2.5%).

Figure 1 - The Proposal

The Project

Drayton is applying to the NSW Department of Planning (DoP) for Project Approval to recover additional coal reserves within its current Mining Lease to extend the life of the mine. A number of improvements to the mining operation and additional mine planning flexibilities will be sought at the same time to ensure Drayton remains competitive during the mine life (see Figure 1).

Specifically, the additional reserves allow the extension of the mine life from 2010 to 2017. The project also provides for an increase in maximum allowable annual production from 5.5 Mtpa saleable coal to 8 Mtpa saleable coal. Increasing operational efficiencies will be realised by upgrading existing coal stockpile reclamation system and existing Coal Handling Plant. This will incorporate a new domestic product coal stockpile area of 40,000 tonnes.

To minimise environmental impacts and to further assist operational efficiency, changes to Drayton's water management system will be undertaken to maximise recycling at the mine. A final landform plan and final land use options will be developed for the community's consideration as part of this project.

Drayton intends to continue to operate to the high environmental performance standards that it has set itself since operations commenced in 1983.

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The Approval Process

Drayton proposes to submit an application for Project Approval under Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act) to DoP in March 2007.

An Environmental Assessment (EA) is being prepared to support this application. The EA is being prepared by Hansen Consulting and will include detailed environmental assessment from relevant specialists on (at least):

- Air Quality;
- Noise and Vibration;
- Visual Amenity;
- Flora and Fauna;
- Indigenous and European Heritage;
- Socio-economics;
- Surface and Groundwater impacts;
- Spontaneous Combustion;
- Cumulative Effects; and
- Findings from Community Consultation.

Community Consultation

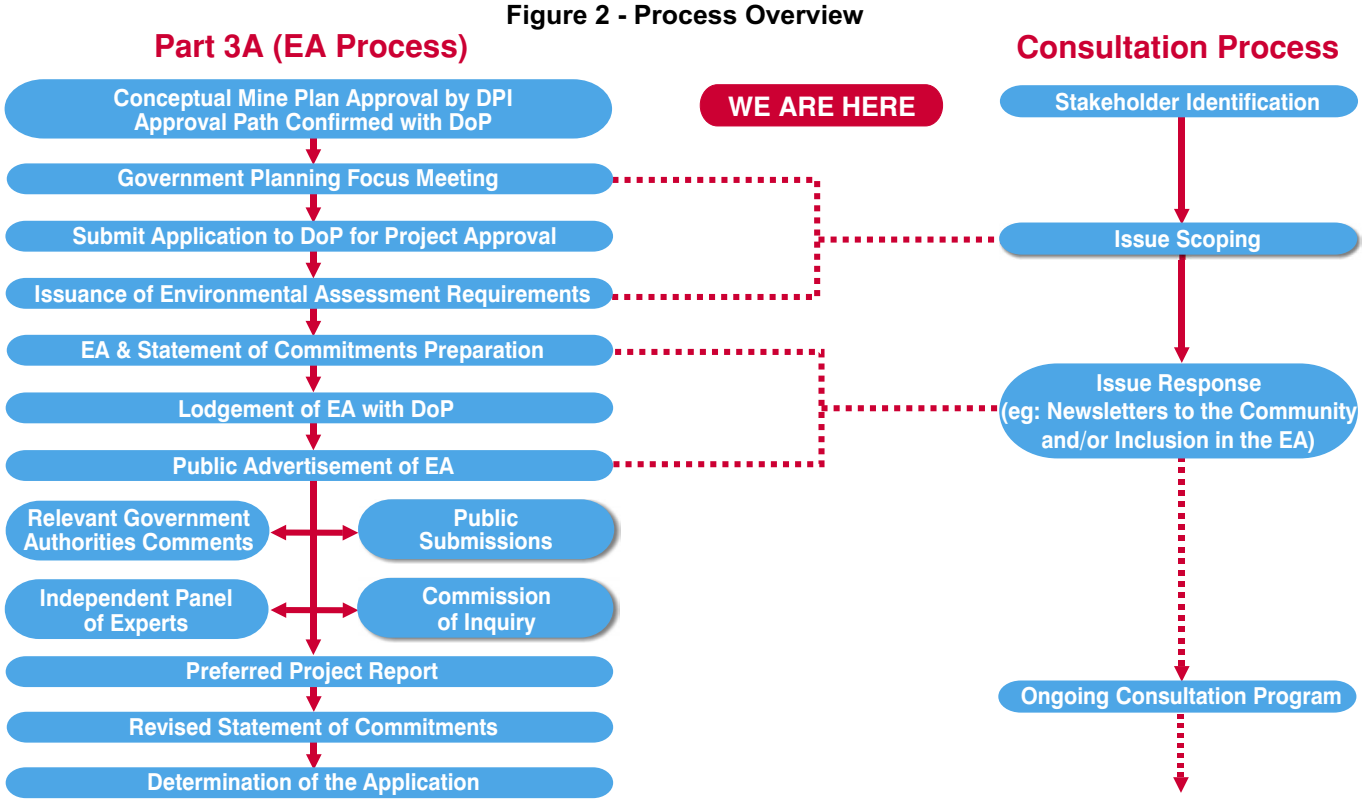
Drayton is committed to striving for best practice environmental management and establishing and maintaining open and honest two-way communication with its neighbours and other stakeholders.

Preliminary consultation has been undertaken with various authorities including: DoP, Department of Primary Industries (DPI), Muswellbrook Shire Council (MSC) and the Drayton Community Consultative Committee (CCC).

Hansen Consulting has been appointed by Drayton to conduct an independent Community Consultation program. Community Consultation will take the form of personal visits to adjacent neighbours, regular presentations to the Drayton CCC and the distribution of regular newsletter updates to all interested parties.

The main purpose of the Community Consultation program is to determine the Community's views on the Project, so that they can be carefully considered in the planning and approvals process. The flowchart below illustrates the process by which Drayton will seek the opinions of the Community in relation to the approval process for the Project.

Figure 2 - Process Overview



Further Information:

If you have any enquiries regarding the proposed Drayton Mine Extension, or the current mining operations, please contact:

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Anglo Coal (Drayton Management Pty Ltd)

DRAYTON MINE EXTENSION
Environmental Assessment

July 2006

Newsletter 2

Introduction

Drayton Mine (Drayton) submitted a Project Application to the NSW Department of Planning (DoP) in July 2006 to recover additional coal reserves within its current Mining Lease and to extend the life of the mine. Specifically, the Project includes the following:

- An extension of mine life from 2010 to 2017;
- An extension of mining footprint to uncover additional coal reserves within the current Mining Leases. Mining activities will remain South of Thomas Mitchell Drive;
- An increase in maximum Run-of-Mine (ROM) coal production up to 8 Million tonnes per annum (Mtpa);
- Upgrade of the existing stockpile reclamation system and existing Coal Handling Plant (CHP); and
- Modifications to Drayton's power reticulation and water management systems.

An Environmental Assessment (EA) is currently being prepared by Hansen Consulting to support an Application for Project Approval to be submitted in early 2007.

Details of the Project are provided in the Drayton Mine Extension Newsletter 1 which was distributed in May 2006.

Stakeholder Consultation

Consultation over the Project commenced in May 2006.

Over 30 interviews were undertaken with neighbouring landowners, State and Local Government agencies, community groups and other interested parties.

This Newsletter provides a summary of the key issues identified during the briefings. A detailed discussion on the findings of Community Consultation will be presented in the EA. This newsletter provides separate feedback on both current mine issues and Project issues raised during the briefings.

Stakeholder Current Mine Issues

Several issues were raised during the briefings in relation to Drayton's current operations. These issues and the current management techniques employed at Drayton to manage these impacts are outlined below.

Noise

Stakeholders raised concerns of noise intrusion, from the CHP area particularly at night. Drayton currently conducts an extensive noise monitoring program, inclusive of weekly monitoring. Independent noise assessments are regularly undertaken and pro-active noise barriers have been installed at the rail load-out bins and CHP area.

Blasting

Stakeholders were concerned about the impacts of blasting from the current operations in relation to property damage and vibration felt. Drayton currently undertakes a comprehensive blast and vibration monitoring program, and operates within the Muswellbrook Shire Council (MSC) approved Blast and Vibration Management Plan. Drayton aims to minimise the environmental and social impacts of their blasting activities.

Dust

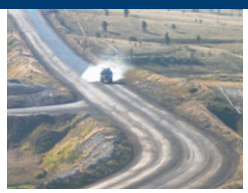
Stakeholders raised concerns of dust impacts from the current operations particularly from the CHP. Monitoring results show Drayton currently operates to the DoP approved Air Quality Management Plan, and conducts extensive monitoring. Drayton currently meets NSW Government Guidelines however it is endeavouring to reduce dust emissions in recognition of its neighbour's concerns.

Water Management

Stakeholders raised concern over water quality and management at Drayton. Drayton currently monitors water quality and quantity monthly, and adhere to the MSC approved Water Management Plan. Drayton utilises and recycles all water on site and does not withdraw water from the Hunter River.

Spontaneous Combustion

Stakeholders raised concern over the occurrence of Spontaneous Combustion at Drayton. Drayton currently conducts monthly inspections and provides quarterly reports to the Department of Environment and Conservation (DEC). Significant areas in the West pit are being transferred to Mount Arthur Coal so that they can emplace inert material which will further reduce the occurrence of Spontaneous Combustion in this area.



Stakeholder Project Concerns

Results of Discussions

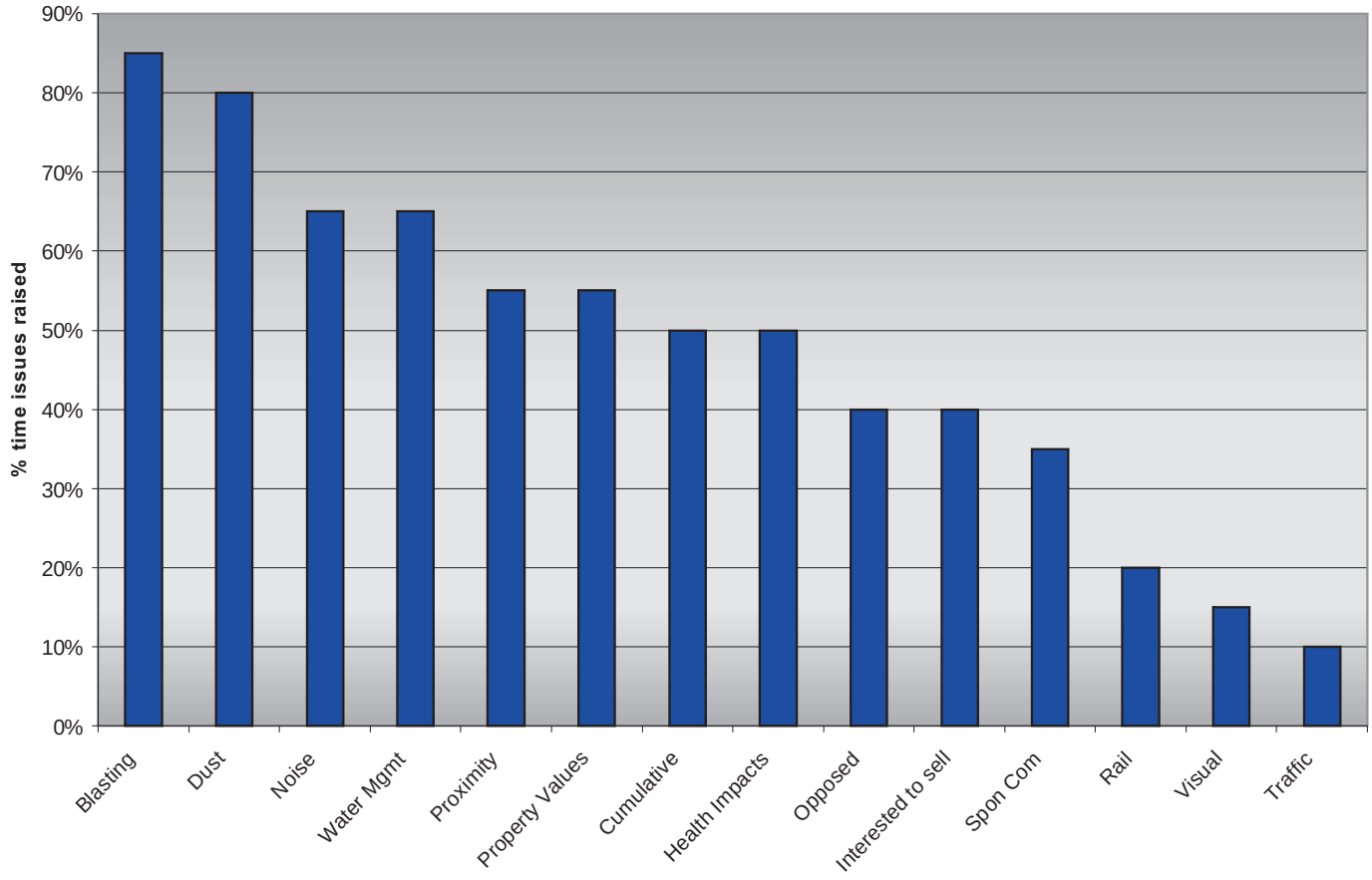
Figure 1 summarises the percentage (%) of interviews where individual concerns were raised by the community.

This information sheet provides a summary of the key concerns identified during the briefings. A detailed discussion on each of these key concerns will be presented in the EA.

The potential for blasting, dust and noise impacts were key issues of concern for stakeholders. The close proximity of the Project to near neighbours was also raised as a key concern.

Water management, property devaluation, cumulative impacts with neighbouring mines, potential health impacts and spontaneous combustion were also noted as concerns from neighbours.

Figure 1 - Stakeholder Project Concerns



Key Project Concerns from Discussions & Actions Proposed

Blasting

This was the most commonly raised potential issue by stakeholders interviewed. In particular there was concern over the close proximity of the Project to Northerly neighbours. These landowners were concerned that the Project would increase the frequency of blasting and stressed that any potential impacts must be carefully assessed.

Action: A blasting assessment will be undertaken by an appropriately qualified specialist which will determine levels of vibration and overpressure resulting from blasting activities associated with the Project. This study will be conducted in accordance with NSW Government ANZECC (1990) Guidelines and will suggest mitigation measures as required.

Stakeholder Project Concerns *(continued)*

Key Project Concerns from Discussions & Actions Proposed

Dust

This was a key concern for stakeholders interviewed, with concerns raised over the potential increase in dust impacts associated with the proximity of the Project to residents to the North of Drayton.

Stakeholders also raised concerns in relation to additional dust impacts on human, animal and vegetation health. An increased area of unvegetated land as a potential dust source was also a concern associated with the Project.

Action: Dust impacts will be assessed in the EA in accordance with NSW Government Guidelines for Air Quality (2005). Necessary management and mitigation measures will also be discussed and proposed in the EA..

Noise

Many neighbours surrounding Drayton were concerned that the Project would result in an increase in noise impacts due to; increased production from the CHP, mining closer towards Thomas Mitchell Drive and private properties to the North, and additional trains.

Action: Noise impacts will be assessed in the EA in accordance with NSW Government's Industrial Noise Policy document (2000). Necessary management and mitigation

measures will also be discussed and proposed in the EA.

Water Quality / Management

The impact of the Project on water quality was a key issue for a number of stakeholders. Increased sediment loads, increased water usage and groundwater contamination were highlighted as potential issues which need careful consideration.

Stakeholders raised concerns of dust accumulation in their drinking tanks. Stakeholders also suggested assistance should be provided to install town water to Balmoral and Pamger Drive.

Action: Both of current best practice surface water assessment and groundwater assessment will be undertaken by a suitably qualified specialist and will be included in the EA. Any necessary management and mitigation measures will also be discussed and proposed in the EA.

Cumulative

Many stakeholders also raised concern that the Project, when combined with existing neighbouring mines may cause combined additional impacts in dust, noise and blasting impacts.

Action: Cumulative impacts will be addressed in the EA in accordance with applicable NSW Government Guidelines for Cumulative Impacts under relevant issues. Necessary management and mitigation measures will also be discussed and proposed in the EA.

Property Devaluation

Landowners raised the concern of a loss of property value from the Project.

Action: A relevant assessment will be included in the EA.

Spontaneous Combustion

Stakeholders raised the concern of spontaneous combustion and whether it may increase as a result of the Project.

Stakeholders noted that spontaneous combustion issues and their management at Drayton have improved.

Action: A relevant assessment on spontaneous combustion will be included in the EA, as it relates to both an air quality and rehabilitation assessment. Any necessary enhancement to Drayton's current management and mitigation measures will be discussed and proposed in the EA.

Final Landform & Rehabilitation

Stakeholders were interested in the post-mining rehabilitation, and the majority of stakeholders would like to see rehabilitation "back to natural looking with native trees and grass". Many stakeholders were

accommodating of the disposal of fly ash in the final voids by Macquarie Generation as an acceptable contributor to the final landform which would then be capped with clay and rehabilitated. Other stakeholders suggested the land could be rehabilitated back to grazing land, native forest or possibly a recreational area.

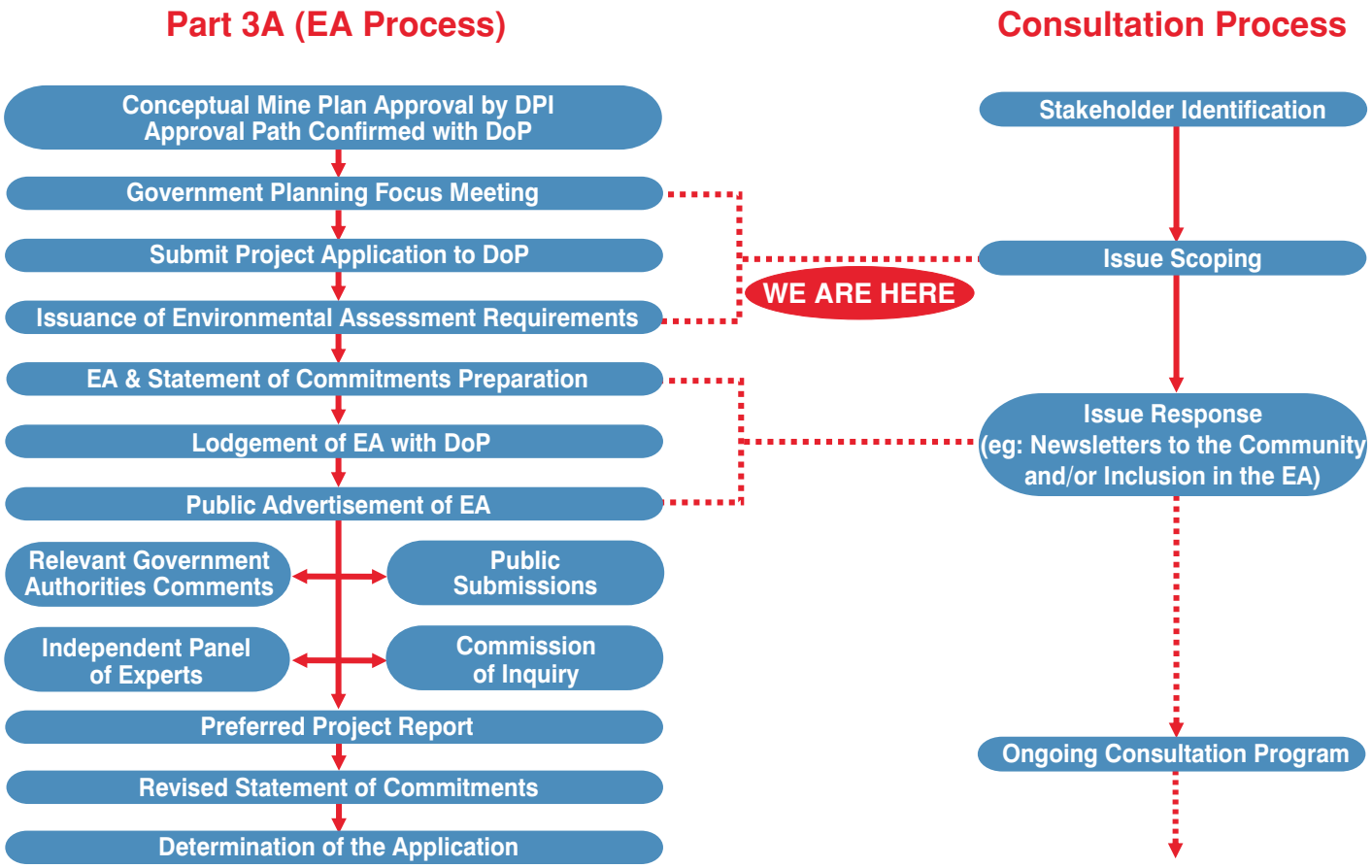
Action: A discussion on options for final landuse and void management will be presented in the EA. A commitment to the development of a detailed mine closure strategy, and a stable and free-draining final landform will also be included.

WHERE TO FROM HERE?

Hansen Consulting has commenced the compilation of the EA which Drayton propose to submit in early 2007 to DoP for its consideration and determination.

Drayton will provide a newsletter to it's neighbours at this time confirming where and when this document will be displayed for public comment, to be provided by DoP.

Figure 2 - Process Overview



Further Information:

Thank you to all the stakeholders who contributed their time to discuss their issues with Dianne, Melissa, Daniel and Nathan.

If you have any enquiries regarding the proposed Drayton Mine Extension, or the current mining operations, please contact:

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