



West Muswellbrook Project

Community Newsletter

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In November 2008, Muswellbrook Coal Company (MCC) applied to the Department of Industry and Investment NSW (I&I NSW), formerly the Department of Primary Industries, for an Assessment Lease over the area of ongoing interest for the West Muswellbrook Project (see Figure 1). Following extensive review by I&I NSW, Assessment Lease 19 (AL 19) was granted on 9 September 2009 for a period of five years over an area of 8,101 hectares. MCC is continuing its ongoing program of exploration within AL 19 in order to refine data on the coal resource present in the area and to work towards determining the financial and environmental feasibility of a potential future open cut mining operation.

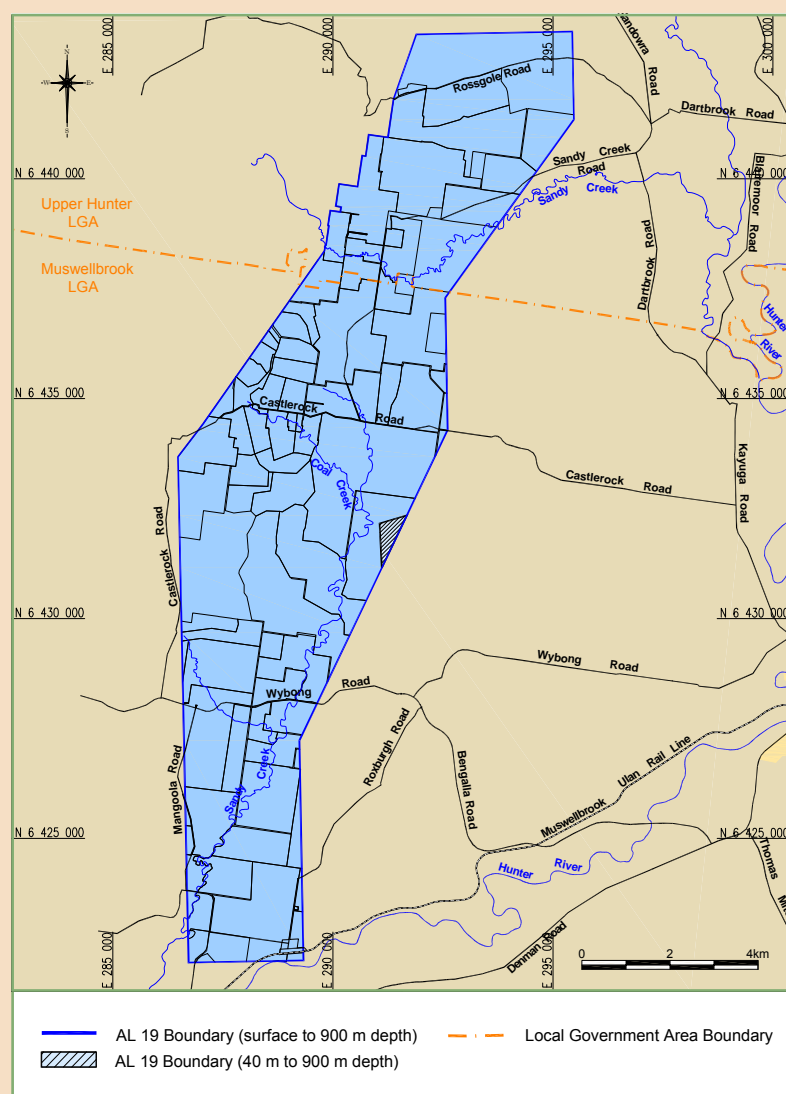


FIGURE 1 ASSESSMENT LEASE 19

What Does AL 19 Mean for Residents?

In recognition of the ongoing uncertainty for land owners who have properties that fall within the boundary of AL 19, MCC requested that I&I NSW include in the conditions of the AL a requirement that provides affected landowners with the opportunity under certain circumstances to be acquired by MCC at a fair and reasonable, independently determined market-value at any time while the AL is held.

AL 19 provides land owners with the following assurance:

"The property acquisition strategy must make provision for the purchase of land which is within the lease area from any land owners who can demonstrate hardship and despite bona fide efforts, have been unable to sell for Rural Land Values as a consequence of the proposed open cut mining..."

...the lease holder must be prepared to purchase the land at a price which is in accordance with Rural Land Value."

The above offer will continue to remain in place for the duration of AL 19. Going beyond this, MCC is committed to maintaining the above offer whilst ever any form of mining authority is held by the company over the area in question.

Copies of the AL 19 document are available from I&I NSW by emailing webcoaltitles@industry.nsw.gov.au or by contacting Hansen Bailey on the details provided on the back of this newsletter.



Current Drilling Program

MCC is currently undertaking ongoing exploration drilling in accordance with the conditions of AL 19 to further analyse coal structure and quality as part of a staged works program. The next stage of the exploration drilling program is anticipated to commence in March 2010 and will be carried out to further assess the coal seams in the central and northern areas of AL 19.

The exploration drilling program will continue to be coordinated by the MCC site Geologist, Chris Knight, who has contacted the small number of affected landowners over the past month to discuss arrangements for property access. Once an agreement for access has been signed by each affected landowner, MCC is required to complete a surface disturbance notice for the approval of I&I NSW prior to the commencement of drilling at each site. Preparation of each surface disturbance notice will generally include an assessment of:

- Indigenous heritage;
- Non-Indigenous heritage;
- Flora and fauna; and
- A photographic recording of the site and surrounds.

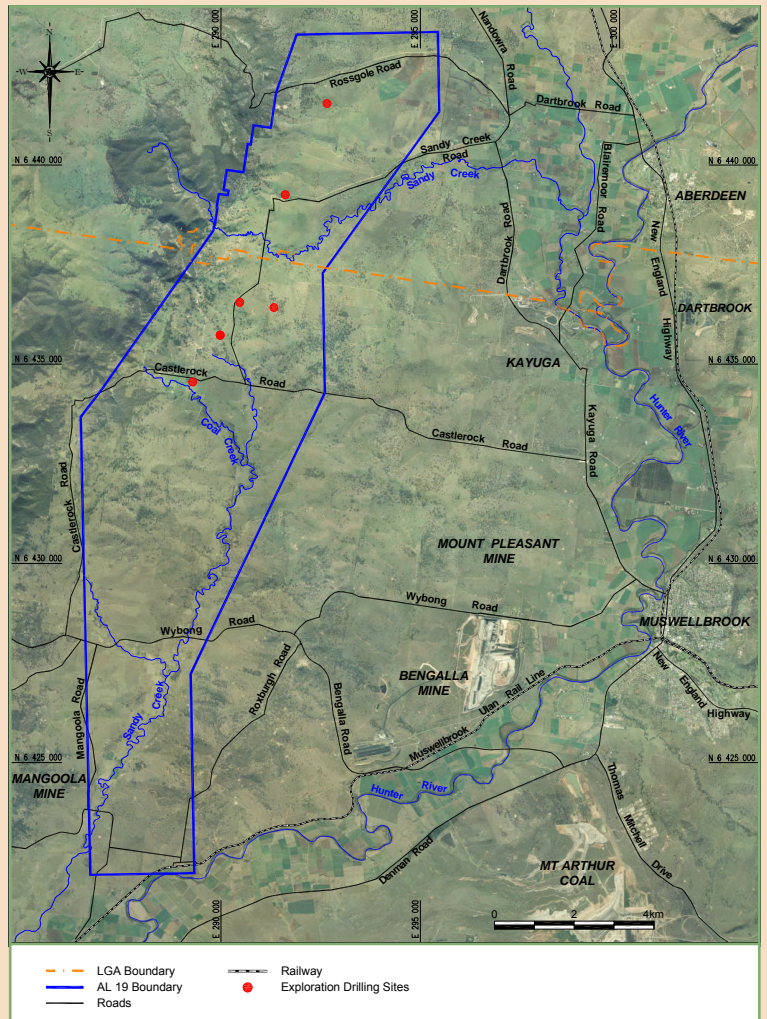


FIGURE 2 CURRENT DRILLING PROGRAM

Moving Forward

MCC is continuing to progress through the staged works program, with the aim of moving towards developing the West Muswellbrook Project into a commercially viable open cut coal mine. This works program will continue to progress during the five year life AL 19 (2009-2014) and includes the following stages:

- Additional exploration core drilling as described above;
- Further feasibility studies to establish the optimum mining option and access to rail infrastructure;
- A review of Newcastle Port Access possibilities;
- A detailed Feasibility Study to confirm project viability under prevailing market conditions;
- The finalisation of a conceptual mine plan;
- An Environmental Assessment to support an application for Project Approval under NSW planning legislation; and
- The development of a land acquisition program and other land access arrangements.

Due to the uncertainty involved in several aspects of the staged works program, some aspects of it may only be executed following the successful completion of a preceding stage.

Landholder requests for acquisition under the conditions described in AL 19 should continue to be directed to Hansen Bailey, Environmental Advisor & Stakeholder Consultation Co-ordinator for the Project.

Environmental Monitoring

To ensure that detailed background data is available for the assessment of environmental factors in relation to the potential development of a mining operation in the future, MCC is continuing its environmental monitoring program. The existing program of environmental monitoring will continue within and surrounding AL 19 and includes the assessment of air quality, meteorological conditions, surface water and groundwater resources.

Contacts and Further Information

If you have any enquiries you would like to make regarding the ongoing West Muswellbrook Exploration Project works, please contact either:

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