



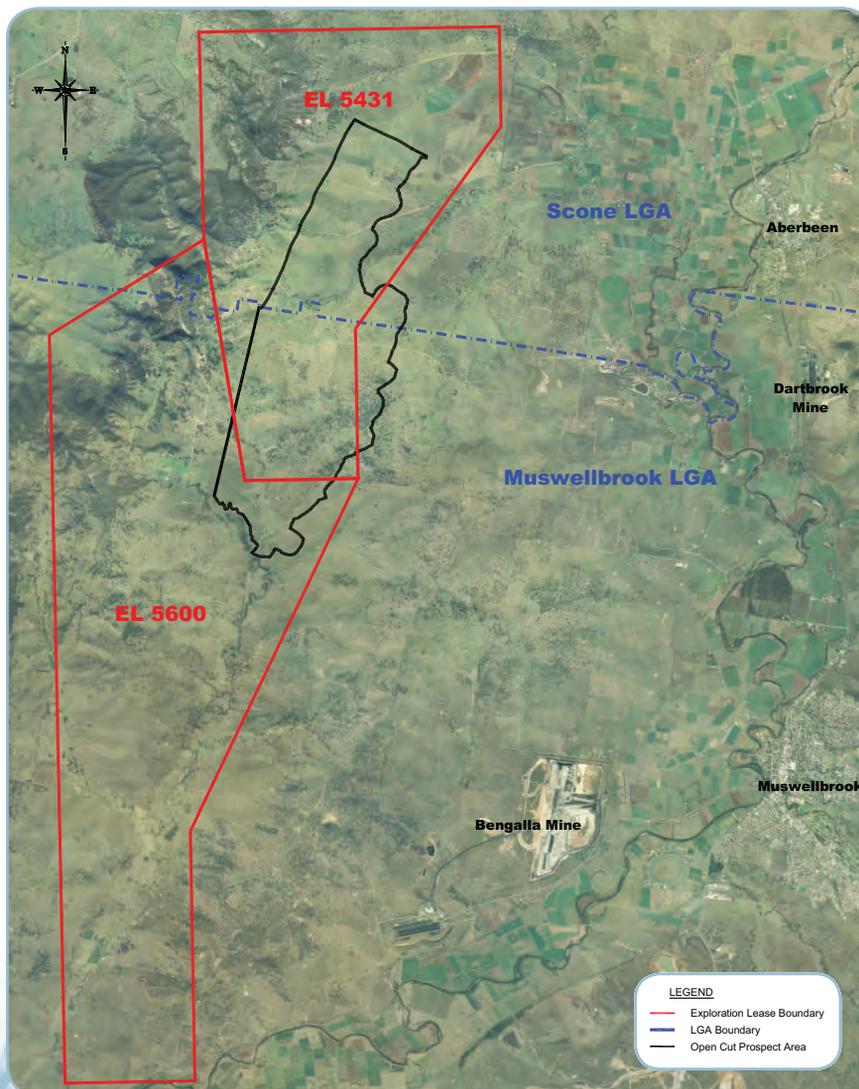
West Muswellbrook Exploration Project

Community Newsletter | Issue 14

Muswellbrook Coal Company (MCC) currently holds Exploration Licenses (ELs) for the Rosehill (EL 5431) and Castlerock (EL 5600) areas as shown in Figure 1, granted in 1998 and 1999 respectively. In 2006 the NSW Department of Primary Industries-Mineral Resources (DPI-MR) extended MCC's approval to hold these ELs until 20 January 2009, allowing studies to continue into the potential for coal mining in these areas.

The purpose of this newsletter is to provide an update to landholders in the area as well as other stakeholders on the exploration and environmental studies being carried out and MCC's intended next steps for the West Muswellbrook Exploration Project (the Exploration Project).

FIGURE 1
MUSWELLBROOK WEST LOCALITY PLAN



Project Status

MCC has been conducting exploration works within the two ELs since 1998 and has now completed five stages of assessment. A key part of the exploration to date has been the completion of a total of 335 boreholes (excluding redrills) within the two ELs, ranging in depth from 3.21m to 638.16m. See Table 1 below.

TABLE 1
EXPLORATION BOREHOLES DRILLED TO DATE

Exploration Stage	Rosehill EL 5431	Castlerock EL 5600	Total
1	29	0	29
2	15	51	66
3	150	43	193
4	30	13	43
5	2	2	4
Total	226	109	335

For the next stage of the Exploration Project it is anticipated that only limited additional exploration drilling will be required. MCC will continue to consult with landholders in the area regarding any need to access private properties.

Using samples from previously drilled large diameter bore cores, analytical analysis has been completed with an updated report on coal quality anticipated to be provided to MCC in early February 2008.

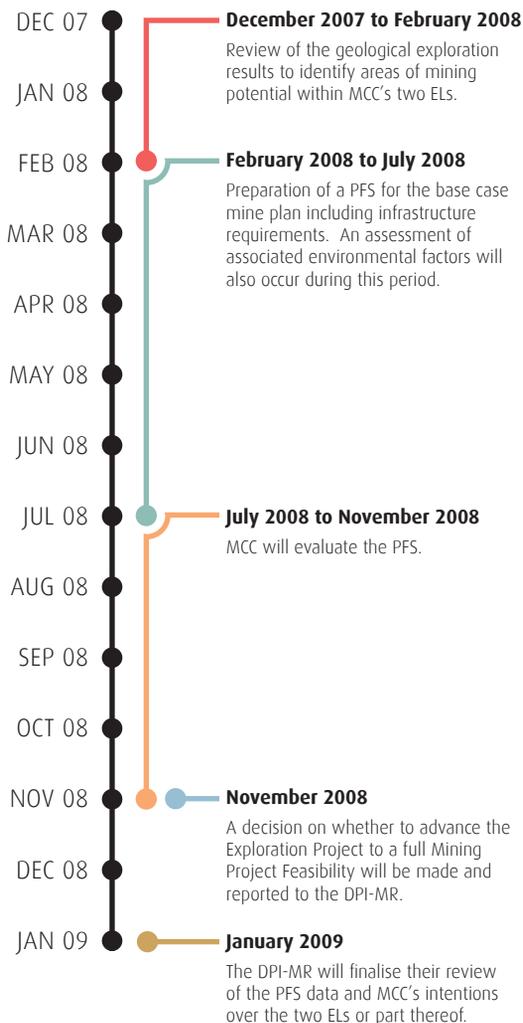
Moving Forward

To consolidate all the previous works completed in the area and to confirm the viability of a mining operation on the West Muswellbrook site, MCC have commissioned a detailed Pre-Feasibility Study (PFS). Bill Dean, a highly experienced senior mining engineer has been commissioned by MCC to project manage the PFS. Bill has over 30 years industry experience covering planning, operations and senior management gained in mines in Victoria, Western Australia and the Hunter Valley.

James Bailey of Hansen Bailey Environmental Consultants will continue in his role as Environmental Advisor & Stakeholder Consultation Co-ordinator.

The PFS will assess the key elements for a mining operation including infrastructure requirements, coal processing and transport. During the course of the PFS significant works will also be undertaken to understand the environmental regime. A broad conceptual timeline for the PFS is displayed in Figure 2.

**FIGURE 2
CONCEPTUAL PFS TIMELINE**



Environmental Monitoring

Environmental monitoring studies will continue within EL 5431 and EL 5600 to collate background data for the evaluation of any environmental factors in relation to the potential development of a mine in the area. This monitoring program includes the assessment of:

- Air quality;
- Meteorological conditions;
- Surface water; and
- Groundwater.

Landowner Protocols

As outlined in previous newsletters, MCC has a Land Protocol that provides a framework and procedures for ongoing consultation with landowners within the two ELs in relation to land acquisition. This protocol was previously distributed to all landholders in EL 5431 and EL 5600.

Also, in response to concerns raised by some landowners over the lack of certainty in relation to the future of the Exploration Project, MCC has committed to the following initiative;

"Where a landholder's property falls either partly or wholly within the Open Cut Prospect Boundary [Figure 1] and they find themselves in extenuating circumstances and unable to sell their property on the open market at a fair and reasonable market value (unaffected by MCC's exploration activities) then MCC will either work with them to assist in the sale of the property or consider purchase of it outright at an independently determined, unaffected market value."

MCC's Land Protocol will continue to be relied upon in the event that a mining project is determined as viable and development of the area proceeds.

Contacts and Further Information

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

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