



West Muswellbrook Project

Community Newsletter

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Assessment Lease Granted

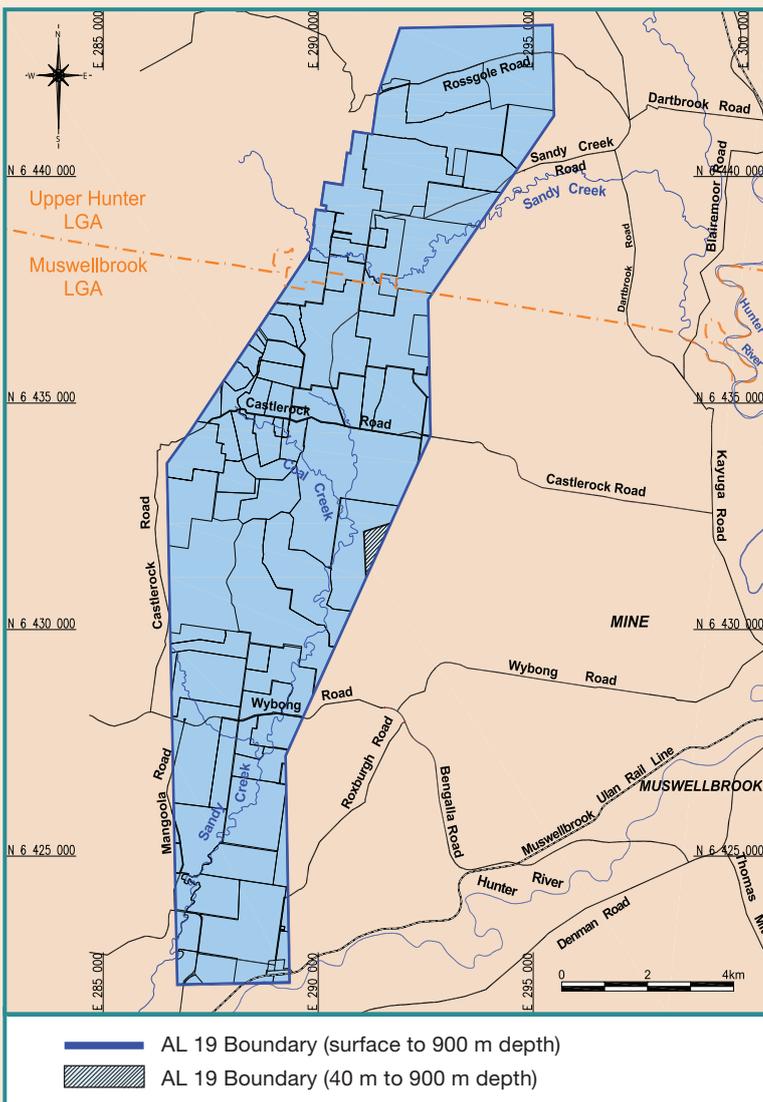
In November 2008 Muswellbrook Coal Company (MCC) applied to the Department of Industry and Investments New South Wales (I&I NSW), formerly the Department of Primary Industries for an Assessment Lease (AL) over an area of ongoing interest to the west of Muswellbrook (see Figure 1). Following extensive review by I&I NSW, AL 19 was granted on 9 September 2009 for a period of five years. AL 19 covers an area of 8,100 ha and will allow MCC to continue exploration activities to further define the resource and viability for any potential future mining operation.

What is an AL

The Mining Act explains the purpose of an Assessment Lease (AL) as follows:

"An assessment lease is designed to allow retention of rights over an area in which a significant mineral deposit has been identified, if mining the deposit is not commercially viable in the short term but there is a reasonable prospect that it will be in the longer term. The holder is allowed to continue prospecting operations and to recover minerals in the course of assessing the viability of commercial mining".

AL 19 will allow MCC to undertake further exploration, marketing, financial and environmental studies in the ongoing area of interest for a further five years.



What Does This Mean For Residents

In recognition of the ongoing uncertainty for residents which own property which falls within the AL 19 boundary, MCC and I&I NSW included in the conditions of AL 19 a requirement that provides affected landowners the opportunity under certain circumstances to be acquired by MCC.

Consistent with MCC's earlier offer the AL provides landowners 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."

Copies of AL 19 are available from I&I NSW by emailing webcoaltitles@industry.nsw.gov.au

FIGURE 1 ASSESSMENT LEASE BOUNDARY

Current Drilling Program

MCC is undertaking further exploration drilling as part of a staged works program in accordance with the granting of AL 19. The current drilling program is designed to target the coal seams at the limit of surface mining in the western portion of AL 19. A total of nine core drill holes with a nominal diameter of 100 mm will be drilled to assess the coal quality and seam thickness in this area.

The drilling program will be coordinated by the MCC site Geologist who will contact affected landowners over coming months to arrange a meeting and discuss land access arrangements. The drilling program will provide further geotechnical information of the strata for use in future mine planning and resource assessment.

Moving Forward

In order to progress the West Muswellbrook Project towards becoming a commercially viable open cut mine, a staged Works Program will be followed during the five year term of AL 19. This works program will include:

- Additional core drilling program as described above;
- Further prefeasibility studies to establish the optimum mining option and access to rail infrastructure;
- A review of Newcastle Port Access;
- 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; and
- The development of a land acquisition program and other land access arrangements for those areas within AL 19 which may be required for mining.

Due to the uncertainty of several stages of the works program, some may only be executed following the successful completion of a preceding stage.

Hansen Bailey Environmental Consultants will continue as Environmental Advisor & Stakeholder Consultation Co-ordinator. Further, any requests for acquisition under the conditions described in AL 19 should be directed to Hansen Bailey.

Environmental Monitoring

Environmental monitoring studies will continue within and surrounding the AL Boundary to collate background data for the evaluation of any environmental factors in relation to the potential development of a mine in the area. This includes Air quality, Meteorological conditions, surface water and groundwater monitoring.

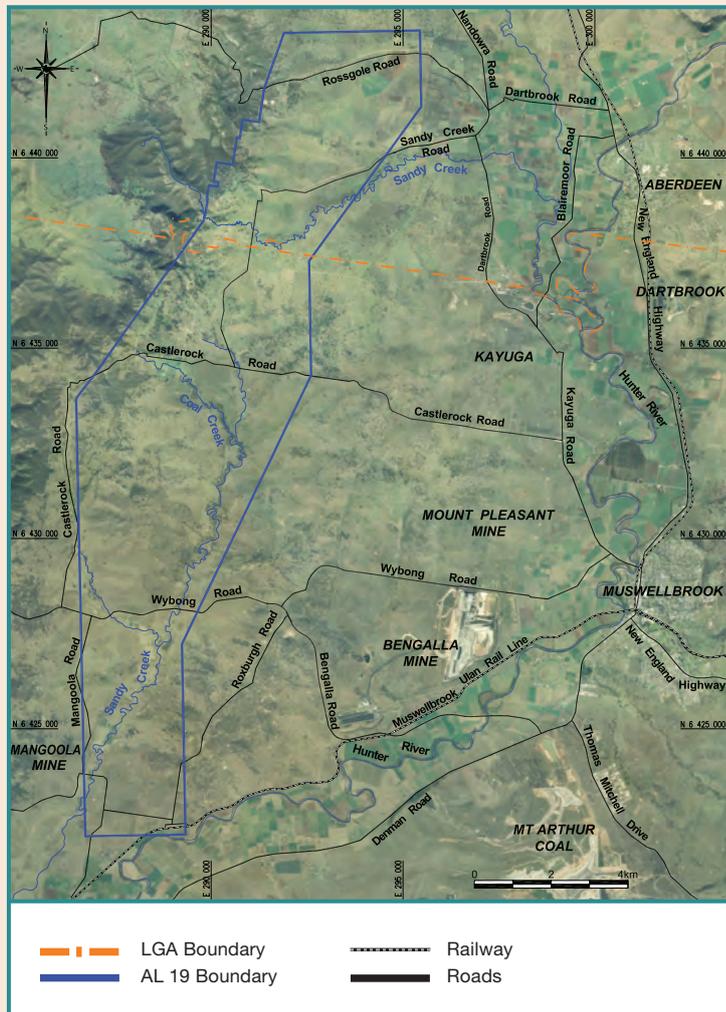


FIGURE 2 ASSESSMENT LEASE BOUNDARY

Contacts and Further Information

If you have any enquiries in relation to the ongoing Exploration Project works, please contact either:

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