



West Muswellbrook Project

Community Newsletter

October 2010 | Issue 18

Introduction

Muswellbrook Coal Company (MCC) was granted Assessment Lease 19 (AL 19) by Industry and Investment NSW (I&I NSW) on 9 September 2009 for a period of five years over an area of 8,100 hectares. This has allowed MCC to continue its ongoing program of exploration within AL 19 in order to refine data on the coal resource present in the area. The recent completion of a drilling program in the northern portion of AL 19 will assist in working toward determining the financial and environmental feasibility of a potential future mining operation.

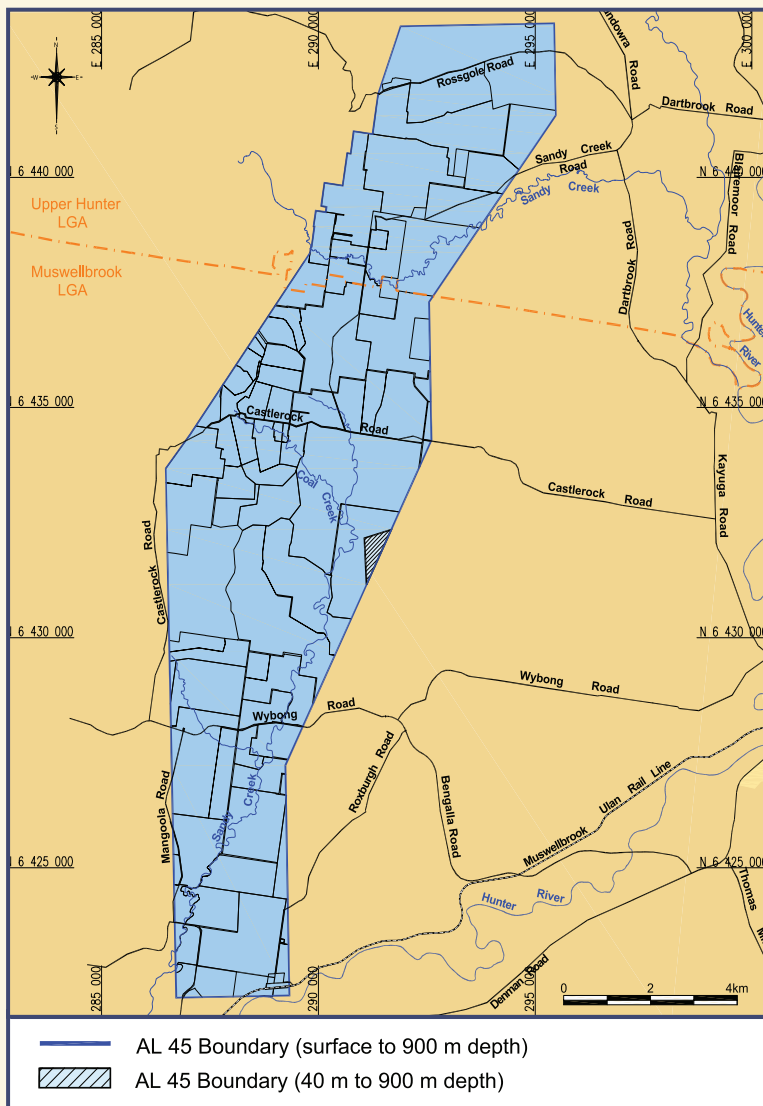


FIGURE 1 ASSESSMENT LEASE 19

What Does AL 19 Mean for Residents?

In recognition of the ongoing uncertainty for landowners 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 have their property acquired by MCC at a fair and reasonable, independently determined market-value at any time while the AL is held.

AL 19 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."

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.

To date, MCC have purchased five properties in accordance with condition 44 of AL 19.

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



Drilling Program

As reported in newsletter No. 17 MCC has been undertaking ongoing exploration drilling in accordance with the conditions of AL 19. This stage of the drilling program was completed in late August and included six cored holes with a total drill length of 1424 meters. The drilling program is part of the staged works program and the results will provide important information and assist in better understanding the coal resource in the area.

MCC's Coal and Environment Manager, Chris Knight commented that *"the drilling program was very successful with no environmental incidents reported. It will provide key data for assessing future potential mine options. There have been no surprises or unexpected results from the program so far."*

Samples collected from the drilling program will be analysed for its physical and chemical characteristics such as ash, moisture and energy content. The analysis on the above samples is expected to be completed by March 2011.

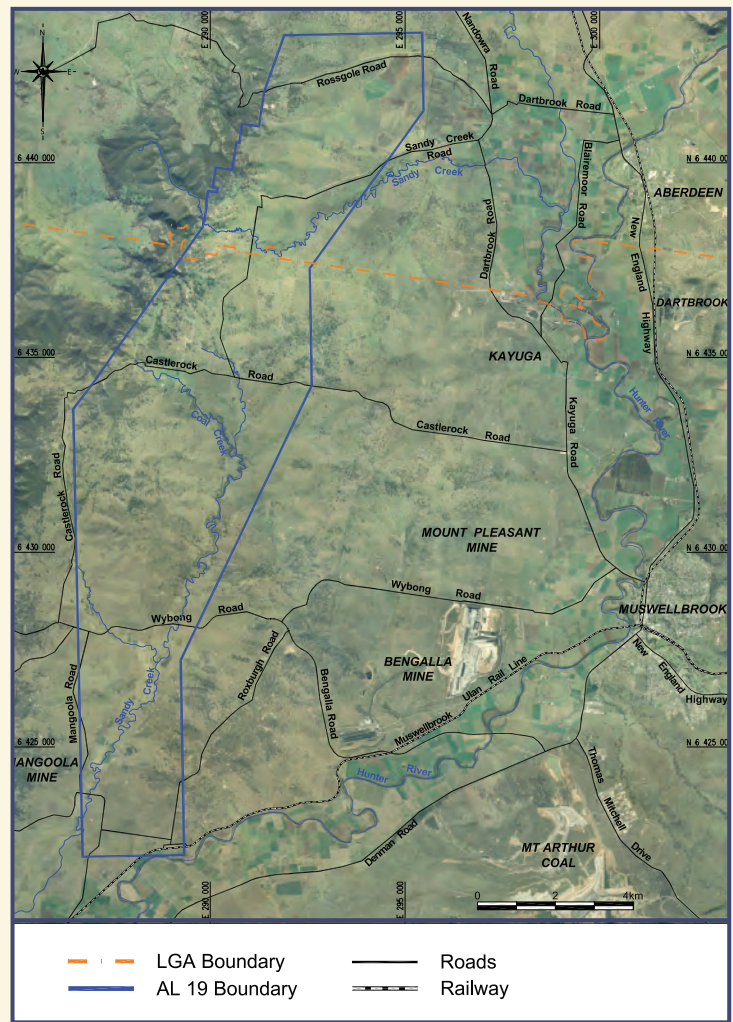


FIGURE 2 ASSESSMENT LEASE BOUNDARY

Moving Forward

MCC has completed the first year of assessment under AL 19 and is continuing to progress through a 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 in 2011 where it will include the following:

- Ongoing community consultation;
- Continuation of environmental monitoring and data collection;
- Continued response to any requests for property acquisition; and
- A pre-feasibility and options study.

Ongoing assessments will continue throughout the duration of AL 19, including:

- The development of a conceptual mine plan;
- A review of Newcastle Port Access availability;
- A detailed Feasibility Study to confirm project viability under prevailing market conditions; and
- An Environmental Assessment to support an application for Project Approval under NSW planning legislation.

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

In order 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 monitoring studies. The existing program of environmental monitoring will continue within and surrounding AL 19 and includes the assessment of Air quality, Meteorological conditions, surface and groundwater quality.

Contacts and Further Information

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

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