

APPENDIX 4

Consultation Program

Austar Coal Mine

Austar Coal Mine Project - Stage 3 Consultation Program

September 2008



Austar Coal Mine Project – Stage 3 Community Consultation

Prepared by
Umwelt (Australia) Pty Limited
on behalf of
Austar Coal Mine

| | | | |
|-------------------|------------------|-------|----------------|
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| Report No. | 2274/R31/FINAL | Date: | September 2008 |



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APPENDICES

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1.0 Introduction

Umwelt (Australia) Pty Limited was commissioned by Austar Coal Mine Pty Limited (Austar) to conduct an environmental assessment (EA) for the proposed Stage 3 Part 3A Major Projects Development Application (DA) for operations at the Austar Coal Mine (Austar) near Cessnock, New South Wales.

A detailed community and stakeholder consultation program has been undertaken as part of this project to identify further matters that the community seek to have addressed in the EA.

As part of consultation stakeholders from a number of Aboriginal groups registered their interest in the Project. The other major stakeholder group that was consulted comprised landholders in the area. Land use in the vicinity of the proposed development area is primarily forests associated with Werakata State Conservation Area which are managed by the NSW Department of Environment and Climate Change (DECC) and privately-owned rural lands (with dispersed rural settings) and residential areas. The closest residence to the proposed Surface Infrastructure Site is approximately 600 metres to the south. The village of Kitchener is approximately one kilometre north of the site.

The Community Consultation Program has been integral to the EA, subsidence and operations management processes for the proposed development. Austar has been engaged in this consultation process on an ongoing basis since mining recommenced in 2005. Consultation has included discussions with landholders and meetings with a number of community groups throughout 2006 and 2007, including Cessnock LGA Landcare Group Inc, Quorrobolong Community Council, Cessnock Tidy Town Committee, Minewatch NSW Inc, Coalfield Heritage Group Inc, Kurri Kurri Chamber of Commerce and Industry Inc and Wollombi Valley Chamber of Commerce Inc.

2.0 Consultation Objectives

As outlined in **Section 1.1.2**, Austar has maintained ongoing and clear consultation with the community and villages since the recommencement of mining operations in 2005. To capture the dual context of potential land use, technology and community change, community engagement for the Stage 3 project initially focused on interviews with individual landholders. To increase awareness of the scope of the project, to provide opportunities for discussion in a non-threatening environment and ensure clear communication of community concerns.

The rationale for this approach was to help Austar to better understand the perspectives of its neighbours, and to equip residents with clear information to facilitate informed questioning and comment. The community engagement conducted for Stage 3 builds on information and discussion with local residents in the Stage 1 and Stage 2 mining areas.

Key objectives of the consultation process have included:

1. To distribute information and ensure that the community was informed by using:
 - distribution of information flyers;
 - dedicated Project website;
 - information brochures;
 - production of newsletters;

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- media releases;
 - presentations;
 - telephone contact;
 - individual face-to-face meetings; and
 - community group meetings.
2. To gather information from the community in their response to the information that was presented (of both the underground mining and the construction of the new Surface Infrastructure Site). To facilitate this, the community was provided with:
- feedback sheets;
 - contact phone numbers;
 - face-to-face interviews upon request; and
 - the opportunity to voice their opinions at community meetings and public information sessions.

3.0 Methodology

As part of the Project EA process, landholder consultation has been comprehensive. A total of 26 properties overlie the proposed Stage 3 mining area. Landholders above the proposed Stage 3 underground mining area have been consulted regarding the nature and context of the Project.

Each landholder has also been provided with various pieces of information and baseline data that is specific to their property, for their consideration and assessment.

The potential impacts on properties as a result of mining have been discussed with landholders. This consultation has ensured that a wide cross-section of issues, concerns, questions have been raised.

Two main types of community engagement activities for the Project have run in parallel. The activities have separate purposes. Mining personnel and consultants have had primary responsibility for these two main aspects, as outlined in **Table 3.1**.

Table 3.1 – Main Community Engagement Methodology for the Project

| Community Engagement Purpose | Responsibility |
|---|--|
| Purpose 1: Develop an Ongoing Relationship between Austar and the Cessnock Local Community | |
| Introduce the mining company and its personnel to residents | Mine Manager, Technical Services Manager, Environmental Officer and other mining personnel |
| Provide information about current and proposed mining plans – previous consents and amendments | Mine Manager, Technical Services Manager |
| Provide correct and up to date technical information about mining technology and subsidence issues | Technical Services Manager |
| Encourage local community to contact mine for information about potential environmental issues and to report any incidents, and ensure that residents are aware of contact options | Technical Services Manager and Environmental Officer |
| Provide information about mining company responsibilities in relation to subsidence – modelling, monitoring, information and reporting, repair and restoration etc. | Technical Services Manager and Environmental Officer Department of Primary Industries (Mineral Resources) |
| Negotiate any access requirements for geological, geotechnical, monitoring or other ongoing tasks | Technical Services Manager and Environmental Officer |
| Purpose 2: Disseminate Information regarding the Environmental Assessment Process | |
| Provide information to residents, landowners and community groups about the scope of the proposal and how it differs from previous proposals | Umwelt with Austar |
| Inform landholders about the environmental assessment process and opportunities for involvement | Umwelt |
| Provide an opportunity for residents and other interested people to ask questions about the proposal and its potential environmental impacts. With Austar, provide responses to requests for specific technical or environmental information. | Umwelt |
| Provide opportunities for residents/landholders and others to highlight issues of concern, which they believe should be addressed in the environmental assessment | Umwelt |
| Use community input for inform the scope of analysis on environmental issues | Umwelt |
| Use community values derived from involvement activities as part of the impact assessment process | Umwelt |
| Seek feedback and reality check for options for mitigating impacts on community values and environmental values. | Umwelt |

4.0 Consultation

4.1 Community Consultative Committee

The Austar Coal Mine Community Consultative Committee (CCC) was formed in January 2007 under the guidance of an Independent Chair approved by the Director-General of the Department of Planning. This CCC consists of a council representative and four representatives of the local community (refer to **Appendix A**).

The CCC Meetings are held on a quarterly basis. The CCC members include an independent chairperson, a Cessnock City Council representative, several community representatives and Austar Coal Mine personnel.

The CCC was established in accordance with to the protocols outlined in the 'Guidelines for establishing Community Consultative Committees for mining projects'. The guidelines provide an explanation of the processes and how the Committee should operate. The Committee meets at least four times per year or as agreed to by the Committee.

4.2 Public Information Sessions

In 2006 Coakes Consulting Pty Limited consulted local residents on behalf of Austar to inform them of the change in mine ownership and the intention to recommence longwall mining.

Several Public Information Sessions have also been held in the Stage 3 process. Additionally, presentations have been made to local and state politicians and agencies.

A series of flyers, newsletter and brochures have been produced and circulated. A copy of these are provided in **Appendix B**.

4.3 Public Communications

In 2006, a series of Public Information Sheets detailing the operations planned by Austar were distributed to landholders and residents in Abernethy, Ellalong, Kitchener, Paxton, Pelton and Quorrobolong. In July 2006 and in 2007, landholders potentially affected by Stage 1 and Stage 2 operations were consulted during the preparation of various approval applications.

As stated, Austar also established a comprehensive website dedicated to dissemination of Project information. All public communications are also available for download.

Additional Public Communication measures have included:

- distribution of an information brochure in October 2007 to Kitchener and Quorrobolong residents and local community groups through mail and letterbox drops;
- inclusion of feedback sheets with the information brochure to allow for feedback and to arrange for follow-up discussions;
- an invitation to local residents to contact the Project team;

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- attempts to contact all residents whose properties overlie the area of the Stage 3 conceptual Mine Plan (including all properties within the maximum predicted extent of subsidence);
 - direct contact with landholders during fieldwork conducted for ecological and cultural heritage assessments;
 - telephone contact of residents located outside the Stage 3 conceptual Mine Plan area;
 - face-to-face meetings with concerned residents who wished to be contacted;
 - provision of technical information to landholders in response to their questions during face-to-face interviews;
 - provision of detailed follow-up notes and other information to landholders at their request;
 - a meeting called by Quorrobolong Community Council at Kitchener on 5 of November 2007; and
 - a presentation made at Ellalong on the 2 December 2007 to Cessnock and Ellalong Tidy Towns Committees, Ellalong Landcare and Congewai Valley Landcare, Ellalong Wetlands Protection Society and Communities of Congewai Catchment groups.

Contact was also made with some landholders during fieldwork conducted for ecological and cultural heritage assessments, and these landholders provided informal input and advice through conversations with field survey personnel.

Telephone contact was also made with landholders outside the Stage 3 conceptual Mine Plan area. This recognises that the landholders who are not within an area potentially affected by subsidence may still have a number of concerns about mining in their local community.

4.4 Interviews and Meetings

As part of the continuing consultation program, Austar held initial meetings with a number of community groups during throughout 2006 and 2007, including:

- Cessnock LGA Landcare Group Inc;
- Cessnock Tidy Town Committee;
- Minewatch NSW Inc;
- Coalfield Heritage Group Inc;
- Kurri Kurri Chamber of Commerce and Industry Inc; and
- Wollombi Valley Chamber of Commerce Inc.

The central community consultation component was conducted between September and November 2007. The format of the Interview details is outlined in **Table 4.1**.

Table 4.1 – Landholder Interview Details

| Landholder Contact Description | Details |
|---|---|
| Number of properties overlying the Project mining area | 26 |
| Phone calls made to landholders to establish contact and make appointments for face to face meetings | 44 |
| Successful phone contact and/or face to face meetings with landholders outside the proposed Stage 3 Mine Plan | 10 |
| Successful phone contact and discussion with Stage 3 landholders who did not want a face to face visit. | 5 |
| Face to face meetings with landholders whose properties overlie the proposed Stage 3 Mine Plan | 8 <ul style="list-style-type: none"> interviews were all at least 30 minutes and up to 150 minutes long |
| Detailed follow up notes or other information sent to Stage 3 landholders at their request | 15 <ul style="list-style-type: none"> requests for copies of the brochure; cross sections large scale conceptual Mine Plan on an aerial photo base comprehensive notes of discussions; and follow up answers to technical questions. |
| Follow up visits to landholders by Austar personnel | During these visits Austar personnel provided further technical information in response to landholder questions |

5.0 Community Response Compilation

From the consultation program, the considerations and concerns raised by residents from continued underground mining and the construction of the Surface Infrastructure Site included:

- subsidence;
- air quality;
- noise;
- vibration;
- property values;
- sustainability;
- potential declaration of a mine subsidence area; and
- road degradation.

These values broadly define the relationship between residents and the physical and social landscape in which they have chosen to live.

5.1 Rural Landholder Response

Based on telephone and face to face discussion with these landholders, there are multiple values shared by all groups, including:

1. Privacy, independence and social context
 - Residents value their privacy highly and regard their rural property as a retreat from other demands in their lives.
 - Residents value the small scale of the community, so that even though people live in a rural landscape, they are not socially isolated from their neighbours. Most residents know their neighbours and meet with them regularly through community events/projects or other social occasions.
 - Some residents stated that they placed great value on their independence and their ability to run their lives as they choose.
 - Some longer term residents value their long association with the landscape in this area. In a few cases, the family has farmed in the area for generations. These families also may have an association with the Greta Seam mining industry from the early to mid twentieth century (noting that the Greta seam mines overall employed more than 10,000 people at this time).
2. Scenic and acoustic quality – a tranquil atmosphere
 - Residents stressed the importance of their open natural and rural outlook. This encompasses a patchwork of treed and open paddocks; undulating country; views to the high escarpment of the Watagans; views across large dams and creek lines; views of bush land; views of changing sky conditions; and clean air.
 - Several residents mentioned that they value the darkness of the rural landscape at night. There are very few street lights, few house lights and almost no passing traffic at night. They can see the stars at night.
 - Residents value highly the peacefulness and tranquillity of their rural properties, where there are few noise sources other than the wind in the trees and occasional noise from cattle. Residents closer to the main roads (Sandy Creek Road and Quorrobolong Road) occasionally hear passing traffic, but not at night. Neighbouring properties and residences can be seen in the distance, but not heard.
 - Residents noted that the difficult road access due to the alignment of Quorrobolong Road is seen as a benefit by many people, because it discourages through traffic that would be seen as noisy and intrusive.
3. Rural lifestyle choices and property integrity
 - Several of the rural properties could be described as ‘tree change’ properties, where owners enjoy a rural lifestyle at weekends, or several days at a time, but also maintain an urban home (in Sydney or Newcastle). These relatively recent arrivals value the space available on their land for construction of large new residences in a scenic rural environment, partly with the prospect of retirement, partly as an investment in the rural lifestyle. Some of these landholders conduct active but small scale grazing or horticulture activities.

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- Some rural property owners value their property as a business investment in the tourism industry. They see potential for growth in the rural/bushland weekend retreat market in this area. This market is linked to natural and rural outlooks, peaceful conditions, and proximity to major urban centres.
 - Residents who live on rural properties but travel to work elsewhere in the lower Hunter Valley, Lake Macquarie or Central Coast also enjoy the space and privacy afforded by a rural property. However, they also value the proximity of these rural lifestyle values to their work places.
 - Almost all residents interviewed stated clearly that they placed a very high value on the integrity of their home. Many had invested enormous time and energy in the selection of the property, the house site, the design of the house and the décor, to create the specific ambience they sought. They stated that they value every small detail of the homes that they have created for themselves and their families and are generally very proud of their environment.
 - Many people do not derive their income from the rural property - home locations in this area may be chosen for general proximity to employment areas in the lower Hunter, but not for proximity to a specific local workplace. The proximity of this particular rural landscape to other urban services is also valued.

4. A productive rural environment

- Residents stressed the importance of the creek lines and their large dams for rural water supply. Dams are used for domestic water (other than drinking water) for watering gardens and for stock watering. Several landholders stated that their property would not be viable if access to natural water supplies or the storage capacity of dams was downgraded by mining. Landholders also rely on tank water for drinking water supply, so they value clean air (low particulate concentration) as well.
- Small scale agricultural activity on rural properties includes cattle grazing, goats, poultry, horses and vineyards, with cattle grazing by far the most important. The number of cattle is selected according to rural carrying capacity, but also at a level that can be managed by one or two people without having to engage outside help.
- A small number of families who have farmed in the valley for decades now value their land not just for its aesthetic and productive values, but as an asset that can be subdivided to provide home sites for children or other family members.

5. Sustainability in practice:

- A number of landholders were actively involved in Landcare style conservation activities on their properties, particularly tree planting on formerly fully cleared hillslopes or along creek lines.
- Residents on steeper slopes that retain some natural vegetation (or a good cover of regrowth) stated that they value the local wildlife habitat very highly and enjoy being able to see native birds and animals on their property. These residents also value proximity to the Werakata State Conservation Area.
- Many landholders indicated that they placed a high value on environmental awareness and that their rural blocks provided an opportunity to practice environmentally sustainable living.

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- Several residents alluded to the value that they place on the landscape of the Quorrobolong Valley because of the continuity of landscape processes and appearances. They felt that this landscape has been protected from the rate of change that has occurred in urban areas elsewhere in the region. This landscape continues to be dominated by large scale natural features.

Although there are distinct differences between the landscape and lifestyle values of various individual landholders, a common theme expressed by all landholders was caution and scepticism about how their lifestyle and landscape values will be affected by underground mining. It is also clear that some of the values highlighted by residents are not affected by proposed underground mining.

5.2 Community outside Project Area Response

People from the community outside the Project Area were consulted include:

- residents living in villages such as Kitchener and Ellalong;
- rural residents living south of Sandy Creek Road, outside the area of the area of the Austar Stage 3 conceptual Mine Plan;
- members of local community groups such as Cessnock, Ellalong and Kitchener Tidy Towns Committees and Landcare groups based at Ellalong and Congewai; and
- members of the Quorrobolong Community Council, which includes rural landholders whose properties overlie Stages 1, 2 or 3 of the Austar Mine.

Values described by people who were interviewed by telephone or in person, or who attended a community meeting included the following:

Kitchener Village

Kitchener village was established during the peak period of underground mining in the Cessnock coalfields (Greta Seam) and is opposite the former site of the Aberdare Central Mine. The southern margin of the village is 1500 metres from the boundary of the proposed Austar Stage 3 Surface Infrastructure Site.

Only a few residents from Kitchener provided information about their concerns about the Project. The views expressed by these respondents are not necessarily indicative of the views of the majority of residents. Notwithstanding the small sample, the issues that were raised include:

1. An affordable village lifestyle

- Relatively low cost of housing. This makes the village attractive to lower income families, although the village is poorly served by shopping, public transport or medical services.
- Some Kitchener residents have lived in the village since the days of active mining in the district, or have inherited property from relatives who worked in the mines, or have other family associations with the mining history of the district.

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- The village continues to offer a small community living experience, where many residents are well known to each other. It should be noted however, that virtually all residents who are in employment work away from the village during the day.
 - Many residences are located on moderately large blocks, affording space for gardens, children's play areas.
 - Concern was expressed about speeding along Quorrobolong Road in the village, particularly in relation to the safety of children crossing the road to the park. It was suggested that the steep winding road to the south of the village may currently help to reduce speed.

2. Scenic and acoustic amenity - a tranquil atmosphere

- People who live in the former mining staff cottages along Quorrobolong Road value the streetscape and the outlook of this part of the village. The outlook of these houses is across the Poppet Head Reserve, to bushland around the former mine dam.
- People value the accessibility of open parkland (in the Poppet Head Reserve) and bushland (Werakata State Conservation Area).
- As for rural properties, some residents value the darkness of the village at night, with limited intrusion of street lights, vehicle headlights or other lighting on the visibility of the night sky.
- People value the quiet conditions in the village, particularly at night when there is very little traffic on Quorrobolong Road.

Rural Property Residents

Residents on rural properties outside the Stage 3 conceptual Mine Plan identified similar values to other rural landholders that include:

1. A tranquil atmosphere

- Residents stated that they valued the peace and tranquillity of their rural properties.
- As for other rural and village residents, some landholders commented that the difficult access roads to the Quorrobolong valley help to maintain its peaceful rural character and slow down the rate of change.

2. Small community and connectedness

- Residents commented on the importance of knowing their rural neighbours.

3. Rural property for lifestyle and investment:

- Whilst long term residents sometimes saw their property as their capital that would need to be used for retirement, others have bought into the area as they approach retirement.
- As for rural properties that overlie the conceptual Mine Plan, some permanent residents have their home on the rural property, but do not rely on it for their income. Some run small businesses from their home and others travel to employment elsewhere in the lower Hunter.

Community Groups (Landcare and Tidy Towns)

Members of these groups live in the local area and share many of the individual values of other residents in the area. Additional values nominated by these groups include:

1. A community working together to conserve naturalness and heritage
 - Members of Landcare groups have stated that they value the naturalness of the area and work to protect particular features such as Ellalong Lagoon, which has high scenic and habitat value.
 - Members of Tidy Towns Committees work to promote involvement in community development projects. Members of some groups, such as the Kitchener Tidy Towns/Poppet Head Reserve supporters have worked for years to preserve some of the mining heritage of the area and to enhance remnants of the mining landscape for the benefit of the local community, as parkland, open space and heritage tourism attractions.

In general, residents outside the proposed Austar Stage 3 Mine Plan area reported less concern about subsidence impacts than the landholders above the proposed mining area. However, their relief at not being in the potential subsidence area reinforced the general level of community anxiety and uncertainty about mine subsidence impacts on homes in a rural landscape.

6.0 Response Analysis

A key consideration outlined by landholders proximate to the site was how both their individual and collective lifestyle and landscape values may be potentially affected by the underground mining of the Project – specifically subsidence.

Other key considerations outlined by residents and stakeholders extended from the interview processes included:

- privacy, independence, security and friendly social context;
- scenic and acoustic amenity;
- rural lifestyle choices and property integrity;
- a productive rural environment;
- sustainability in practice;
- an affordable village lifestyle; and
- heritage character;
- landscape;
- privacy;
- a largely independent lifestyle;

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- aesthetics;
 - darkness of night time;
 - quiet atmosphere;
 - environmental values;
 - a relaxed lifestyle;
 - economic stability;
 - safety of people and livestock;
 - rural productivity; and
 - the affordability of a village lifestyle.

A strong desire to be kept well-informed about the Project and proposed mining activities was clear. Access to reliable information was also a key outcome of consultation.

Based on the above consultation it is considered that the most significant impacts on community values will be on:

1. Aspects of the scenic and acoustic amenity – tranquillity, of residences in the rural landscape; and
2. Aspects of the rural lifestyle choice and property integrity of rural residential properties.

The Project would not result in an increase in production at Austar and is unlikely to result in any additional impacts to those which are already caused by the mine.

7.0 Potential Cumulative Impacts

Potential cumulative impacts could occur if other mining or major development activities were to occur in the area. However, at the time of writing no other projects have been identified in the region that could result in any cumulative impacts.

The Cessnock LGA will undergo major development in the next 25 to 30 years if the development strategies outlined in the Lower Hunter Regional Strategy are implemented. Some existing rural and rural residential areas are likely to be transformed into a mixture of low density developments comprising residential, commercial and industrial activities.

It is possible that development of these areas will result in cumulative impacts with Austar, although this is not possible to predict at this stage as such areas are yet to be defined through the local planning process. Any potential cumulative impacts generated by future developments would be dealt with during the approvals process for those projects and would need to consider the impacts of the proposed Austar mine extension.

APPENDIX A

Community Consultative Committee



Austar Coal Mine Community Consultative Committee Meeting Minutes

Location: Community Room, Cessnock City Council
 Time: 4 pm
 Date: 28 February 2007

| Name | Representative |
|-------------------------|--------------------------------------|
| Margaret MacDonald-Hill | Independent Chair |
| Councillor Jeff Maybury | Cessnock City Council Representative |
| Louise Dews | Community Representative |
| Paul McGreevy | Community Representative |
| Harry Snaith | Community Representative |
| Matthew Fellowes | Austar Coal Mine |
| Keren Halliday | Austar Coal Mine |

| Item | Issue | Action | Date |
|----------|---|--------|------|
| 1 | Introductions | | |
| | <p>Zhenglong Li – Deputy General Manager of Austar Coal (and Yongong Li – Interpreter). Mr Li is attending the meeting as an observer and also to meet the members of the CCC.</p> <p><i>Margaret Macdonald-Hill – Independent Chair</i> Chair of a number of CCCs across NSW Executive Officer of the Association of Mining Related Councils</p> <p><i>Keren Halliday – Company Representative</i> Environmental Co-ordinator - Austar Coal Mine Employed at Austar for 6 months and worked in the Hunter region over the past 10 years</p> <p><i>Matthew Fellowes - Company Representative</i> Technical Services Manager – Austar Coal Mine Mining Engineer with 20 years experience and has been employed by Austar for 18 months.</p> <p><i>Louise Dews – Community Representative</i> Community representative from Congewai and has a Science Degree in Environmental Management and is the Secretary of the Congewai Land Care Group. Has been working on the rehabilitation of Congewai Creek and is concerned about the protection of Ellalong Lagoon.</p> | NA | |



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| | <p><i>Jeff Maybury – Cessnock City Council Representative</i> Has been a Councillor for 28 years and was employed in the mining industry prior to being injured. Jeff is a member of the Hawkesbury Nepean Local Government Advisory Group, Mine Subsidence Board, REMS, and Tasman Coal CCC.</p> <p><i>Harry Snaith – Community Representative</i> Has lived in Quorrobolong since 1996 and has an interest in environmental and political issues. He is an engineer and has been involved large engineering projects. He is a member of the Quorrobolong Community Council.</p> <p><i>Paul McGreevy – Community Representative</i> Apology received from Paul that he was delayed in traffic and arrived following the formal introductions.</p> | | |
| 2. | Role of the Committee | | |
| | <p>Margaret MacDonald-Hill discussed the role of the committee and asked members to read the tabled “Guidelines for establishing Community Consultative Committees for mining projects”. The guidelines provide an explanation of the processes and how the Committee should operate.. The Consent Condition for the project states that the Committee should meet at least 4 times per year or as agreed to by the Committee. It was noted that the guidelines have not been signed off by the Department of Planning as yet but MMH suggests protocols contained therein should be observed.</p> | NA | |
| 3. | Outline of Mining Operation | | |
| | <p>Matthew Fellowes gave a presentation on the mining operation including:</p> <p><i>History of the mine</i></p> <ul style="list-style-type: none"> - operated since 1916 - 4 previous owners (Peko Wallsend, Oakbridge, Gympie Gold) - mine closed in 2004 following fire - Yanzhou acquired in 2004 and commenced operation in April 2005 | NA | |



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| | <p><i>Corporate structure of the company</i></p> <ul style="list-style-type: none"> - Yanzhou listed on New York, Shanghai and Hong Kong exchanges - Operates 6 underground mines in Shandong and employs 24,000 people - Good safety record - Astar is wholly owned subsidiary of Yancoal <p><i>Management team</i></p> <ul style="list-style-type: none"> - local Australian management team based in Paxton <p><i>Current approved development</i></p> <ul style="list-style-type: none"> - production up to 3 million tonnes per annum - coal transported underground by conveyors - coal washed on site at Pelton - majority of coal product transported by train to Newcastle - up to to 60,000 tonnes per year of coal may be transported by truck. Currently supplying speciality coal to a customer in Tasmania that requires graded coal which is unable to be handled at normal coal loader. There are a range of uses for this coal - the most recent development consent for the mine was granted in 1996 and has a 21 year life <p><i>Longwall Top Coal Caving</i></p> <ul style="list-style-type: none"> - refinement of traditional longwall mining - significantly increased resource recovery - lower operating cost - good potential for Australian thick coal seams <p><i>Stages of development and approval process</i></p> <ul style="list-style-type: none"> - Stage1 covers current mining and includes longwall panels A1 and A2. Included new surface infrastructure including ventilation and water management systems. Currently mining A1 panel below Aberdare State Forest. | | |
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| | <ul style="list-style-type: none"> - Stage 2 will require modification to the 1996 consent to allow extraction up to 6.5m and is subject to full SMP process. The SMP was submitted to the Department of Primary Industry and is currently under consideration by an inter agency committee. Detailed studies were prepared to support the application including subsidence predictions, flood study, ecology etc and is available on CD. - Stage 3 will require a new consent under part 3A of EP&A Act and will consolidate approvals for the entire site. It is expected that the development application for Stage 3 will be submitted in twelve months time. <p><i>Current environmental monitoring</i></p> <ul style="list-style-type: none"> - water - subsidence - vibration - noise - air <p><i>Plans in preparation</i></p> <ul style="list-style-type: none"> - environment management strategy - environmental monitoring plan - site water management plan - level crossing safety audit <p>MF said that Austar would like to work with the CCC to support community projects.</p> <p>General discussion throughout the presentation:</p> <p>Subsidence monitoring of panel A1 and A2 and will be used to assist with future subsidence predictions and impact assessment. The subsidence predictions in Stage 1 are not directly applicable to later stages due to panel widths, mine layout, geological features etc. but data captured via the monitoring program will provide input and refinement for the Stage 2 predictions. Subsidence monitoring typically continues until DPI advises that it is no longer required. Should</p> | <p>Copies of CD made and mailed to Committee members</p> | |
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| | <p>the area affected by the mining be privately owned, the cessation of routine subsidence monitoring does not affect the landowners rights for future compensation. The community is still protected by the Mine Subsidence Act and the Mining Act and can make claims should damages occur at a later stage. The subsidence lines will generally remain installed and can be re-established for verification of further ground movement.</p> <p>The Quorrobolong area is not yet a declared Mine Subsidence District. Once an area is declared as a Mine Subsidence District the Mine Subsidence Board (MSB) become part of the routine approval process for structures and man made improvements. The MSB has no specific requirements for buildings currently being constructed in this area. However, the Mine Subsidence Board has indicated to Austar that it will review the declaration of this area in the first half of this year. The decision is made by Government and usually based on a range of factors such as the status of economic reserves available and likelihood of mining in the area. The HEZ was recently declared as a Mine Subsidence District which is located over old shallow workings.</p> <p>Detailed planning for Stage 3 will commence in the next month or so. This will commence with finalising a mine plan after consideration of the natural and man made features. A subsidence assessment of a preferred mine plan will follow and this allow preliminary assessments for use with community and government stakeholders. Baseline data collection will occur in parallel with this process. A geological exploration program is continuing throughout the year in the Stage 3 area to better define the coal reserve.</p> <p>Developing a new mine is an expensive and lengthy process. For the EL area beyond Stage 3, this can take 20 years from commencement of exploration to the mining of coal. The Greta seam is the only coal seam and is known to split</p> | | |
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| | <p>and has faults. As a result of the faults and splits it will be uneconomic to mine in some areas within the EL. As there is limited geological information in the EL area, further exploration is required so that coal reserves can be proven and economic evaluations can commence.</p> <p>Subsidence monitoring to date shows there has been 26mm in A1 and is consistent with the predictions. For panels A3 to A5, MSEC has estimated that subsidence in the order of 1.4m will occur. For risk management purposes, assessments of impacts greater than twice the predicted levels up to a practical upper bound limit was also conducted. This provides the full range of management measures that may result from mining although it is recognised that the upperbound subsidence levels are not likely to occur. Panels A1 and A2 included an assessment upper bound limit of 4.2m of subsidence. The assessment focussed on the impacts of the subsidence and found no unacceptable impacts would result even if subsidence of 4.2m was to occur.</p> <p>Subsidence data from China is unable to be used as mine layouts (which control subsidence) are not comparable. Mine layouts in China focus on maximum resource recovery and as such are designed without coal chain pillars (which limit and control subsidence).</p> <p>HN requested details of negotiations and arrangements with affected landholders. MMH stated that the negotiations between landholders and the company are confidential, commercial in confidence information not to be disclosed and not relevant to this Committee. MF advised that the company decided to enter into mining agreements with individual landholders even though it was not a legal requirement to do so. Negotiations are progressing but none have been finalised as yet. It is a novel approach that seeks co-operative arrangements between both parties. There are financial incentives for the landowner in exchange for co-operation. None of the</p> | | |
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| | <p>compensation protection available through legislation is compromised by the agreements.</p> <p>There are 11 properties involved in Stage 4 and four residences that will be mined underneath. The assessment found that none of the 4 houses will exceed the acceptable SSR limit.</p> <p>The SMP details monitoring requirements along the creek lines. If the creek system is affected then repairs will be made in accordance with a plan.</p> <p>Austar has not made any decisions about the approach that it will take with individual property owners in the Stage 3 mining area. Stage 3 will be subject to a full environmental assessment under Part 3 of the EP&A Act. The broader community will have the opportunity to participate and comment during this process.</p> | | |
| <p>4.</p> | <p>Meeting Schedule</p> | | |
| | <p>It was agreed that subsidence and the subsidence management planning process would be discussed at the following meeting when Matthews Fellowes could be present.</p> <p>Next meeting: 26 April 2007</p> <p>Time: 4pm to 6pm Location: Austar Coal Mine on Middle Road near Paxton Main agenda item: Environmental Monitoring Plans</p> | | |

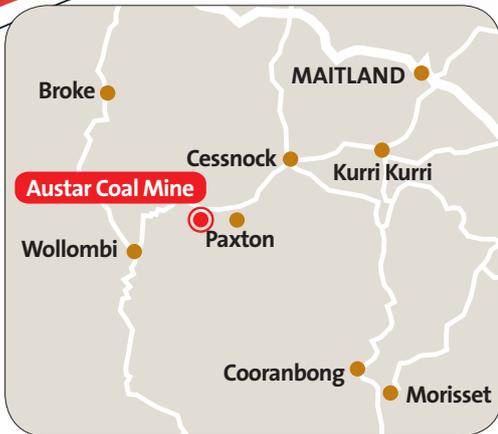
Meeting closed at 6.40pm

APPENDIX B

Community Information Sheets 1 to 6

AUSTAR COAL MINE

» MINING OVERVIEW



OVERVIEW

Yancoal Australia is proposing to undertake underground mining activities in an area within the company's existing mining lease area. The Austar Coal Mine, previously known as the Southland coal mine, is located approximately 10 kilometres from Cessnock on the Wollombi Road. The mine is now owned by Yancoal Australia Pty Ltd, an Australian-Chinese partnership, and is currently being refurbished after being in a period of care and maintenance.

This information sheet provides an overview of the mining activities proposed by the company, the technology involved in extracting coal, and the approvals process required for the project to go ahead. Detail on the environmental and social assessment to be undertaken as part of the approvals process is also provided.

WHO IS YANCOAL AUSTRALIA?

Yancoal Australia is a subsidiary of Yanzhou Coal Mining Company Limited, one of China's largest and most respected coal producers.

Yanzhou Coal recently won the China Association of Quality Management's 'China Quality Award'. In 2004 the company was rated as one of China's top five companies for Corporate Governance by Hong Kong's *Asia Currency* magazine.

PROPOSED ACTIVITIES

The company plans to recommence production at the mine in 2006 to access the Greta seam, a significant body of high grade coking coal in the area. The coal will be exported to customers in Asia to meet demand for this type of coal.

In addition to recommencing underground mining at the existing mine, the company is proposing to mine three new longwall panels. Operating at maximum capacity, the company will provide employment for up to 270 people.

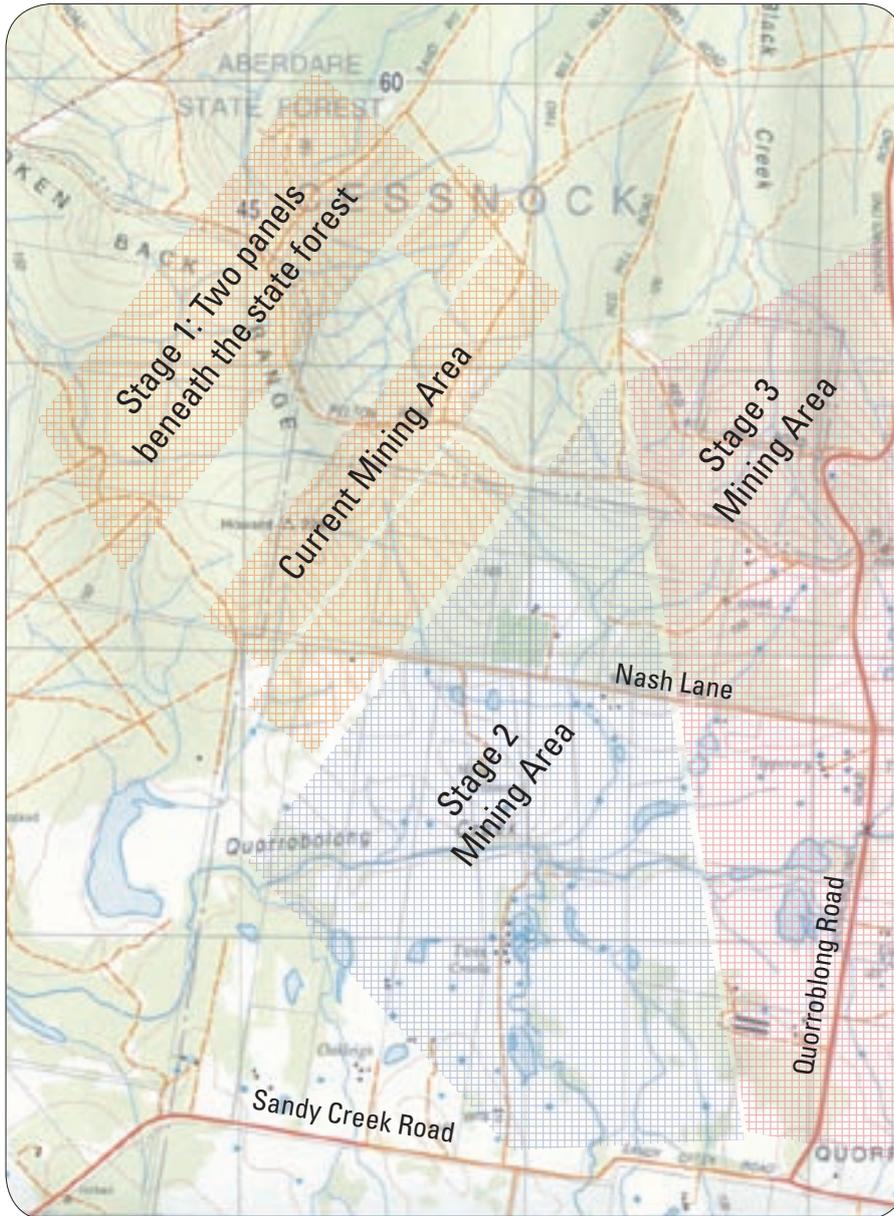
The proposal involves extraction of coal to the height of the coal seam. The mine presently has approval to extract up to 4.5m of the seam and will be seeking approval to extend this height to a maximum of 6.5m.



The reinstated mine will include new surface infrastructure and underground mining equipment to ensure safe and efficient operation of the mine. Such infrastructure may include a larger capacity vent fan, a new substation, new downcast shafts and additional borehole pumps and pipeline.



Proposed mine expansion plan



DEVELOPMENT OF THE MINE

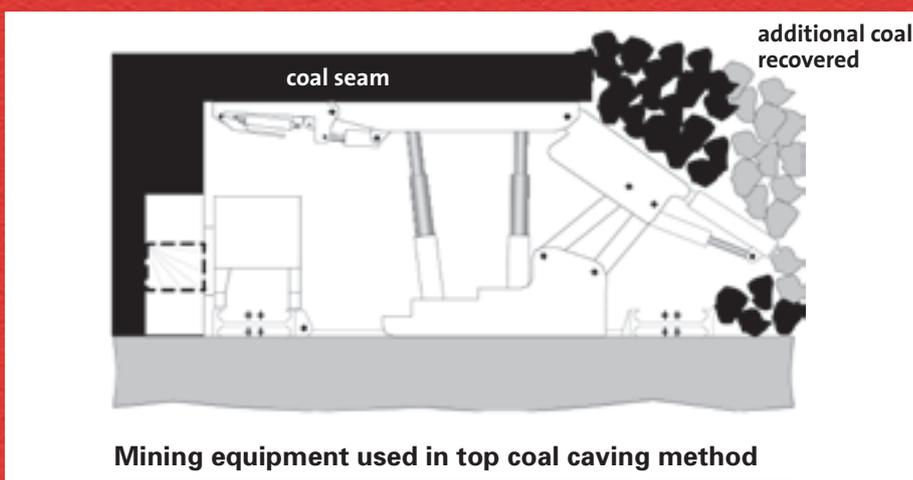
The Austar Coal Mine will be developed in three distinct phases. Development will commence with the existing workings which are being reopened, followed by the development of three additional longwall panels within the existing mining lease and eventually extension into a future mining area to ensure continuity of the mine.

STAGE 1 involves the development and extraction of two longwall panels in the current mining area and will require minor infrastructure upgrades (mostly ventilation), new underground equipment and some additional surface infrastructure. As the mine currently has approval for the extraction of the coal seam of up to 4.5m in height, a modification of the existing approval will be sought to extract up to 6.5m.

STAGE 2 involves approval to mine three additional longwall panels. This will require a variation to the existing planning approval to allow Austar Coal to mine up to 6.5m of the coal seam, as well as a Subsidence Management Plan (SMP). The SMP is a process administered by the Department of Primary Industries and Mine Subsidence Board to manage surface impacts.

STAGE 3 the future mining area will require granting of a new project approval and a full environmental assessment, in addition to SMP approval.

APPLYING WORLD LEADING TECHNOLOGY



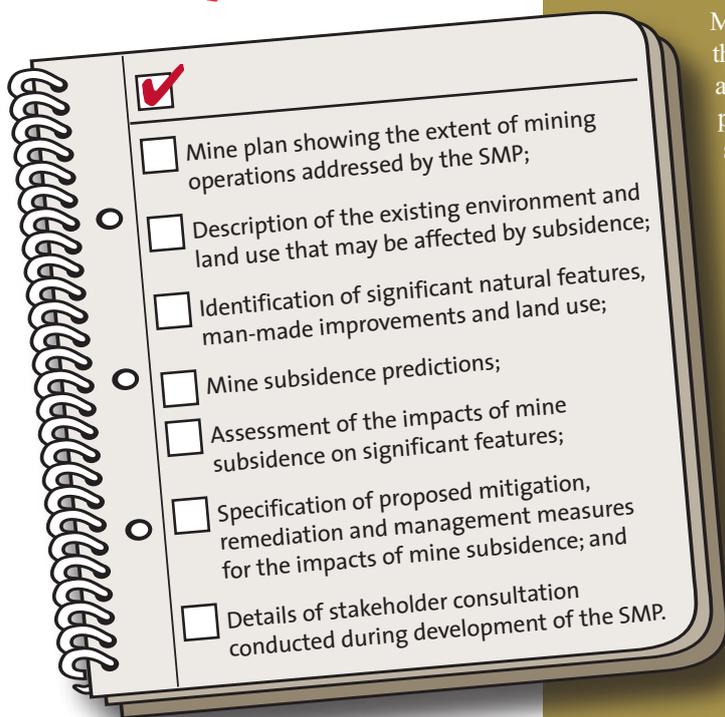
The proposal differs from other underground mining proposals in that it is the first in Australia to use the world leading Top Coal Caving method. This method is seen to reduce coal wastage and maximise recovery of coal, compared to other longwall mining techniques.



THE APPROVAL PROCESS FOR PHASE 2: AUSTAR EXTENSION PROJECT

The mining areas proposed for these three phases are depicted in the map. This information sheet focuses on the next planned phase of development – Stage 2 of the Astar Coal Mine.

AN SMP IS REQUIRED TO INCLUDE:



In order to be able to mine the proposed new longwall panels at a height of 6.5m, the company requires approval from the Department of Planning to modify the existing approval that allows for mining up to 4.5m. Approval will also be required from the Department of Primary Industries – Mineral Resources (DPI) as part of the new Subsidence Management Planning (SMP) regulatory process.

This means that the company must develop a Subsidence Management Plan (SMP) that is required to include a detailed assessment of predicted effects of mine subsidence. The plan must also specify ways of managing these effects. The key elements that comprise a SMP are outlined in the checklist to the left.

Consultation with stakeholders, including local residents, landowners that may be affected by mine subsidence, government agencies and special interest groups, is a key requirement of the SMP process.

Independent specialist environmental studies

are also being commissioned as part of the planning approvals variation and SMP processes to assess effects on drainage systems and other natural features. The level of impact assessment and management required in the planning approvals variation and SMP is directly related to the scale of the impact and the sensitivity of the features affected. The following flow chart provides a summary of the planning process required to be undertaken for the proposal.

As the chart outlines, stakeholder consultation is a key part of the process. Coakes Consulting has been appointed to work with the community, to facilitate the community input to the proposal and to ensure that community issues are documented and addressed. In the case of landholders/residents directly impacted by the proposal, the company is committed to working with landholders to

develop property subsidence management plans that clearly outline expected subsidence effects and how these effects are to be appropriately managed.

Once the planning approvals modification and SMP has been submitted, they will undergo a rigorous assessment process led respectively by the Department of Planning and Department of Primary Industries (DPI), and will involve other State Government agencies. The Department of Natural Resources (DNR), Department of Environment and Conservation (DEC), Mine Subsidence Board, Roads and Traffic Authority (RTA), NSW Fisheries, etc. will be involved in evaluating the application.

The SMP will also be put on public exhibition for a period to provide an opportunity for the community to make formal submissions on the application to the DPI. These submissions will be considered by government in determining whether the proposal should, or should not, be approved.

SUMMARY OF APPROVAL PROCESS

 indicates community involvement

 Conceptual mine planning and design

 Commencement of Consultation Program

 Commencement of environmental studies

Government Planning Focus Meeting

 Preparation of SMP and environmental assessment

Lodgement of Application

 Public Exhibition of SMP and environmental assessment

Assessment of Application and submissions

Minister determines whether approval should be granted

TECHNOLOGY

The Top Coal Caving method was initially developed in France more than 20 years ago and has been further refined in China. It is ideally suited to thick coal seams, such as the Greta seam proposed to be mined by Astar. The technique has been evaluated by CSIRO and is expected to have broad application in the Australian coal industry, particularly where coal is found in thick seams.



INVOLVING STAKEHOLDERS

As mentioned earlier, the process of modifying current planning approvals and seeking SMP approvals process includes a comprehensive community involvement program and will involve a range of consultative activities over the coming months, including:

- Consultation with local landholders impacted by the proposed mine plan;
- Consultation with government agencies and political representatives;
- Consultation with other stakeholders with an interest in the proposal.

This information will be incorporated into the planning approvals modification and SMP process, along with the identification of appropriate strategies to address the issues raised.

FURTHER INFORMATION

If you would like further information on the underground mining application or the consultation program, or would like to arrange a meeting to discuss the project with members of the project team, please contact:

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AUSTAR COAL MINE

» A GUIDE TO LONGWALL MINING



Longwall equipment



A GUIDE TO LONGWALL MINING

The Austar Coal Mine, as it is now called, was previously known as the Southland Coal Mine and is located approximately 10 kilometres from Cessnock on the Wollombi Road. The mine is now owned by Yancoal Australia Pty Ltd.

Yancoal Australia is undertaking underground mining activities within the company's existing mining lease area and is introducing a new technology called the Top Coal Caving (TCC) method.

This information sheet has been developed to explain the process of longwall mining, in particular the TCC method, and the effects of subsidence that may be associated with this mining approach.

LONGWALL MINING – THE TECHNIQUE

WHAT IS LONGWALL MINING?

Longwall mining is an established method of coal mining and is widely used in Australia and overseas. In preparation for longwall mining, a rectangular block of coal, called a longwall panel, is defined by excavating underground roadways in tunnels within the coal seam around the perimeter of the panel. These roadways are developed by a machine called a continuous miner.

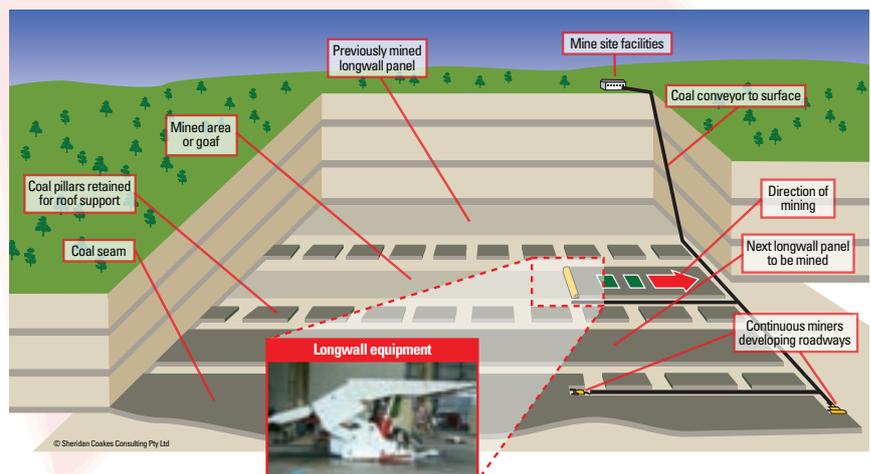
Longwall panels are separated by sections of coal that are not mined called coal pillars. These coal pillars provide roof support for the roadways. Longwall panels in the Austar Coal Mine are approximately 220 metres

wide, up to 1300 metres long and are the height of the coal seam (typically 4.8 to 6.5 metres). Longwall panels at the Austar mine range in depth from 490 to 530 metres, below the ground's surface.

A machine called a shearer is used to mine coal from the longwall panel.

The coal shearer operates continuously and moves from side to side across the longwall panel as it mines the coal. The shearer gradually removes the coal in the longwall panel as it mines through the length of the panel.

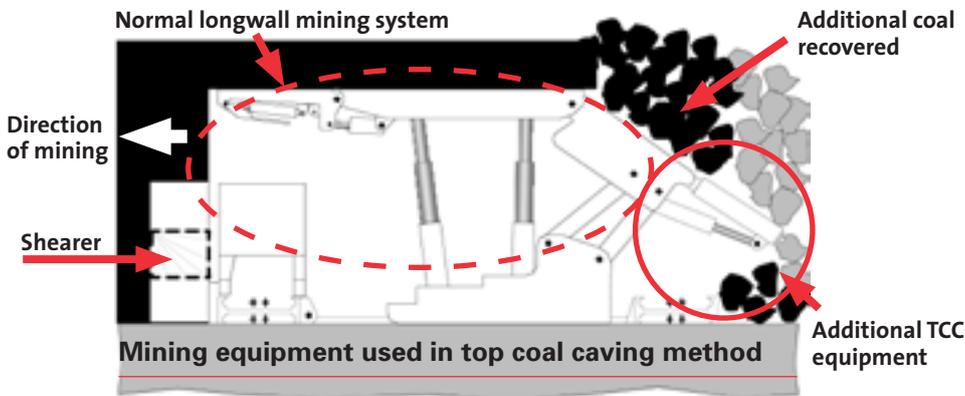
Coal mined by the shearer is transported from the underground workings to the surface using a series of conveyors.



© Sheridan Cookes Consulting Pty Ltd



AUSTAR COAL PTY LTD



HAS TOP COAL CAVING BEEN APPLIED IN AUSTRALIA PREVIOUSLY?

The introduction of TCC at the Austar Coal Mine would be the first time this modified mining method has been applied in Australia. Research and evaluation undertaken by CSIRO, the School of Mines, University of NSW and Strata Control Technology Operations Pty Limited, has indicated that TCC is suited to Australian conditions and has application throughout Australia for longwall mining, particularly in thick coal seams.

The introduction of TCC to Australia is a collaborative effort between Chinese, German and Australian engineers. Austar's parent company, Yanzhou Coal Mining Company is acknowledged as being one of the safest and most productive users of the technique. The company holds patent rights to the design in China and Australia and the Austar equipment is being manufactured under licence by a German company (DBT).

» A series of mechanical roof supports hold up the roof of the longwall panel behind the shearer to protect the mining operations. The roof supports are gradually moved along, following the shearer as it mines through the longwall panel. The roof of the mined area behind the roof supports is allowed to collapse as mining progresses.

In the case of the Austar Coal Mine it will typically take between 30 to 50 weeks to mine a longwall panel, depending on the size of the panel and the mining conditions.

WHAT IS TOP COAL CAVING (TCC) AND HOW DOES IT DIFFER FROM TRADITIONAL LONG WALL MINING?

The Top Coal Caving Method (TCC), is very similar to traditional long wall mining, but differs in that it enables more coal to be collected, that would otherwise fall into the 'goaf' (the area behind the long wall equipment) and be lost.

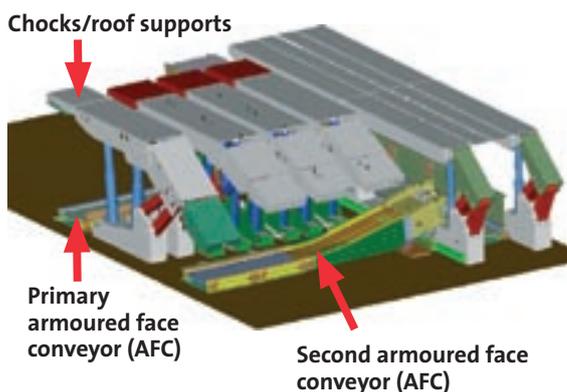
Different forms of TCC have been in practice for over 130 years in countries such as Spain, the former Yugoslavia and France. The technique, sometimes referred to as sub-level caving, was developed to enable mining in areas which were traditionally considered too geologically difficult to mine.

Introduced in France, and further refined in China in the last 15 years, top coal caving uses a modified longwall mining system. While the front looks like a normal longwall system, with a shearer and an armoured face conveyor (AFC), a second AFC runs behind the base of the supports to clear the coal that falls from the roof once the chocks have moved forward.

A flap at the base of the rear of each shield is raised to allow the coal in the roof above the longwall shield to cave onto the second AFC (Armoured Face Conveyor).

The system is considered ideal for thick seams (from 5-12 metres), whereas standard long wall equipment is only capable of mining in seams of up to 4.5 metres. The Greta seam, in the area of the Austar Coal Mine, is a thick seam and thus by using this mining method, up to 80% of the additional coal can be accessed, which would otherwise be lost.

The system has also proven to provide safety advantages in the areas of face stability and control of the operation as well as the management of spontaneous combustion. Also the environmental impacts (particularly subsidence) can be more readily tailored to the sensitivity of the area by controlling the extent of coal recovery from the caving process.



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FURTHER INFORMATION

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AUSTAR COAL MINE

>> SUBSIDENCE EFFECTS AND LONGWALL MINING



SUBSIDENCE EFFECTS ASSOCIATED WITH LONGWALL MINING

WHAT IS SUBSIDENCE?

Subsidence is a term used to describe how the surface of the land above a long wall panel settles after the coal has been mined below.

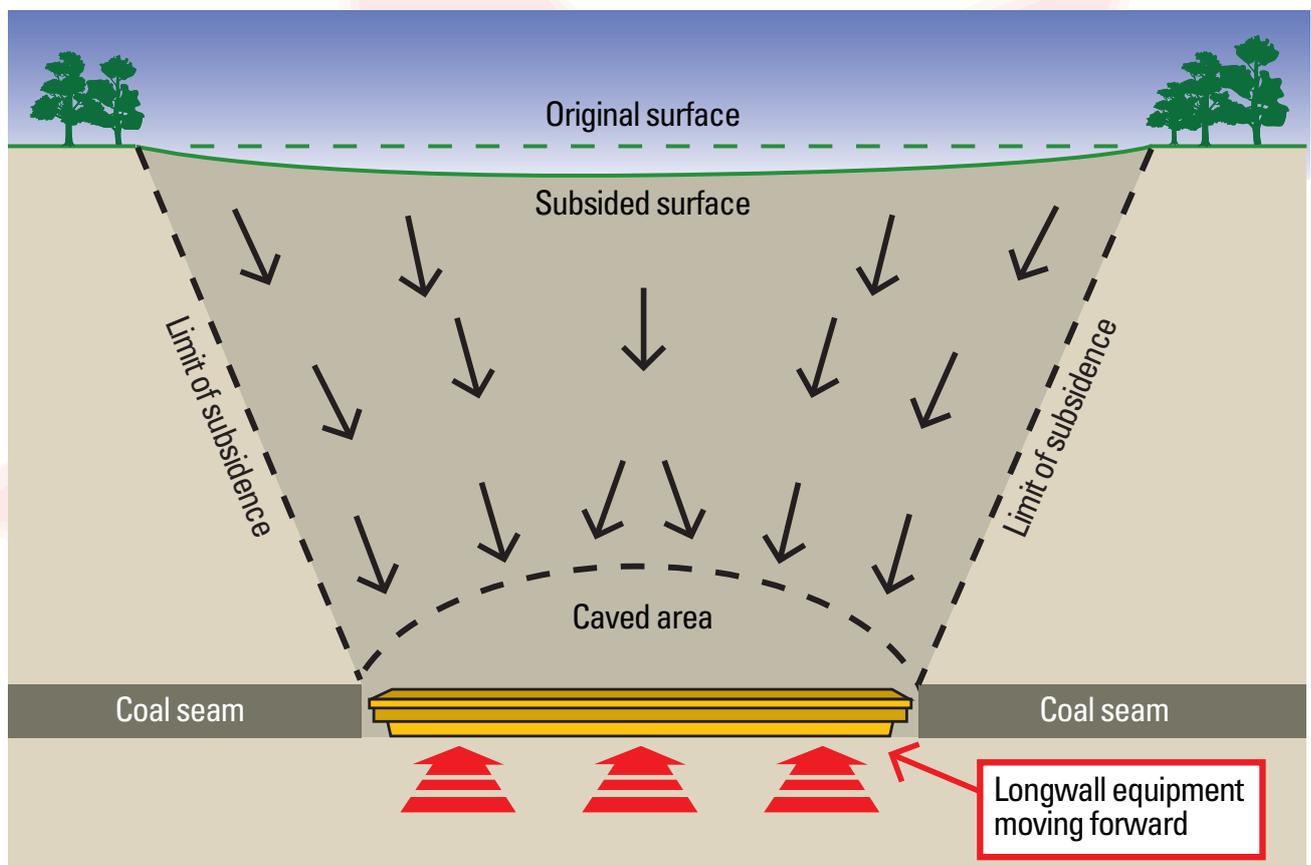
Surface subsidence occurs as the roof of the mined area behind the roof supports progressively collapses under the weight of the layers of earth above the coal seam.

The subsidence effect at the surface occurs progressively as the surface

bends in the form of a shallow wave. The subsidence moves across the ground following the progress of the longwall panel, which moves around 50-60 metres per week.

WHEN DOES SURFACE SUBSIDENCE OCCUR?

Surface subsidence commences once the coal is extracted from beneath and develops progressively as mining proceeds. Surface subsidence from longwall mining does not occur as



» a sudden collapse. Approximately 90% of the surface subsidence occurs over a period of 6 weeks.

Generally, all significant subsidence from the mining of a longwall panel is complete within 12 months of mining.

WHAT EFFECT DOES SUBSIDENCE HAVE ON THE GROUND SURFACE?

As each longwall panel is mined there will be a resulting depression on the surface of the ground described as a shallow subsidence depression or trough.

The depth of surface subsidence varies according to the width of individual longwall panels and the depth of the coal being mined. Subsidence may also differ according to the number of consecutive longwall panels being mined.

In relation to the Austar Coal

Mine, subsidence effects due to individual longwall panels are likely to be relatively small (less than 200mm) due to the depth of the coal being mined.

However the total subsidence, across multiple panels, will still be significant due to general lowering of the surface as a result of the compression of the coal pillars (see diagram at below).

WHAT EFFECTS CAN SUBSIDENCE HAVE ON SURFACE FEATURES?

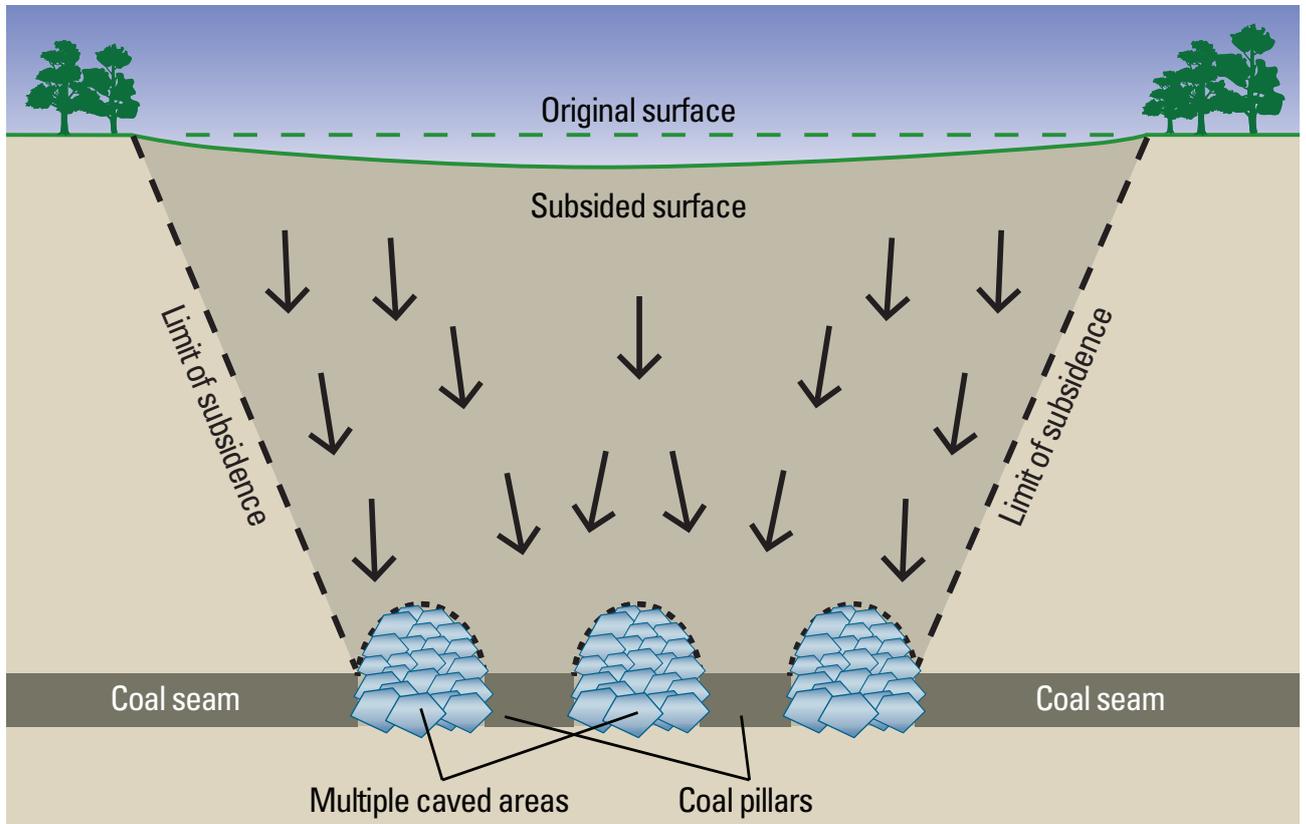
Surface subsidence can potentially damage houses, sheds, roads, dams and other man-made structures. The Mine Subsidence Board (MSB) is responsible for repairing damage caused by subsidence effects on man-made structures, in accordance with the *Mine Subsidence Compensation Act* (please refer to the Mine Subsidence Board section below).

Surface subsidence can also create surface cracks and humps, and surface drainage effects, including alteration of drainage paths and ponding in certain areas. The remediation of these effects, and any consequent adverse effects on land use, is the responsibility of the Austar Coal Mine, in accordance with the provisions of the Mining Act. An overview of the company's obligations and approach to managing subsidence effects is provided below.

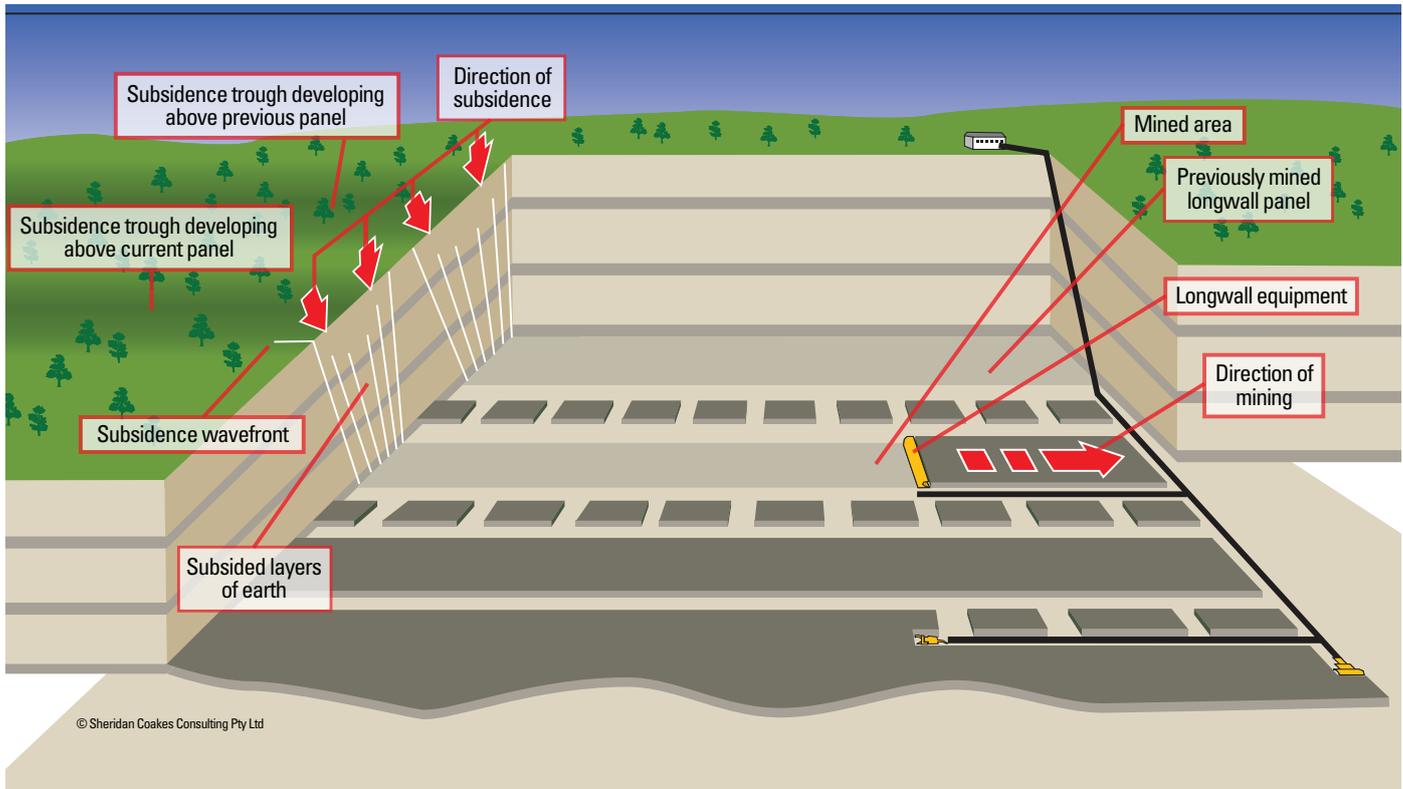
MANAGING SUBSIDENCE

WHO IS THE MINE SUBSIDENCE BOARD?

The Mine Subsidence Board (MSB) is responsible for the management of subsidence effects on man-made improvements to rural properties in accordance with the provisions of



Schematic diagram showing subsidence from multiple mining panels



the *Mine Subsidence Compensation Act 1961*. Rural properties may also have other features such as agricultural or business usage that may also be adversely affected by mining subsidence. Compensation for these subsidence effects is the responsibility of the company in accordance with the provisions of the *Mining Act 1992*.

WHAT IS THE MINE SUBSIDENCE BOARD'S ROLE?

The MSB is a service organisation that administers the *Mine Subsidence Compensation Act 1961*. The Act provides for compensation or repair of man-made property improvements that are damaged by subsidence resulting from underground coal mining. The MSB is funded by levies paid by coal mining companies.

The MSB provides compensation or repair services for man-made improvements on rural or urban

properties that may be damaged by mine subsidence. These include houses, garages, sheds, stock fences, contour banks, dams, irrigation pipelines, cattle yards and other farm infrastructure. The MSB also repairs subsidence damage to services and public infrastructure such as roads, transmission towers and telephone lines and deals directly with infrastructure owners regarding management measures for these items.

The MSB provides development guidelines relating to structures and subdivisions. These guidelines aim to limit subsidence damage by ensuring that structures e.g. houses, sheds, are designed, as far as practicable, to withstand mining subsidence. The MSB can only provide compensation or repairs for mine subsidence damage to property improvements that were built with its approval or were built before the declaration of a Mine Subsidence district.

For more detailed information on the role and operation of the MSB please refer to the MSB Brochure – *'Mine Subsidence – A Community Guide'*.

HOW DOES THE BOARD MANAGE SUBSIDENCE EFFECTS?

The MSB offers to carry out pre-mining inspections of properties, where subsidence is likely to cause damage. The purpose of these inspections is to obtain an accurate record of the condition of the property improvements prior to any damage due to mining subsidence. Once subsidence has occurred, the record from the pre-mining inspection can then be used to determine the extent of property damage due to subsidence and the extent of repair work necessary to return the property to its pre-mining condition. Such inspections can be arranged by contacting your nearest MSB office.





Alternatively, if you believe that improvements on your property have suffered mine subsidence damage, an inspection of the damage can be initiated by submitting an MSB Claim Form to the MSB. The MSB will assess the claim and will arrange, supervise and pay for suitable repairs for any damage due to mining subsidence. Property improvements would be repaired to their pre-subsidence condition. In some exceptional circumstances, the MSB may provide compensation for property damage or offer to purchase a damaged property. For detailed information on claims please refer to the MSB Brochure – ‘*Claiming for Mine Subsidence Damage*’.

There are also review and appeal processes available in the event of a claimant being dissatisfied with the outcome of a claim lodged with the MSB. For detailed information on these processes please refer to the MSB Brochure – ‘*Appeal Rights and Review Procedures*’.

WHAT ABOUT EFFECTS OF SUBSIDENCE ON OTHER FEATURES OF MY PROPERTY?

The Austar Coal Mine is responsible for providing compensation to property owners for compensable loss, as defined by the *Mining Act 1992*. In accordance with the Act, compensable loss specifically excludes any loss that is provided for by the MSB. This means that the company is responsible for providing compensation for property subsidence effects for which the MSB is not

responsible. These are subsidence effects on property features other than man-made improvements. These features may include:

- agricultural land use and land capability;
- other business usage; and
- surface drainage.

The Austar Coal Mine will prepare Property Subsidence Management Plans (PSMPs), in consultation with property owners, for all rural properties that may be potentially affected by underground mining. The PSMPs will specify the proposed management measures for subsidence effects on all relevant property features, and will include the following main components:

- A description of the property and identification of all property features that could potentially be affected by mining subsidence.
- Identification of features for which subsidence effects will be managed by the MSB.
- Property subsidence predictions.
- Assessment of the effects of subsidence on property features.
- Proposed management measures for subsidence effects for each property feature.

Preparation of each PSMP will involve consultation with the individual property owner. This will ensure that all property features are identified and that appropriate

management measures are developed for each property. PSMPs will be prepared prior to the commencement of undermining of the property. The preparation process will typically involve a series of meetings with the property owner, including a property inspection, over a period of approximately 3 months.

Any disputes between a property owner and the company in relation to compensation for property subsidence effects can be referred by either party to the Mining Warden for resolution in accordance with the *Mining Act 1992*.

FURTHER INFORMATION

Should you require further information on underground mining or subsidence effects please contact:

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AUSTAR COAL MINE

» STAGE 1 MINING ACTIVITIES



This information sheet has been developed to provide an overview of the activities planned to be carried out by the Austar Coal Mine specifically in Stage 1, and the results of investigations into potential environmental effects. Details of the background of Austar Coal Mine Pty Ltd, along with a summary of the three proposed stages of mining are provided in Community Information Sheet 1 (pages 2 & 3).

CURRENT APPROVED MINING AREA

In 1994 and 1996, current Development Consents were granted for longwall mining in the existing Mining Lease. The area included in these existing Consents is shown on the map (below). Longwall mining was carried out by previous mine owners until a mine fire in 2003 resulted in the cessation of operations. The mine recommenced operations in 2005 under the management of Austar.

WHAT CHANGES TO MINING ARE INCLUDED IN STAGE 1?

STAGE 1 involves the introduction of the Top Coal Caving longwall mining method which can mine up to 6.5 metres of coal seam thickness, compared to 4.5 metres that is currently approved. Further details of Top Coal Caving are provided in Community Information Sheet 1, (page 2). Stage 1 mining is wholly beneath the Aberdare State Forest, some crown land and Austar owned land.

In addition to mining a greater thickness of coal, Stage 1 includes

the following infrastructure modifications:

- Upgrades of the existing ventilation fan with a new impeller and control room, and a duplicate fan to be installed at the same location. These improvements are required to increase mine ventilation for safety reasons. Modifications will include substantial noise reduction works and an improved mist collection system.
- Installation of a downcast shaft (air inlet). This was included in the 1996 Consent, however the location was not specified. The proposed location is shown on the map, in an existing clearing. This shaft will be fitted with an intake funnel and grate to

stop accidental entry of animals, debris or people. No clearing will be required and there will be no noise or air quality impacts.

- A replacement electrical substation due to the age of the existing facility. The new substation will supply power for the mine, and will be located adjacent to the existing facility, in a clearing on Austar land, shown on the map. The existing sub-station was approved as part of the ventilation fan on the #3 shaft.
- An upgraded Nitrogen generation plant to provide adequate Nitrogen for prevention and control of spontaneous combustion (coal

Key Infrastructure modifications:

- A** Ventilation fan upgrade;
Electrical substation upgrade;
Nitrogen plant;
Downcast shaft (air inlet);
Oil & Diesel storage tanks;
Tube bundle shed.
- B** Electric Pump





fires) in the mine. This is an upgrade to an existing safety system installed following a mine fire in 2003, as required by the NSW Department of Primary Industry – Minerals, Mine Inspector. The upgrade will result in the reduced risk of a future outbreak due to spontaneous combustion.

- Upgrades to the water management system to improve the recycling of mine water. Austar has been working closely with the Department of Environment and Conservation to optimize water recycling and reduce dependency on external water supplies. The proposed improvements will include upgraded pumps, pipelines and water treatment facilities resulting in the Austar mine being almost self-sufficient in water supplies. The major pumping stations will continue to be located underground, whilst a staging pump is proposed adjacent to Kalingo dam.
- Storage tanks for oil and diesel, to be located as shown on the map. These will supply mining operations via pipelines through a services borehole. The storage tanks will be installed in sealed bunds meeting the requirements of Australian Standards to control spillage and leaks.
- A small shed, known as a “tube bundle shed” to house electronic equipment used to monitor and analyse mine air. This is a safety system used to analyse the gas composition of the mine ventilation air to ensure worker safety. There are no anticipated environmental impacts from the operation of this safety system.

THE STAGE 1 STATEMENT OF ENVIRONMENTAL EFFECTS (SEE)

The SEE for Stage 1 investigated potential impacts from the proposed modifications outlined above. The following conclusions were reached:

SUBSIDENCE – Extracting up to 6.5m of coal has not previously occurred at the Austar Coal Mine. Subsidence predictions for Stage 1 mining have been based on a maximum possible subsidence outcome. In order to assess the potential impacts resulting from subsidence, environmental assessments have been conducted against this maximum post mining subsidence scenario. The conclusions of the various studies are summarised below. Further details on subsidence are provided in Mining Information Sheet No.2 – “Subsidence Effects and Longwall Mining”.

Please contact Austar or Coakes consulting if you require a copy.

FLORA AND FAUNA – No serious impacts will result from the proposed modifications. Investigations showed that there are no Commonwealth listed ecological communities, threatened species or migratory species present or likely to occur on the site. Wetland habitat does not occur in the proposed Stage 1 mining area.

NOISE – Modelling of the modified noise sources (ventilation fan and nitrogen plant) showed predicted noise levels at the nearest private residences will be substantially below the Department of Environment and Conservation noise criteria, even under worst case weather conditions at night.

AIR QUALITY – The Stage 1 modifications will not result in any additional sources of dust from operations. Additional recycled water will be available to be used for control of dust from roads and stockpiles.

SURFACE WATER AND GROUNDWATER – No observable effects are anticipated on the surface or groundwater systems in the proposed Stage 1 mining area.

VISUAL – Visual impacts from subsidence will be low due to the undulating slopes and dense existing vegetation cover. All modified infrastructure will be shielded from motorists and residences by topography and vegetation.

HERITAGE – Continuation of the Austar Coal Mine will assist in maintaining the history of mining in this area. The heritage listed buildings at the former Kalingo Colliery will remain in context, and protected from damage. There have been no Aboriginal heritage items or sites identified.

SOCIO-ECONOMIC – Capital expenditure, continuing employment for up to 270, and flow-on effects from purchases of goods and services will offer socio-economic benefits for the local and regional community.

THE STAGE 1 APPROVAL PROCESS

An application for modification of the existing 1996 Development Consent to allow Stage 1 to commence was lodged by Austar in May 2006. This included a Statement of Environmental Effects (SEE) developed by Environmental Resources Management Australia (ERM). This application is being assessed by the NSW Department of Planning. Longwall mining in Stage 1 is proposed to commence in September 2006.

FURTHER INFORMATION

If you would like further information on the Stage 1 mining application or would like to make a time to meet with a member of the project team, please contact:

Matthew Fellowes
Project Director
Austar Coal Mine

Phone 4993 7233

Mobile 0411 968 646

Email

mfellowes@austarcoalmine.com.au



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AUSTAR COAL MINE

» HISTORICAL AND CURRENT MINING PROPOSALS



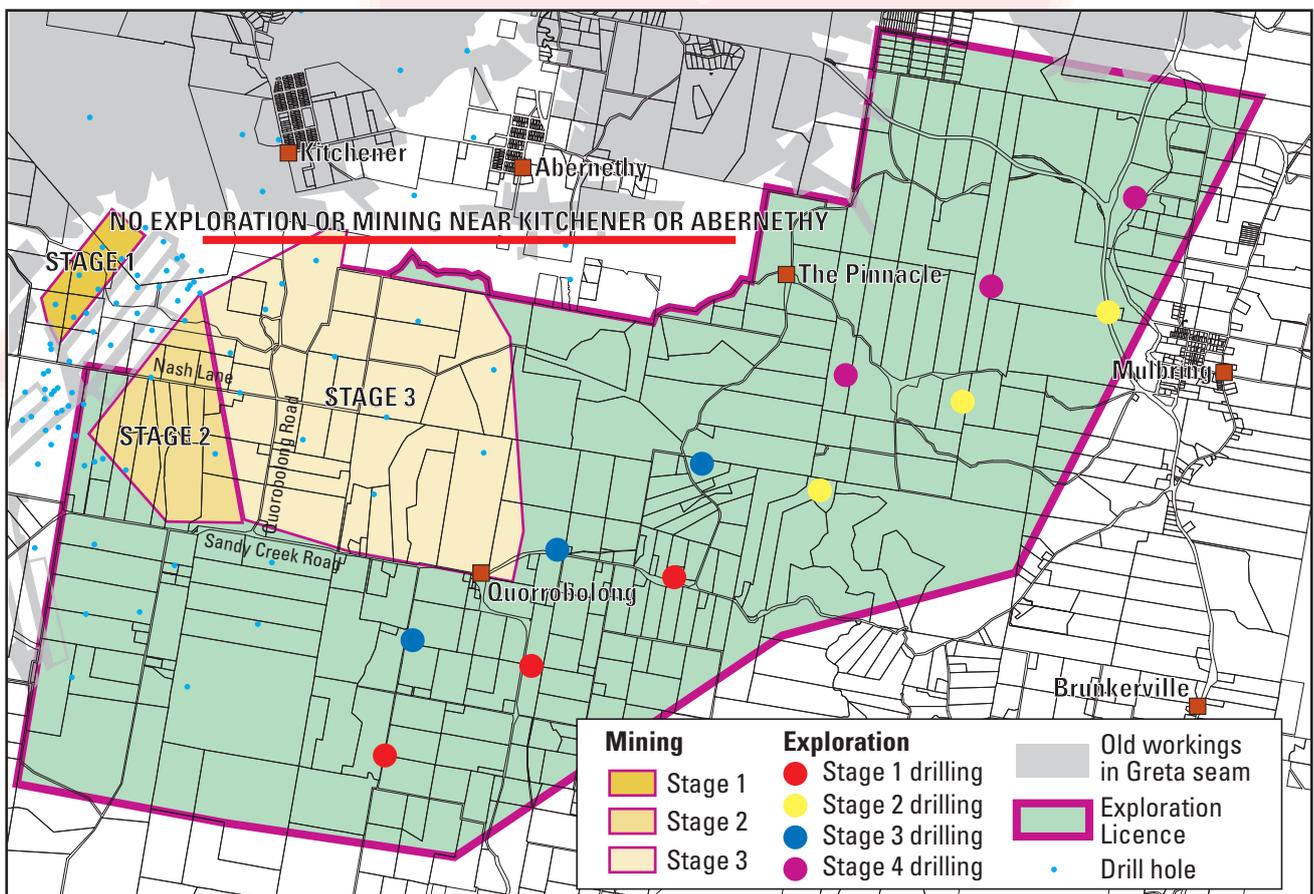
The Austar Coal Mine is an underground coal mine located approximately 10 kilometres from Cessnock on the Wollombi Road. The mine has operated in the area, under a range of different owners, since 1916.

In the past few weeks you hopefully will have received in the mail a set of information sheets that have been developed to provide you with information on the current mining approvals being sought by the company; and which have been designed to update you on the status of the mine. These sheets represent the commencement of a detailed and broad community consultation program which will be continuous and ongoing as mine planning develops.

This Information Sheet 5 and the attached plan have been further prepared to assist landholders in understanding the exploration and mining activities proposed to be undertaken by Austar Coal Mine in the near future. We are also very happy to come and meet with you in person, to discuss the information presented in more detail.

HISTORICAL MINING AREAS

Historically, mining has occurred in the Cessnock area for many years. The areas shaded grey (shown as 'Old Workings in Greta Seam' in the legend on the attached plan) indicate the areas that have already been mined over the previous 100 years, mainly from the 1930's through to the 1960's. The area already mined includes the townships of Paxton, Ellalong, Kitchener and parts of Abernethy. There is *no mining proposed* by Austar Coal Mine near these towns.



» MINING EXPLORATION

As shown on the attached plan, the area shaded green indicates an Exploration Licence Area that has been offered by the Department of Primary Industries to Austar Coal Mine. This does not indicate whether mining will eventually be conducted in the area.

Austar Coal Mine intends to explore this area and further define the Greta coal seam within the Exploration Licence boundary. The results of the exploration drilling program will be used to create a geological model of the coal seam that will be used in feasibility studies to determine if the coal reserves are economically feasible to extract. The coal seam in the area is extremely deep at between 600 and 800 metres below the surface.

Preparation for mining is a long process. The necessary feasibility and environmental impact studies, and the subsequent processes required by Government to gain approval to mine, can take in the order of 5 to 10 years to complete. If a mine development is approved, it may take a further 5 to 10 years to commence.

CURRENT AND PROPOSED MINING ACTIVITIES

Austar Coal mine holds a current Mining Lease (CML2) in which it is proposed that mining be conducted in 3 Stages, as shown on the attached plan.

An application has been lodged with the Department of Planning to commence longwall mining in the Stage 1 area, beneath the Aberdare State forest and on land owned by the Austar Coal mine. Further details are provided in Information Sheet 4.

It is proposed to further mine the lease area over the next 15 years in the areas marked Stages 2 and 3, as shown on the attached plan. These 3 Stages are consistent with the Community Information Sheets recently posted. As outlined above, the areas proposed to be mined are deep compared to the historical mining areas, and range between 400 and 600 metres below the surface.

Longwall mining beneath private properties in Stage 2 received planning approval in 1996. That approval requires preparation of a Subsidence Management Plan (SMP), consultation with landowners and may require a modification or change to the existing planning approval. If the latter is the case further rigorous environmental assessment and public consultation will be required. All affected landholders have been contacted and detailed discussions are ongoing. Upon completion of individual SMP's and any consequent planning changes it is expected that longwall mining will commence in the latter part of 2008.

In relation to the Stage 3 area, a further separate approval process needs to be undertaken in order to seek approval to commence mining. If approval is granted, longwall mining will commence beneath the state forest towards the end of 2010. Once again this approval process would include a comprehensive environmental assessment that includes consultation with landowners and an assessment of the social impacts of the proposal on the community. This process has only just commenced, and information will be provided as soon as more detailed mine planning has been undertaken.

FURTHER INFORMATION

If you would like further information about mining activities associated with the Austar Coal Mine, please don't hesitate to contact:

Matthew Fellowes
Austar Coal Mine

Phone 02 4993 7233
(business hours)

Bret Jenkins
Coakes Consulting

Phone 0427 665 523

Email

bjenkins@coakesconsulting.com

We would be happy to make a time to sit down with you to discuss the company's proposals in more detail.



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Austar Coal Mine

Stage 3

Information Brochure

OCTOBER 2007

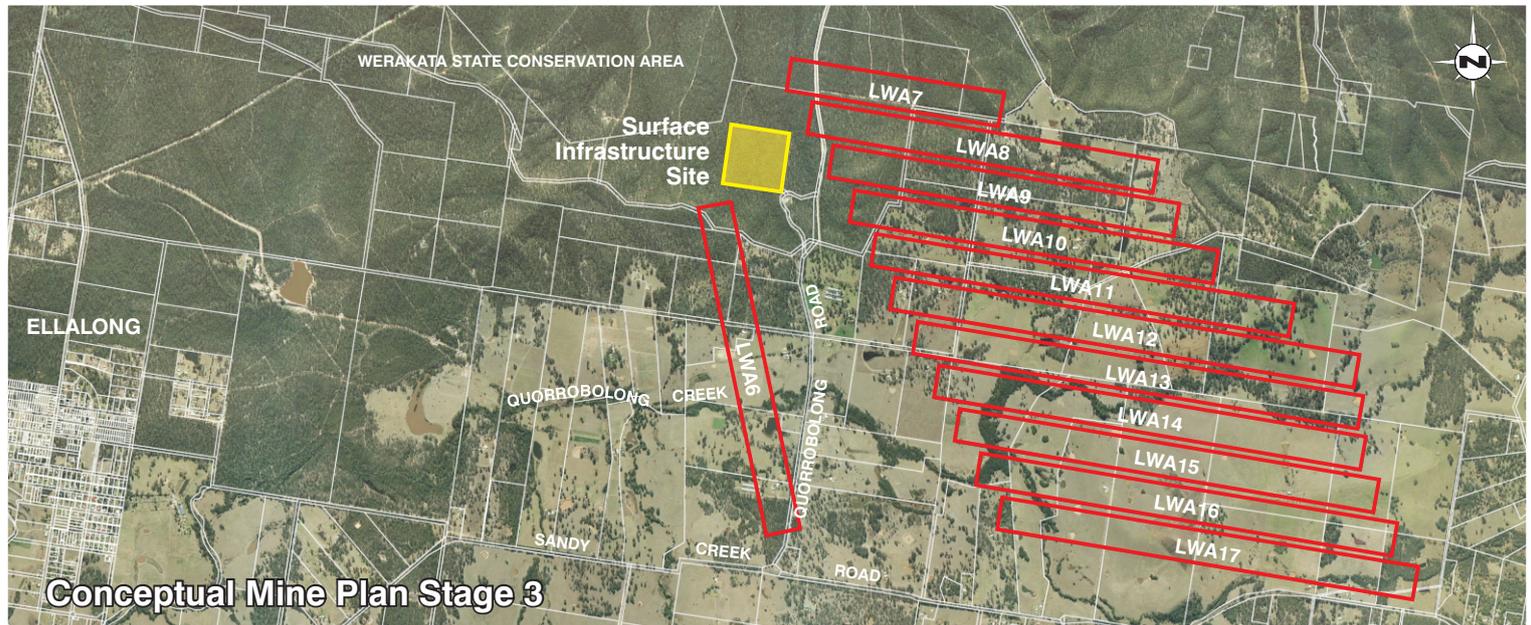
O V E R V I E W

This information brochure provides an overview of the proposed Stage 3 project and a summary of recent work that Austar have been undertaking in relation to the project. Further updates will be made available throughout the life of the project.

Austar operates an underground coal mine lease that includes the former Ellalong, Pelton, Kalingo, Bellbird and Southland Collieries, with mining in these areas commencing in 1916. Austar proposes to extend longwall mining to an area east of existing operations as part of the proposed Stage 3 Project. Key features of the Stage 3 project include:

- Longwall production from the Greta coal seam from panels A6 to A17 using Longwall Top Coal Caving (LTCC) technology. This technology allows mining of seams up to 7 metres thick. Within the proposed extraction area the coal seam ranges in depth from 450 metres to 740 metres below the ground surface.
- Construction of a new surface infrastructure site south west of Kitchener. The surface infrastructure site will include ventilation shafts and fans, winders, bath house facilities, a workshop, electricity substation, store and offices. The surface infrastructure site will be accessed via a new road and intersection at Quorrobolong Road.
- Coal will continue to be brought to the surface at Austar's existing surface facilities at Paxton. These facilities will continue to be used to take large mining equipment into and out of the mine.
- Continued use of Austar's existing water management, coal transport systems, coal preparation plant and rejects emplacement areas.

Austar mine currently employs around 200 people. These jobs will continue with opportunities to expand the workforce to 275 people during the life of the project. The proposed conceptual mine plan for Stage 3 and the proposed surface infrastructure site are shown below.



Conceptual Mine Plan Stage 3



Surface Infrastructure Site

Mining Method

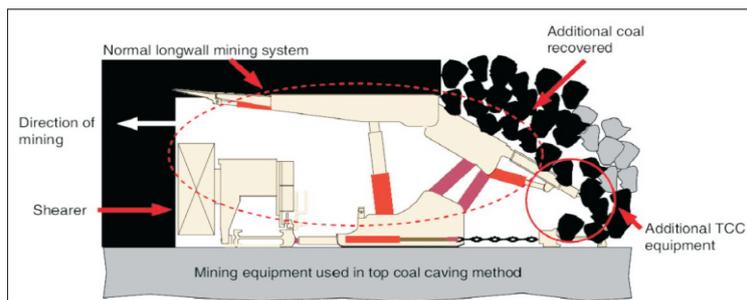
LONGWALL TOP COAL CAVING (LTCC)

Historically, coal seams that are greater than 5 metres in thickness have not been able to be fully extracted using conventional methods of longwall mining. LTCC is designed to extract thick coal seams (up to 12 metres) by recovering coal that would otherwise be lost in traditional forms of longwall mining.

LTCC was introduced to China approximately 20 years ago and to Austar's current operations in October 2006. LTCC allows for significant improvements in the safe and reliable extraction of thick coal seams, optimising resource recovery and affording a lower operating cost per tonne of coal extracted.

LTCC combines a conventional retreat longwall face with a second Armoured Face Conveyor (AFC) towed behind the shield to recover coal that falls into the goaf. The roof supports are of a modified design incorporating a system of hydraulically operated tail-canopies at the rear of the support, which can be moved up and down to allow the broken coal in the goaf area to spill onto a second AFC. This process continues until all of the coal is recovered and waste rock appears. Once waste rock appears, the tail canopies are lowered and the AFC pulled forward to stop the recovery of rock from the goaf. LTCC consists of the following operational steps and is shown in the figure and photos below:

- shearing coal in front of the AFC;
- pushing the front conveyor;
- setting the support forward;
- opening the tail-canopy of support to allow broken coal to spill onto the rear conveyor; and
- pulling the rear conveyor.



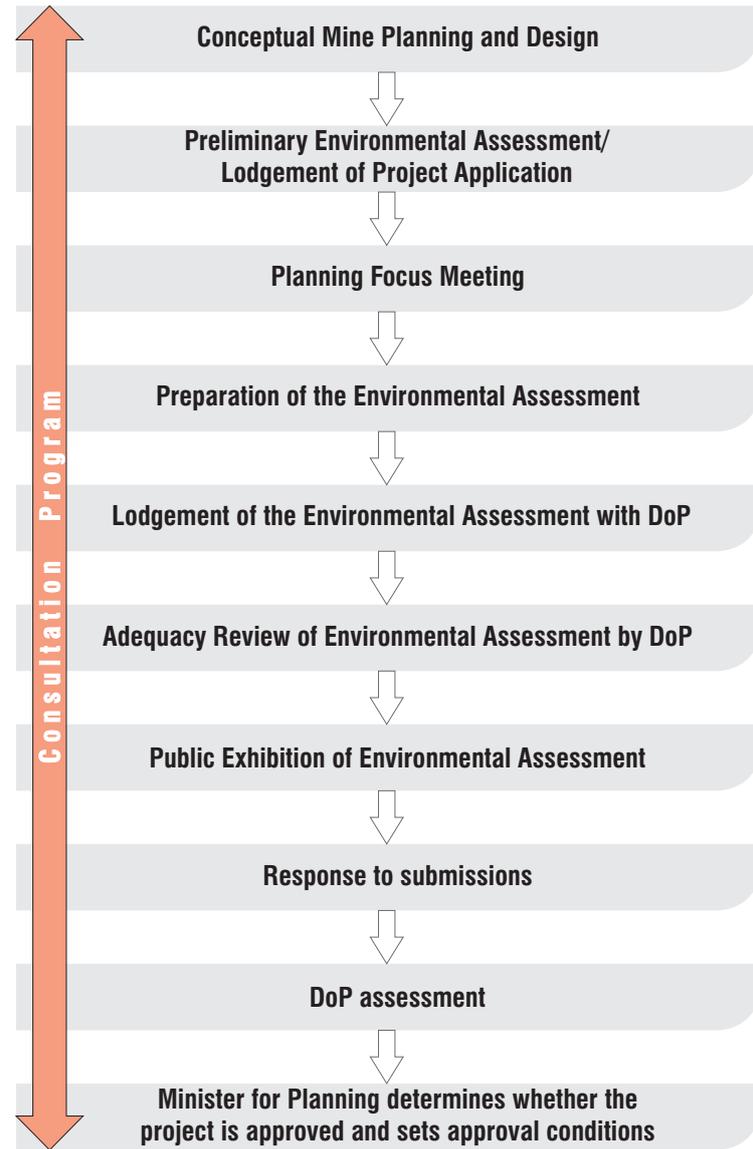
Longwall Top Coal Caving Mining method
Underground Roadway Development Machine



Environmental Assessment Process

In accordance with Part 3A of the *Environmental Planning and Assessment Act 1979*, an Environmental Assessment (EA) is required for the project. Austar have engaged Umwelt (Australia) Pty Ltd (Umwelt) to prepare the EA.

A Preliminary EA was prepared in June 2007 and a Planning Focus Meeting held in September 2007. This is the formal commencement of the preparation of the Part 3A Environmental Assessment. Once the government agencies have provided their comment, the Department of Planning (DoP) will issue Director General's Requirements which detail issues that need to be addressed in the EA.



Subsidence

Specialist consultants, Mine Subsidence Engineering Consultants Pty Ltd (MSEC) have prepared subsidence predictions for the Stage 3 conceptual mine plan. These predictions have been used to assess potential impacts on the surface. The preliminary findings indicate that even for a worst case scenario (upper bound subsidence):

- It is expected that all homes will remain within 'safe, serviceable and repairable' limits;
- There will be no material change to topography or agricultural productivity of the land;

- There will be no material change to creek channel alignment or bank stability;
- There will be no material change to in channel or out of channel ponding or flow velocities;
- There will be no material change to flood inundation of access roads to rural dwellings;
- There will be no material change to flooding impacts on houses that are not currently inundated during a 1 in 100 year storm event;
- Impacts on services and public infrastructure are likely to be low;
- There will be no material change to flora (including stream bank vegetation) and fauna
- Ecosystems dependent on groundwater will not be adversely affected and there will be no material change to the groundwater regime for landholders and the surface environment; and
- The proposed development will not have a significant impact on cultural heritage in the area.

These preliminary findings are being further assessed during the preparation of the EA.

The subsidence impacts associated with Stage 3 can be readily managed through well known practices. These will be detailed in Subsidence Management Plans (SMPs) for each discrete area.

Given that Austar is targeting a single seam (the Greta seam) and mining at considerable depths (greater than 450m), subsidence impacts will be much lower than other underground mines that target seams that are closer to the surface.

Ecology

The proposed surface infrastructure site is located on Austar owned land. Construction of the surface infrastructure site will require clearing very small areas of two Endangered Ecological Communities (EECs). Austar owns substantial land areas and has identified parcels of land with equivalent or higher ecological and land values to that which will be cleared. It is proposed to offer the Department of Environment Conservation and Climate Change (DECC) land to allow extension of the Werakata State Conservation Area.

Typical Vegetation within the Surface Infrastructure Site



Initial surveys within the Stage 3 mining area indicate the potential presence of three EECs, in addition to some threatened flora and fauna species along creeklines. However, subsidence modelling indicates that any potential impact to these EECs is likely to remain low. A detailed study of flora and fauna at the new surface facilities site and on rural lands above the longwall panels is currently being prepared and will be presented in the EA.

Cultural and Historic Heritage

A detailed survey of the surface infrastructure site and the proposed underground mining area and a full assessment of the potential impacts of the project on cultural and historic heritage values will be undertaken as part of the EA.

Initial survey work has identified some archaeological sites, including artefact scatters and isolated finds and a potential grinding groove site.

Potential subsidence impacts at these locations are being assessed to determine if any specific management measures are required. The results of the assessment will be provided in the EA.

Water Management

FLOODING

The 1 in 1 year and 1 in 100 year Average Recurrence Interval (ARI) rainfall events have been modelled for the existing landform, for predicted subsidence and for maximum upperbound subsidence scenarios. The results of the modelling indicate that the flow along creek lines is unlikely to be significantly impacted by subsidence.

Modelling predicts that during a 1 in 100 year ARI event, even if upperbound subsidence were to be realised, changes to the flooding would be limited to a small area near the confluence of Cony and Sandy Creeks. Flow along Cony Creek would remain within the creek banks. No significant flooding impacts on any residential dwellings are currently predicted. The results of the flood study will be presented in the EA.

GROUNDWATER

Groundwater studies are currently being completed. Initial work indicates that mine dewatering has very limited potential to impact local and regional groundwater resources.

The potential impact on shallow aquifers associated with the Quorrobolong Creek drainage system is negligible due to the significant depth of cover between the coal seam to be mined, the alluvium and the intervening geology. Regional groundwater resources are extensively controlled by previous mining activities and groundwater stored in previously mined areas that adjoin the proposed Stage 3 area. The existing deep aquifers are highly saline and there is not likely to be any significant impacts on groundwater quality.

Austar has a well developed understanding of groundwater behaviour in and around the mine from existing monitoring programs. These monitoring programs will be extended to include the proposed Stage 3 area. Groundwater behaviour and potential impacts will be assessed further in the EA.

Other Studies

NOISE

Construction and operation of the proposed surface infrastructure site has the potential to impact on the noise amenity of the surrounding area. The closest residence is approximately 600 metres to the south. The village of Kitchener is approximately 1 kilometre north of the site.

A detailed noise study of the operation and construction of the proposed surface infrastructure site will be prepared as part of the EA. This will include the assessment of the range of noise mitigation and contingency measures that may need to be incorporated.

AIR QUALITY

Emissions from exhaust fans at the proposed surface infrastructure site have the potential to impact on air quality. These impacts are not expected to be significant. A detailed air quality assessment of the exhaust emissions will be prepared as part of the EA.

An assessment of direct and indirect greenhouse gas (GHG) emissions will also be undertaken. The Greta seam has a low gas content and as a result GHG emissions are expected to be lower than typical coal mines in Australia and New South Wales.

VISUAL AMENITY

Due to the nature of underground mining operations and the sheltered location of the surface infrastructure site, visual impacts associated with the project are expected to be low.

The proposed personnel and materials winders at the surface infrastructure site may be visible from some vantage points along Quorrobolong Road and fire trails within the Werakata State Conservation area. A visual impact assessment will be completed as part of the EA to assess potential impacts.

TRAFFIC

The project will result in an increase in local traffic flows to and from the proposed surface infrastructure site, during both the construction and operational phases. A traffic impact assessment will be completed as part of the EA to assess the impact of traffic associated with the project on the local road network, in particular Quorrobolong and Sandy Creek Roads and the rail crossing at Kitchener.

Community Involvement

Over the past 2 years Austar has been undertaking a range of environmental studies and consulting with the community about the project. The studies have provided useful input into conceptual mine planning and have enabled Austar to explore methods of minimising potential environmental impacts as part of the project design.

Over the next few months, feedback will be sought from the community on the findings of the EA. Austar and Umwelt will undertake a community consultation program which will involve the following:

- Discussions with individual residents within the proposed underground mining area and surrounding the nearby surface infrastructure site;
- Consultation with local community groups; and
- Establishment of a website that provides an outline of the project, regular project updates and an opportunity for community feedback. The website address is:

<http://www.austarcoalmine.com.au/>

Further Information

If you would like further information on the project or would like to meet with someone to discuss the project further please contact the following people:

Peter Jamieson (Umwelt)
EA Project Director
Phone: (02) 4950 5322

Paul Doyle (Umwelt)
EA Project Manager
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Matthew Fellowes (Austar)
Technical Services Manager
Phone: (02) 4993 7233
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