

FOXLEIGH PLAINS PROJECT

INITIAL ADVICE STATEMENT

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For:

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FOXLEIGH PLAINS PROJECT INITIAL ADVICE STATEMENT

for
Anglo Coal (Foxleigh Management) Pty Ltd

1 INTRODUCTION

1.1 PURPOSE OF THIS DOCUMENT

This Initial Advice Statement (IAS) provides information on the proposed Foxleigh Plains Project. The IAS supports an application to the Department of Environment and Resource Management (DERM) for approval to prepare a voluntary Environmental Impact Statement (EIS) for the project. It includes all supporting information specified in the DERM's application form for "Approval to Prepare a Voluntary Environmental Impact Statement (EIS)".

1.2 BACKGROUND

The proponent for the project is the Foxleigh Joint Venture. The Foxleigh Joint Venture comprises:

- Anglo Coal (Foxleigh) Pty Ltd (30%);
- CAML Resources Pty Ltd (60%); and
- Nippon Steel Australia Pty Ltd (10%).

Anglo Coal (Foxleigh) Pty Ltd owns 66.7% of CAML Resources Pty Ltd and therefore controls 70% of the Foxleigh Joint Venture. Anglo Coal (Foxleigh Management) Pty Ltd is the operator of the Foxleigh Joint Venture.

Foxleigh Mine is an operating open cut coal mine, located approximately 12 km south-east of the township of Middlemount in Central Queensland. The mine commenced production in 1999, generating pulverised coal injection (PCI) coal for export. The mine currently produces 3.2 million tonnes per annum (Mtpa) of Run of Mine (ROM) coal, yielding 2.4 Mtpa of product coal. It has an anticipated remaining life of two to three years with operations expected to cease by the end of 2014.

Open cut mining is conducted using truck and shovel mining methods. The mine site is comprised of two mining leases (ML 70171 and ML 70309) and the Foxleigh Area 4 Mining Lease Application (MLA). It is anticipated that a mining lease for Foxleigh Area 4 will be granted in 2012 and mining in this area will be completed by the end of 2014.

The Foxleigh Plains Project involves the extension of open cut mining at Foxleigh Mine into the Foxleigh Plains Project site. The Foxleigh Plains Project site is the Foxleigh Plains Mining MLA area and comprises three MLA areas (MLA 70429, MLA 70430 and MLA 70431) that join the northern end of the existing Foxleigh Mine mining leases. The Foxleigh Area 4 MLA is not part of the Foxleigh Plains Project site.

The project will provide access to an estimated 60 million tonnes of additional coal resources and increase ROM coal production from 3.2 to 4.0 Mtpa. This increase in ROM coal production will increase the production of saleable PCI coal to approximately 3.2 Mtpa. The project will extend the life of Foxleigh Mine by approximately 15 years.

Coal will be mined in the project site using the same open cut mining method employed at Foxleigh Mine, utilising and expanding upon the current Foxleigh Mine workforce and equipment fleet. The Foxleigh Plains Project will comprise the expansion of the 'Foxleigh Plains' mining area and a new mining area named 'Eagles Nest'.

Proposed mine infrastructure includes:

- Mine Industrial Area including workshop, warehouse, vehicle servicing, administration and employee facilities;
- Haul roads and access roads;
- Run-of-mine coal stockpile areas;
- A diversion of Cockatoo Creek and mine flood protection levees; and
- Highwall dams for the storage of mine pit water.

It is anticipated that project establishment activities will commence in Quarter 2 of 2013 and open cut mining will commence by the end of 2013. Mining operations at the existing Foxleigh Mine are expected to be completed by the end of 2014. From 2014 onward, the project site will contain the only active mining areas within the expanded Foxleigh Mine operations.

ROM coal extracted from the project site will be transported via new and existing haul roads to the existing Foxleigh Mine Coal Handling and Preparation Plant (CHPP) for washing and processing. The Foxleigh Mine CHPP has a design capacity of 4 Mtpa and therefore no CHPP upgrade will be required as part of the project.

Tailings generated from processing Foxleigh Plains Project coal at the CHPP will be pumped to the existing Foxleigh Mine in-pit tailings storage area. Coarse reject material will be stored within available mine voids at Foxleigh Mine. The Foxleigh Mine tailings and reject storage areas have sufficient capacity to store the additional life of mine reject material generated by the project.

Product coal will be transported from the CHPP to the Foxleigh Mine train load out facility at German Creek Mine, via the existing privately owned haul road. The Foxleigh Mine train load out facility has sufficient capacity to load product coal from the expanded operations and no upgrading of this facility is required as part of the project.

An voluntary EIS will be prepared to support key state and Commonwealth government approvals for the project, namely:

- An application for an amendment to the existing Foxleigh Mine Environmental Authority (EA) MIN 100720308 under the *Environmental Protection Act 1994*;
- Mining leases under the *Mineral Resources Act 1989*; and
- Approval under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

The Foxleigh Plains Project was declared a controlled action under the EPBC Act by the Federal Department of Sustainability, Environment, Water, Populations and Communities (formerly the Department of Environment, Water, Heritage and the Arts) on 28 May 2010. The controlling provisions were the potential impacts on listed threatened species and communities.

2 THE PROJECT

2.1 SITE DESCRIPTION

The Foxleigh Plains Project site is the Foxleigh Plains Mining MLA area and comprises three MLA areas (MLA 70429, MLA 70430 and MLA 70431) that join the northern end of the existing Foxleigh Mine mining leases (Figures 2 and 3).

The northern boundary of the project site is located approximately 5.3 km south-east of the township of Middlemount (Figure 2). The project site adjoins the Foxleigh Mine site to the south and is surrounded by grazing land to the north, west and east. The project site is in the Isaac Regional Council (IRC) area.

The project site covers an area of approximately 3,363 ha. The project site is generally flat to undulating and is traversed by the ephemeral Cockatoo Creek in the east and Roper Creek in the west (Figure 3). Much of the project site has been cleared in the past for grazing, although there are areas of remnant woodland vegetation remaining, particularly along Cockatoo Creek and other drainage lines. The project site is currently used for beef cattle grazing.

The majority of the land within the project site forms part of grazing properties owned by two private landowners. There are smaller parcels of land within the project site owned by the following entities: the IRC, Ergon Energy Corporation Ltd, Arrow Energy Pty Ltd and AGL Energy Ltd (for the proposed Central Queensland gas pipeline), and BHP Coal Pty Ltd and partners (for the Bingegang Weir water pipeline).

The Foxleigh Plains Project site is traversed by two roads, namely the Barwon Park - Middlemount Road and the Foxleigh Road. A water pipeline, an electricity transmission line, access tracks and the approved route for the Central Queensland gas pipeline traverse the project site (Figure 3).

The Foxleigh Plains Project site is surrounded by other mining operations and pastoral properties. Mining operations located near the Foxleigh Plains Project site include Foxleigh Mine (directly adjacent to the Foxleigh Plains Project site); the Capcoal mining operations (including the German Creek Mine complex, German Creek East, Bundoora, Oak Park and Lake Lindsay) (6-10 km to the west, south and south-west); Middlemount Mine (6 km to the west); Norwich Park Mine (22 km to the north-west) and Oaky Creek Mine (15 km to the south-west). Middlemount Township is approximately 5.3 km north of the boundary of the Foxleigh Plains Project site (Figure 2).

2.2 OVERVIEW OF CURRENT FOXLEIGH MINE

The current Foxleigh Mine is an open cut mine utilising the truck and shovel method with a production rate of approximately 3.2 Mtpa ROM coal. Coal is processed at a Coal Handling Preparation Plant (CHPP) located within ML70171. Product coal is transported by truck along a privately owned haul road from the CHPP to the Foxleigh owned and operated Train Load Out (TLO) facility located approximately 25 km west of the current Foxleigh Mine at German Creek Mine. The location of the rail loading facilities is shown in Figure 2.

Existing infrastructure at the current Foxleigh Mine includes:

- Administration buildings;
- Workshop and vehicle servicing facilities;
- Bathhouse and employee facilities;
- ROM coal stockpiles;
- CHPP;
- A private haul road between the CHPP and the TLO;
- Water management infrastructure; and
- Rejects and tailings disposal areas.

2.3 FOXLEIGH PLAINS PROJECT DESCRIPTION

The Foxleigh Plains Project is an expansion of the current Foxleigh Mine. Development of the Foxleigh Plains Project will increase ROM production to 4 Mtpa and increase the life of the mine by up to 15 years.

The Foxleigh Plains Project open cut mining operations will involve expansion of the Foxleigh Plains pit and development of the Eagles Nest mining area (Figure 3). The southern end of the Foxleigh Plains pit is located within Foxleigh Mine Area 4 and is part of the existing Foxleigh Mine (Figure 3). Coal will be extracted using truck and shovel mining methods similar to the established mining methods used at the existing Foxleigh Mine. An additional workforce of 90 employees is required during project operations due to the increase in production rate.

The open cut mining operations will involve the following activities:

- Clearing of any vegetation;
- Stripping and stockpiling of topsoil;
- Drilling and blasting of overburden;
- Overburden removal using truck and shovel;
- Coal mining using truck and shovel; and
- Progressive rehabilitation of overburden emplacement areas.

The following facilities and infrastructure will be established within the project site to allow handling and intermediate stockpiling of ROM coal. These will include:

- A Mine Industrial Area (MIA);
- ROM coal stockpiles;
- Mine access and haul roads;
- Development of open cut pits and overburden emplacement areas; and
- Water and flood management infrastructure.

The Foxleigh Plains Project will make use of the current Foxleigh Mine infrastructure for processing and exporting coal. Coal transport will also be similar to the current Foxleigh Mine operations with coal from the open cut pits hauled by truck to the existing Foxleigh CHPP. The existing CHPP has sufficient capacity for 4 Mtpa of ROM and no upgrades to the CHPP are therefore required as part of the Foxleigh Plains Project. Rejects from the CHPP will continue to be stored in available pit voids. Tailings generated by the CHPP will continue to be pumped via pipeline to the existing in-pit tailings storage within the existing Foxleigh Mine site (at ML70171). The management of project mine wastes within the Foxleigh Mine MLs will be assessed as part of the Foxleigh Plains EIS.

Product coal will be transported from the CHPP to the Foxleigh Mine train load out facility at German Creek Mine, via the existing privately owned haul road (Figure 2). The Foxleigh Mine train load out facility has sufficient capacity to load product coal from the expanded operations and no upgrading of this facility is required as part of the project. Coal from the Foxleigh Plains Project will be transported by rail to Dalrymple Bay Coal Terminal (DBCT) for export. The current agreements with Queensland Rail and DBCT allow for the product coal arising from 4 Mtpa ROM coal to be transported without upgrade to the infrastructure.

2.4 ENVIRONMENTAL IMPACT ASSESSMENT

An EIS will be prepared for the Foxleigh Plains Project. The EIS will address the DERM's EIS Terms of Reference for the Foxleigh Plains Project. The key areas that will be studied during preparation of the EIS include:

- Noise and blasting;
- Air quality;
- Greenhouse gas issues;
- Flora and fauna;
- Soils and land capability;
- Traffic and transportation;
- Surface and worked water management;
- Groundwater;
- Rehabilitation;

- Rejects disposal including geochemistry;
- Waste management;
- Scenic values;
- Hazard and Risk;
- Cultural heritage; and
- Social and economic impacts.

The EIS will also include an Environmental Management Plan (EM Plan) and Social Impact Management Plan (SIMP) for the Foxleigh Plains Project.

2.5 ENVIRONMENTALLY RELEVANT ACTIVITIES

The following Environmentally Relevant Activities (ERAs) under Schedule 2 of the Environmental Protection Regulation are proposed to be undertaken as part of the project:

- ERA 8 – Chemical Storage;
- ERA 15 – Fuel Burning;
- ERA 17 – Abrasive Blasting;
- ERA 18 – Boilermaking or engineering;
- ERA 21 – Motor vehicle workshop operation;
- ERA 38 – Surface coating;
- ERA 56 – Regulated waste storage;
- ERA 60 – Waste Disposal; and
- ERA 63 – Sewage treatment.

The following ERAs under Schedule 6 of the Environmental Protection Regulation are proposed to be undertaken as part of the project:

- Level 1 Mining Project:
 - ERA 1 – Drilling, costeaning, pitting or carrying out geological surveys causing significant disturbance; and
 - ERA 5 – Mining Black Coal.

3 STAKEHOLDER CONSULTATION

3.1 STAKEHOLDER CONSULTATION PROGRAM

A comprehensive stakeholder consultation program will be conducted for the Foxleigh Plains Project. The program will be conducted throughout the EIS preparation phase and will be integrated with an environmental impact assessment and Foxleigh Plains Project planning. The program will include consultation with all affected and interested persons listed in Sections 3.2 and 3.3, and any other relevant stakeholders identified during the consultation program.

The objectives of the stakeholder consultation program will be to:

- Establish open communication with all stakeholders;
- Identify stakeholder issues and concerns with the Foxleigh Plains Project;
- Address all stakeholder issues through environmental impact assessment, project planning or communication;
- Provide feedback to stakeholders in relation to their issues and how they have been addressed; and
- Facilitate stakeholder understanding of the Foxleigh Plains Project.

The initial phase of the stakeholder consultation program will involve the identification of stakeholder issues. This phase will involve individual semi-structured interviews with individual stakeholders. The interviews will include provision of an overview of the Foxleigh Plains Project; the EIS and project approval process; and the consultation program. A Foxleigh Plains Project information sheet will be provided to stakeholders to assist with this phase.

Once the initial phase has been completed, strategies will be developed to address stakeholders' issues. The consultation methods used during subsequent consultation and feedback phases will be dependent on the stakeholder, the issues raised and the proposed response strategies. It is anticipated that a range of methods may be used, including individual meetings, group presentations and distribution of information sheets / newsletters.

Aboriginal Group Consultation

Consultation with the registered Native Title claimants will be conducted in relation to Native Title issues in accordance with the requirements of the *Native Title Act 1993*. Consultation in relation to Aboriginal cultural heritage will be conducted with the registered Native Title claimants in accordance with the requirements of the *Aboriginal Cultural Heritage Act 2003*.

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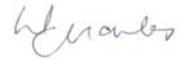
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for
HANSEN BAILEY



Ross Edwards
Senior Environmental Scientist



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FIGURES



HB 0979 F01 Foxleigh Location Plan.ai

Legend

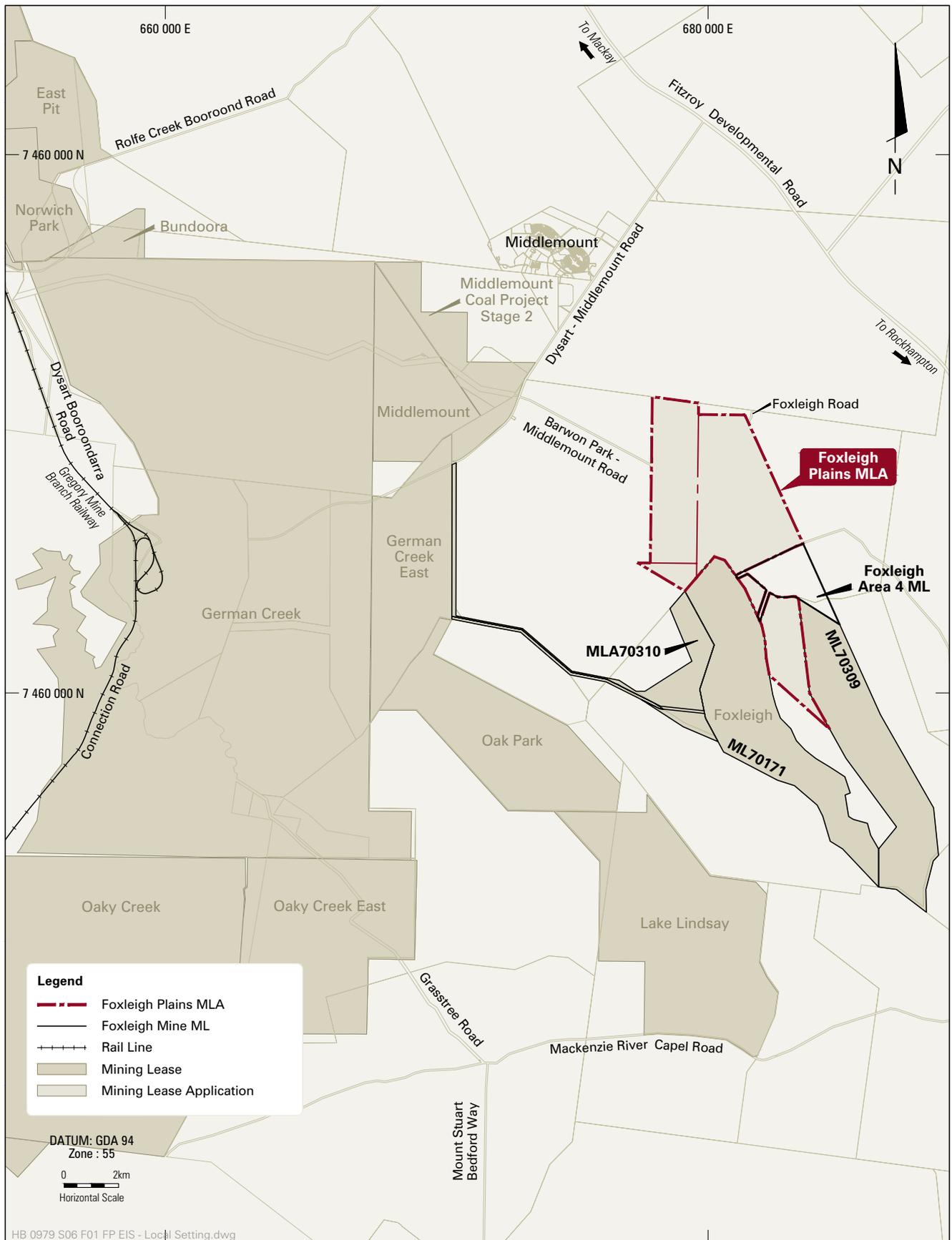
-  Export Port
-  Road
-  Railway



FOXLEIGH PLAINS PROJECT

Project Location

FIGURE 1

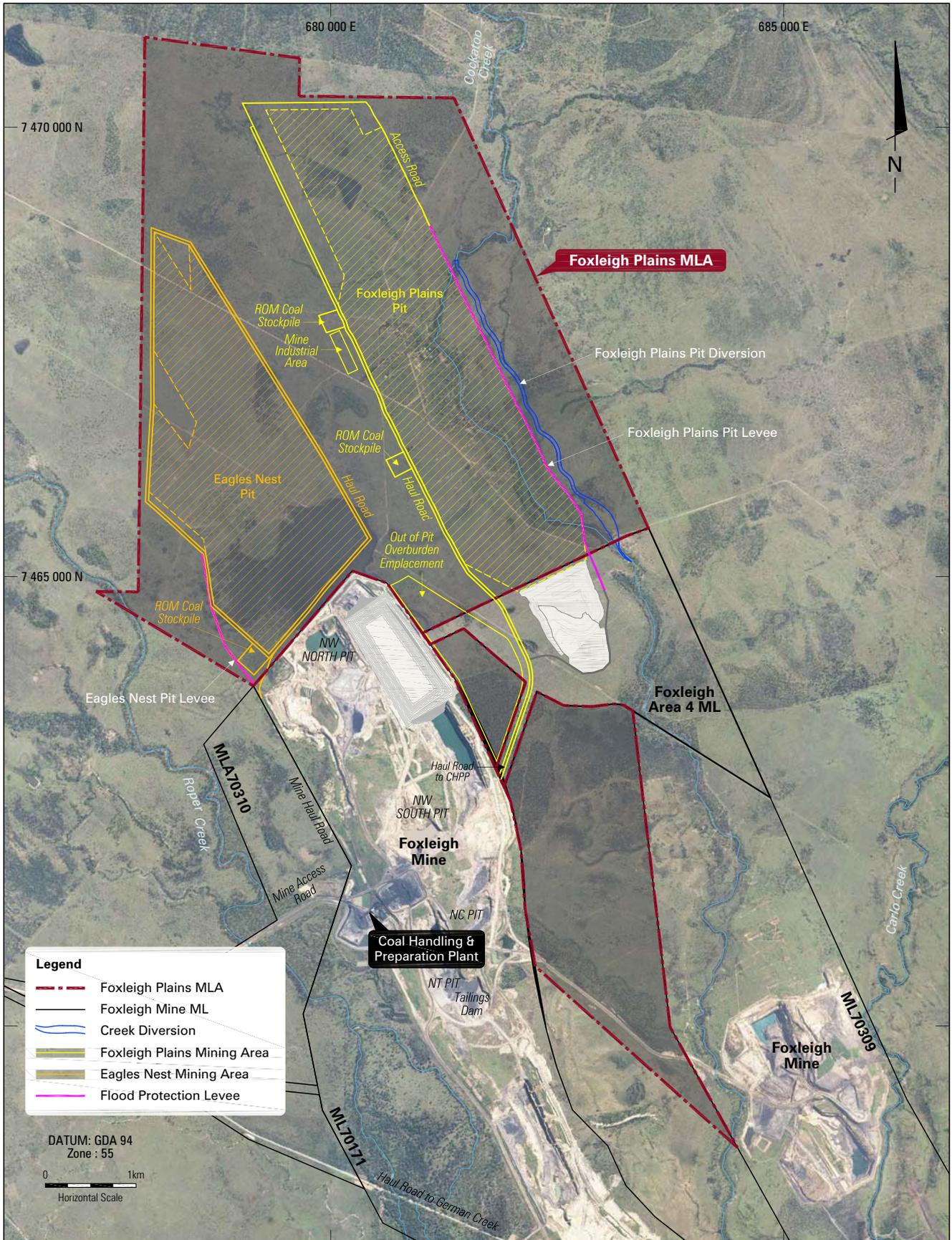


FOXLEIGH PLAINS PROJECT



Local Setting

FIGURE 2



FOXLEIGH PLAINS PROJECT