GROSVENOR PROJECT

INITIAL ADVICE STATMENT

for

Anglo Coal (Grosvenor) Pty Ltd

February 2010

Hansen Bailey

ENVIRONMENTAL CONSULTANTS

GROSVENOR PROJECT

INITIAL ADVICE STATEMENT

Prepared by:

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February 2010

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1 INTRODUCTION

1.1 OVERVIEW

The Grosvenor Project (the project) involves the development of a Greenfield underground coal mine. The project is located north of Moranbah in Central Queensland (Figure 1). The project will have a production rate of up to 5 Million tonnes per annum (Mtpa) of high quality coking coal for the export market. The project will utilise the longwall mining method and will have a mine life of approximately 30 years. Coal from the proposed Grosvenor Mine will be processed at the existing Moranbah North Mine.

The Mining Lease Application for the project (MLA 70378) was lodged with the Department of Employment, Economic Development and Innovation (DEEDI) (formerly the Department of Natural Resources, Mines and Energy) on 31 July 2007. The boundary of MLA 70378 is shown in Figure 2.

The Proponent is Anglo Coal (Grosvenor) Pty Ltd (ACG). ACG is a subsidiary of Anglo American Metallurgical Coal Pty Ltd (AAMC), which is a wholly owned division of Anglo American plc.

1.2 BACKGROUND

The preparation of an Environmental Impact Statement (EIS) for the Grosvenor Project and associated stakeholder consultation originally commenced in January 2008. A draft Terms of Reference (ToR) for the project was prepared, placed on public exhibition and public submissions on the ToR were received.

In April 2008 a decision was made by ACG to review the project development plan. The project EIS process was subsequently placed on hold pending the outcome of the review. An alternative preferred project development plan was developed during the review process and in September 2009 ACG made the decision to withdraw its application for the submission of an EIS for the previous project development plan. This decision was made due to the extent of modifications to the project, compared to the original development plan. These project modifications were necessary to ensure the economic and engineering feasibility of the project.

In February 2010 ACG submitted a new application to commence an EIS approval process. The application is in the form of an application for an Environmental Authority (EA) for the project. An Initial Advice Statement (IAS) has been prepared to accompany the application and provides background information about the project. An EIS will be prepared for the project.

Recommencement of the EIS process will involve the preparation of new ToR for the EIS by the Department of Environment and Resource Management (DERM), including public exhibition of the revised Draft EIS ToR for the project. A new consultation program for the project will also be undertaken.

The project was declared a controlled action under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) by the Federal Department of the Environment, Water, Heritage and the Arts (DEWHA) on 14 November 2007. The controlling provisions were the potential impacts on listed threatened species and communities.

2 PROJECT DESCRIPTION

2.1 DESCRIPTION OF THE GROSVENOR MLA

The Grosvenor MLA is located north of Moranbah in Central Queensland (Figures 1 and 2). The Grosvenor MLA has gently undulating topography and is traversed by the Isaac River and tributaries. Large areas of the site have been cleared in the past for grazing, although there are some areas of remnant vegetation remaining. The majority of the Grosvenor MLA is owned by two private landowners. The Grosvenor MLA is currently used for grazing by the landowners and Arrow Energy is also extracting coal seam gas on the site. The Blair Athol to Mackay rail line, and numerous power transmission lines and water pipelines also traverse the Grosvenor MLA.

The Grosvenor MLA adjoins the Moranbah North Mine to the north and is surrounded by grazing land to the east and west. The Isaac Plains open cut mine is located approximately 2 km to the east of the Grosvenor MLA. Goonyella Access Road runs along the western boundary of the site. The township of Moranbah adjoins the site boundary to the south.

2.2 PROJECT DESCRIPTION

The Grosvenor Project involves the development of a Greenfield underground coal mine within the Grosvenor MLA. The proposed mine will produce an estimated 7 Mtpa of Run of Mine (ROM) coal, equating to 5 Mtpa of product coal for the export market. The mine will utilise the longwall mining method and will have a mine life of approximately 30 years. The proposed longwall mining area that will be addressed in the EIS is shown in Figure 2.

The Grosvenor mine surface facilities will be located along the western side of the Grosvenor MLA parallel to Goonyella Road and north of the existing Blair Athol rail line (Figure 2). Surface facilities will include:

- Administration and warehouse buildings;
- Workshop and vehicle servicing facilities;
- Bath house and employee facilities;
- Overland conveyor linking Grosvenor with the Coal Handling and Processing Plant (CHPP) at Moranbah North Mine;
- ROM coal stockpiles; and
- Portal entrance to the underground mine access drift.

Minor surface infrastructure will be located above the underground mine workings. These will include ventilation shafts, water management infrastructure, gas drainage boreholes, underground communication cables, services and boreholes for supply of materials from the surface.

ROM coal from the Grosvenor Mine will be transported via an overland conveyor to the CHPP facilities at the existing Moranbah North Mine. The Moranbah North CHPP will be expanded to accommodate coal from the Grosvenor Mine and this will include the construction of new ROM and product stockpiles. A mixture of tailings and coarse rejects from the Moranbah North CHPP are currently disposed of in a Co-Disposal Area (CDA). The CDA will be expanded to accommodate tailings and coarse rejects from the expanded CHPP. Moranbah North Mine will continue to maintain compliance with the site's EA or Moranbah North Mine will liaise with DERM to ensure the ongoing site compliance with its EA.

Product coal from the Grosvenor mine will be transported by train via the existing Moranbah North rail loading facilities to the Abbot Point Coal Terminal for export. No upgrades to these facilities will be required.

Longwall mining at the proposed Grosvenor Mine will result in subsidence of overlying surface areas. Subsidence results in the progressive formation of gentle trough-like depressions on the surface relative to the natural topography. In gently undulating topography, like the Grosvenor site, subsided areas are difficult to distinguish from natural topography. Subsidence may result in surface cracking. The EIS will specify rehabilitation strategies for subsidence cracks and mitigation and management measures for other subsidence impacts.

Subsidence of the Blair Athol rail line may require permanent relocation of the rail line from above the proposed longwall mining area, subject to discussions with the Department of Transport and Main Roads and Queensland Rail. The EIS will include an assessment of the relocated rail line alignment. The EIS will support a development application under the *Sustainable Planning Act 2009* (SPA) for the relocation of the rail line.

2.3 ENVIRONMENTAL IMPACT ASSESSMENT

An EIS will be prepared for the Grosvenor Project. The EIS will address the DERM's EIS ToR for the project. The EIS will include an environmental impact assessment of the construction and operation of the Grosvenor surface facilities and underground mining and associated activities within the proposed longwall mining area in the Grosvenor MLA, as shown in Figure 2.

The key areas that will be studied during preparation of the EIS include the following:

- Noise;
- Air quality;
- Greenhouse gas issues;
- Flora and fauna;
- Soils and land capability;
- Traffic and transportation;
- Surface and worked water management;
- Groundwater;
- Subsidence and rehabilitation;
- Waste management;
- Cultural heritage; and
- Social and economic impact assessment.

The EIS will also include an Environmental Management Plan (EM Plan) for the project.

2.4 ENVIRONMENTALLY RELEVANT ACTIVITIES

Level 1 Environmentally Relevant Activities (ERAs) proposed to be carried out, as part of the Grosvenor Project, include the following:

- Schedule 6 – Level 1 mining project;
- ERA 15 – Fuel burning;
- ERA 16 – Extractive and screening activities;
- ERA 17 – Abrasive blasting;
- ERA 33 – Crushing, milling, grinding or screening;
- ERA 56 – Regulated waste storage;
- ERA 60 – Waste disposal;
- ERA 63 – Sewage treatment; and
- ERA 64 – Water treatment.

3 STAKEHOLDER CONSULTATION

3.1 STAKEHOLDER CONSULTATION PROGRAM

A comprehensive stakeholder consultation program will be conducted for the Grosvenor Project. The program will be conducted throughout the EIS preparation phase and will be integrated with environmental impact assessment and 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:

- Establish open communication with all stakeholders;
- Identify stakeholder issues and concerns with the project;
- Respond to 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 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 project; the EIS and project approval process; and the consultation program. A project information sheet will be provided to stakeholders to assist with this phase.

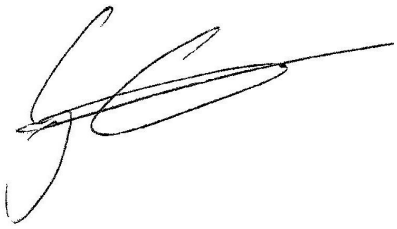
Once the initial phase has been completed, strategies will be developed to address stakeholders' issues. The methods used during subsequent consultation and feedback phases will be dependent on the stakeholder, the issues raised and the proposed response strategies. It is anticipated that a range of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

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*.

* * *

for
HANSEN BAILEY



Greg Stephenson
Environmental Scientist

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FIGURES

GROSVENOR PROJECT

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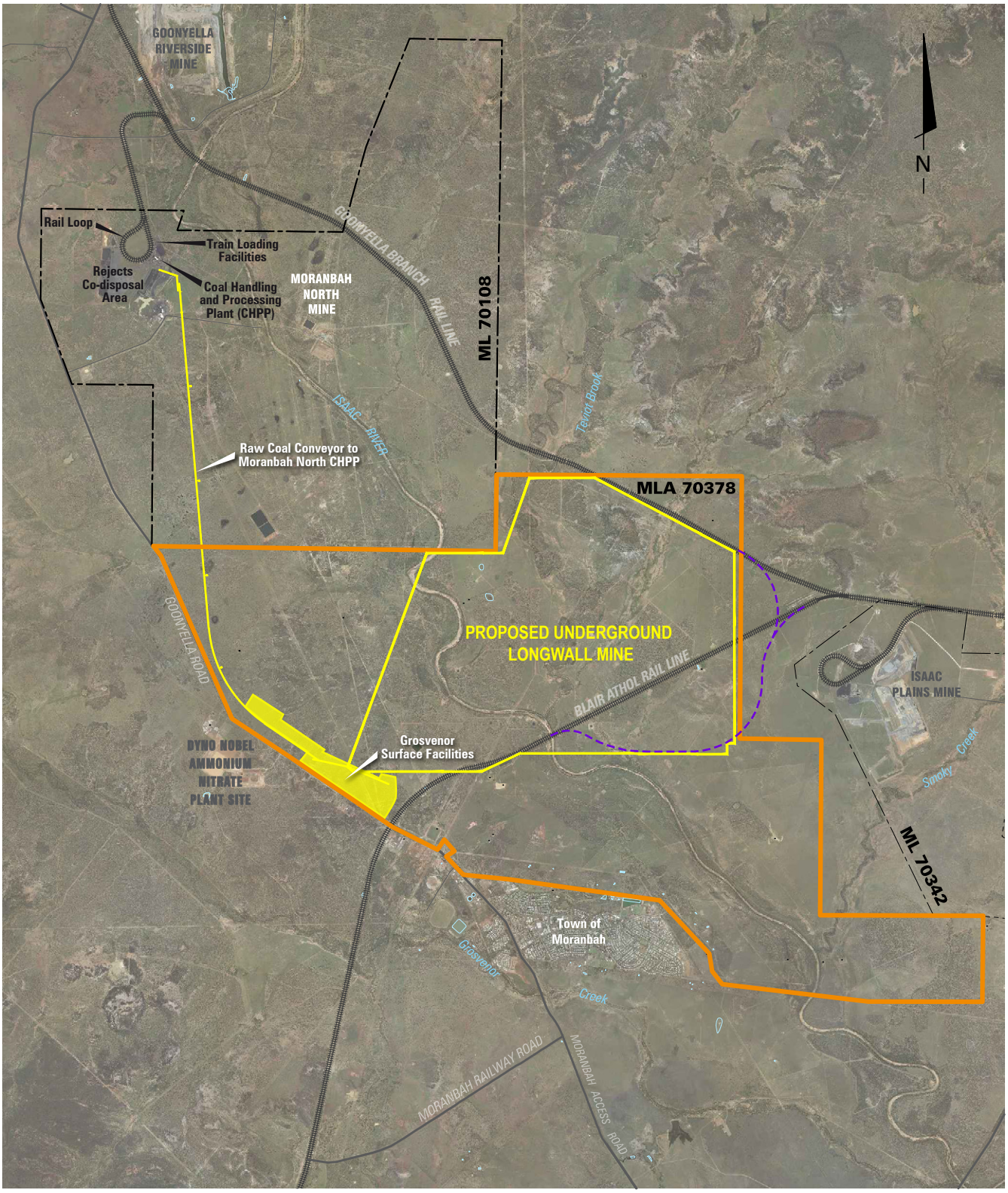
Location Plan

Filename: 0959 f01 Grosvenor Location Plan.ai

Date: 22.01.10

Figure 1



LEGEND

- Grosvenor Mining Lease Application Area
- Existing ML Boundaries
- Proposed New Infrastructure
- Proposed Rail Line Re-location

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GROSVENOR PROJECT

Conceptual Layout Plan

Filename : 0959 f02 Indicative Project Layout revE.dwg				Figure 2
Date : 19.02.2010	Drawn : carteform hb	Scale : Refer Scale Bar	Revision : E	