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RESOURCE DEVELOPMENT GROUP

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SOUTH WALKER CREEK MINE
LATER DEVELOPMENT PLAN
PURSUANT TO THE MINERAL RESOURCES ACT 1989
IN RESPECT OF:

ML 4750 (KEMMIS WALKER)
ML 4751 (BEE CREEK)
ML 70131 (TOOTOOLAH)

1 JULY 2010 – 30 JUNE 2015

RELEASE VERSION 0
27 APRIL 2010

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ATTACHMENTS

1 SCOPE OF PLAN

1.1 RELEVANT TENURES

This Later Development Plan ("LDP") addresses the requirements of Part 7AA of the *Mineral Resources Act 1989* in respect of the Initial and Later Development Plan for the following leases which comprise BHP Mitsui Coal's ("BMC") South Walker Creek Mine. Table 1.1 "South Walker Creek Mine Mining Leases" details the mining leases comprising the South Walker Creek Mine.

Table 1.1 South Walker Creek Mine Mining Leases

Tenement	Description	Purpose	Expiry Date	Renewable
ML 4750	Kemmis - Walker	Mining for coal and gaseous hydrocarbons	31 July 2020	Yes
ML 4751	Bee Creek	Mining for coal and gaseous hydrocarbons	31 July 2020	Yes
ML 70131	Tootoolah	Mining for coal	31 July 2020	Yes

The above mining leases are depicted in Figure 1.1 "Mining Leases – South Walker Creek Mine".

1.1.1 Mining Lease Applications and Renewals

There are no outstanding mining lease applications for South Walker Creek Mine.

No mining lease renewals will occur during the Later Development Plan period between 2010 and 2015. Additional mining lease application, if required during the current LDP, will be described and reported on at the time of lodgement.

1.1.2 Surface Area Applications

Additional Surface Area Application No.4 is required to allow future expansion of South Walker Creek Mine into Kemmis pit to the north of the existing operations. The area applied for covers an area of 1,972.00ha on two Grazing Homestead Freeholding Leases (0/231699 and 0/217873) known as 'Mulgrave' station which is held/owned by R.J. Baulch. The area abuts Additional Surface Area No. 2 to the west and south, and west of Additional Surface Area No. 5. The surface rights to the land were granted by the State on 17 July 2008.

Additional Surface Area Application No.5 is required for the continuation of down-dip mining of the South Walker Creek coal resources to the south- west of the 'Central Pit' operations. The area applied for is along a road reserve approximately 1,600m x 60m in size, which is located between surface areas No.1 & 4. The area applied for is 9.58ha.

This LDP has been developed on the basis that the additional surface area applications will be granted and that development of the mine will progress as planned.

The details of this Surface Area Applications are provided in Table 1.2 "Surface Area Applications" and its location is illustrated at Figure 1.1 "Mining Leases – South Walker Creek Mine" and Table 1.2 "Surface Area Applications".

Table 1.2 Surface Area Applications

Mining Lease	Principal Holder	Mining District	SAA No.	Lodgement Date	Grant Date
ML 4750	BHP Mitsui Coal Pty Ltd	Emerald	No. 4	26 October 2004	17 July 2008
ML 4750	BHP Mitsui Coal Pty Ltd	Emerald	No. 5	17 May 2007	TBA

1.2 PLAN PERIOD

318ED(1)(a), 318DU

This LDP is intended to operate for a period of five years commencing on 1 July 2010.

This is on the basis that the LDP covers a number of mining leases with a remaining term of more than five years; and that it is intended that all mining leases which are due to expire within the five years will be renewed for a term exceeding the term of the LDP as discussed in Section 1.1.

To the extent that the term of any mining lease expires within the five years commencing on 1 July 2010 and the LDP cannot extend to the renewed term, then the term of this LDP should be deemed to match the remaining term of that mining lease, for the purposes of that mining lease only.

Operations are described in this LDP by reference to financial years commencing on 1 July. To the extent that the LDP is required to refer to a period comprising part only of a financial year, details are given in respect of the whole of the relevant financial year.

Figure 1.1 Mining Leases – South Walker Creek Mine

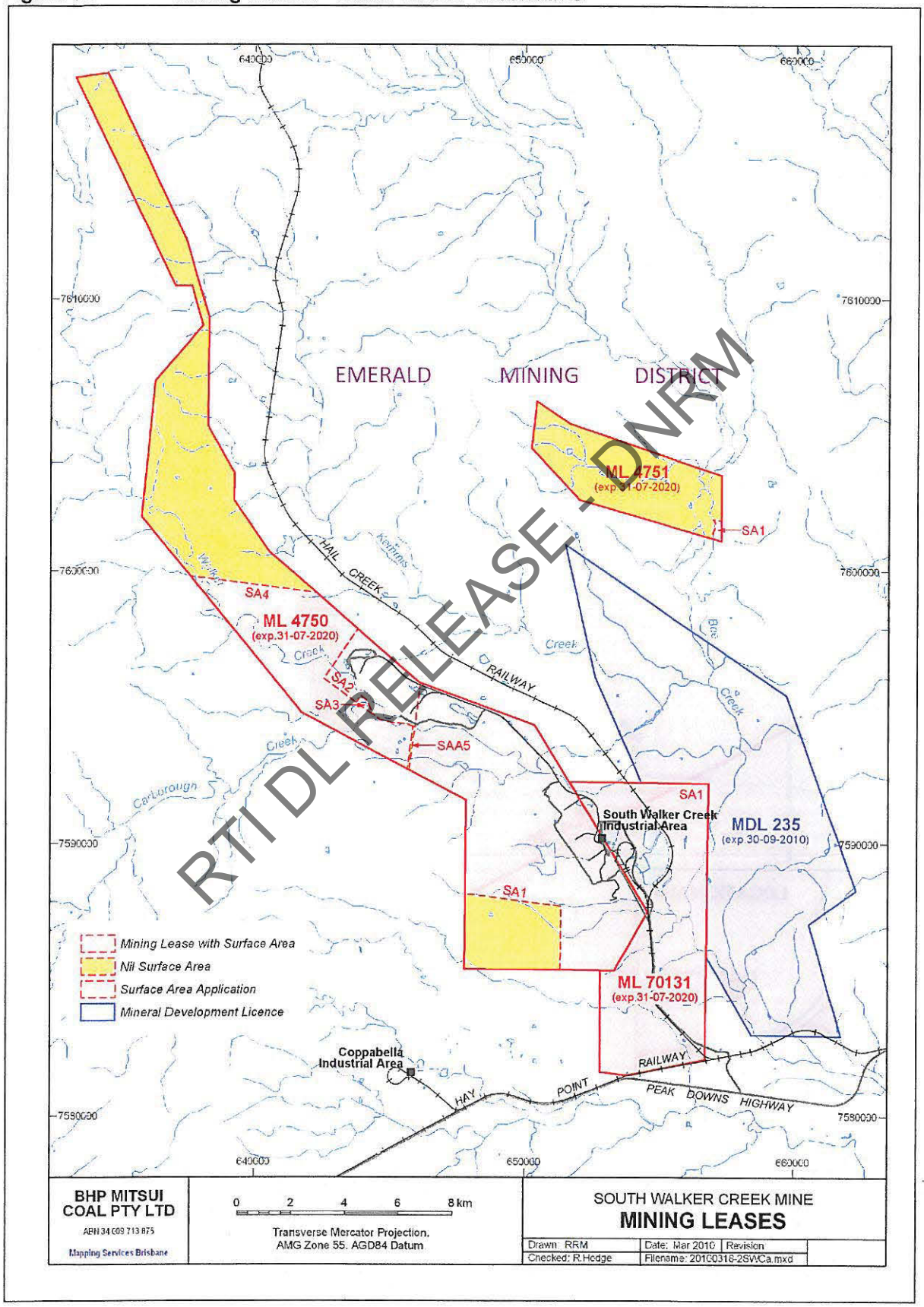
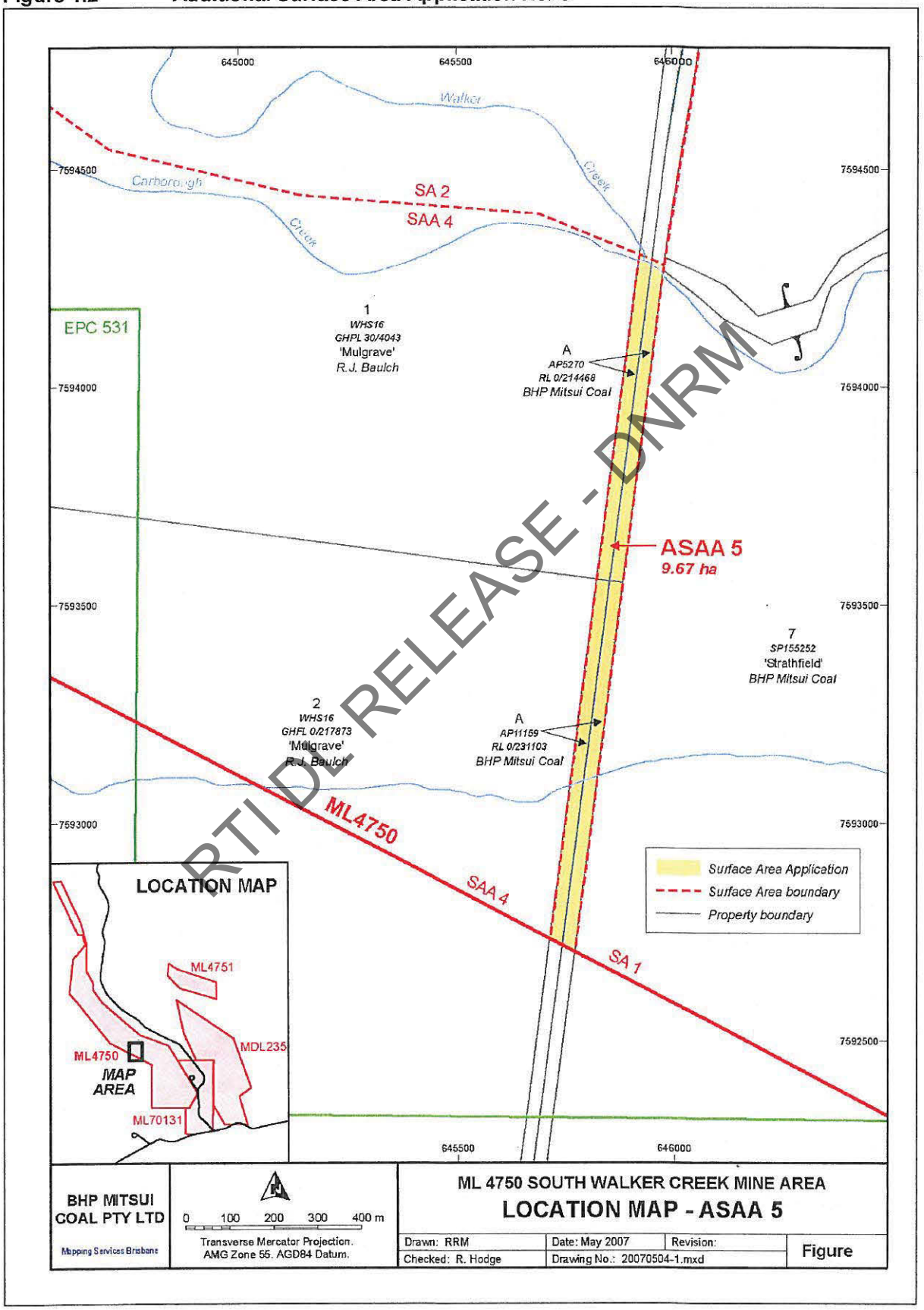


Figure 1.2 Additional Surface Area Application No. 5



2 PROPOSED ACTIVITIES

2.1 GEOLOGICAL SETTING

The South Walker Creek coal resource occurs on the eastern limb of the northern Bowen Basin, adjacent to the centre of the Nebo Synclinorium structural unit.

Economic coals are contained within the Late Permian Rangal Coal Measures (RCM), which is typically some 150 metres in thickness. The RCM are underlain by the Fort Cooper Coal Measures (FCCM), characterised by tuffaceous beds and banded high ash coaly intervals and overlain by the Triassic Rewan Group, comprising green quartz-lithic sandstones and characteristic red mudstones.

The coal measures are overlain by up to 35 metres of Quaternary sandy clays and sporadic thin gravelly beds. Depth of oxidation averages 20 metres, but ranges from 5-45 metres.

Geological structure is relatively undisturbed, although faults with displacements of up to 30 metres are present. Changes in coal quality and seam thickness frequently occur across faults. Bedding dips range from 7 to 15 degrees. Limited down-dip drilling suggests a slight flattening of dip at depth. Intrusives in the form of dykes and sills are present, particularly in the south.

The only seam with commercial potential is the Main seam (MA) which is some 11 m in thickness, but which is split into Main Tops seam (MT) and Main Bottoms seam (MB) in the majority of the area. The other seam in the RCM is the Hynds seam (HY), which is considered to have no commercial potential. The Hynds seam averages seven metres in thickness and occurs an average of 33 metres below the MA seam and splits.

2.2 OPERATIONAL OVERVIEW

Section 318DT(1)(a)

South Walker Creek Mine is a large established open cut mine which is located approximately 55km north east of Moranbah, 25km west of Nebo and it is approximately 136km by road from Mackay. The following activities are undertaken at the Mine:

- coal mining using open cut methodologies;
- coal preparation;
- waste disposal;
- liberation of coal seam gas as part of the mining process; and
- exploration activities and each of which is described below.

2.2.1 Coal Mining

All of coal mining activities at the Mine occur on ML 4750.

The coal seams mined at SWC include:

- the Main (MA) seam, which splits into the Main Tops (MT) seam, which further splits into the Main Tops 1 (MT1) and Main Tops 2 (MT2) seams,
- the Main Bottom (MB) seam, which when it coalesces with the MT2 north of Walker Pit, forms the Main Bottom 2 (MB2) seam. Figure 2.1 "Schematic Stratigraphic Section" describes the general stratigraphic layout at SWC.
- All mining is done by open cut mining methods.
- In the mining areas, some or all of the coal seams may or may not be mined. The criteria for mining certain seams are based upon seam thickness, seam location the overburden horizon and the quality of the coal. Currently mining occurs in Walker,

Mulgrave, Carborough and Toolah pits with the MT, MB and MB2 seams the predominant seams recovered.

Figure 2.2 " Location of Mining Activities" shows the location of mining activities. Below these is a typical cross section of the pit as shown in Figure 2.3 "Typical Cross Section - MB Seams Mined".

Figure 2.1 Schematic Stratigraphic Section

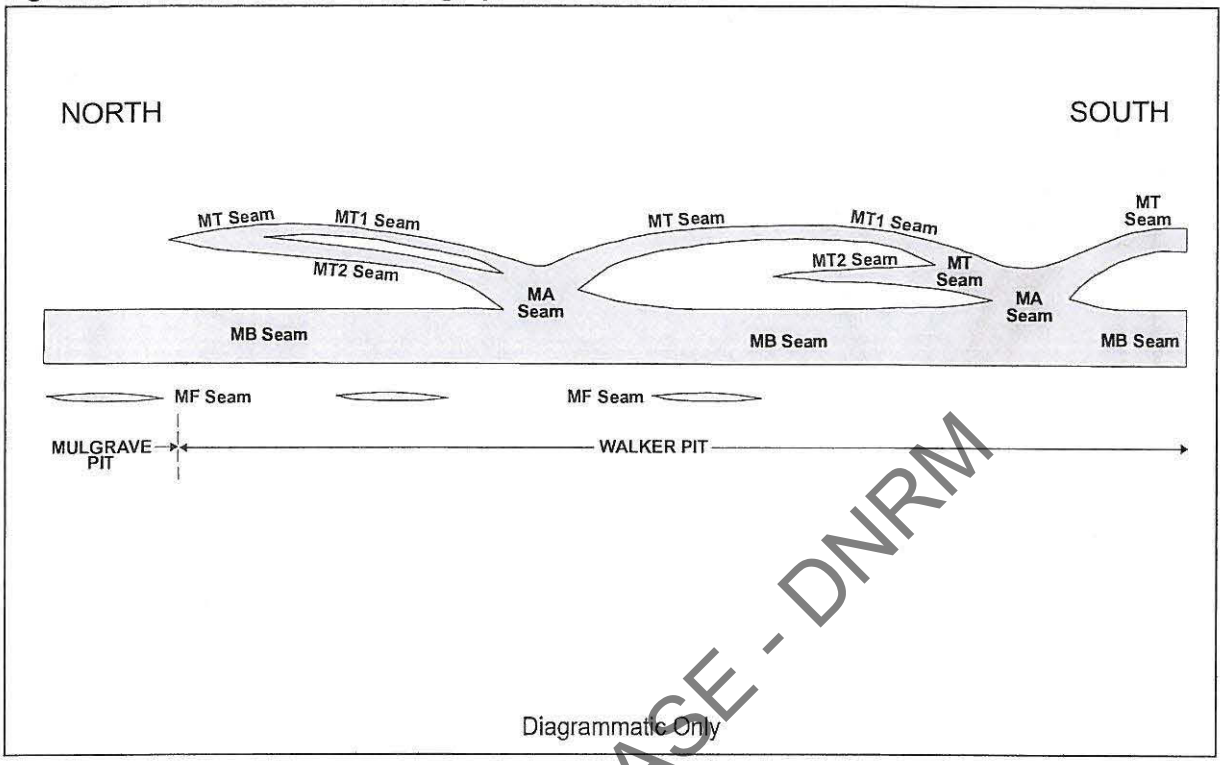


Figure 2.2 Location of Mining Activities

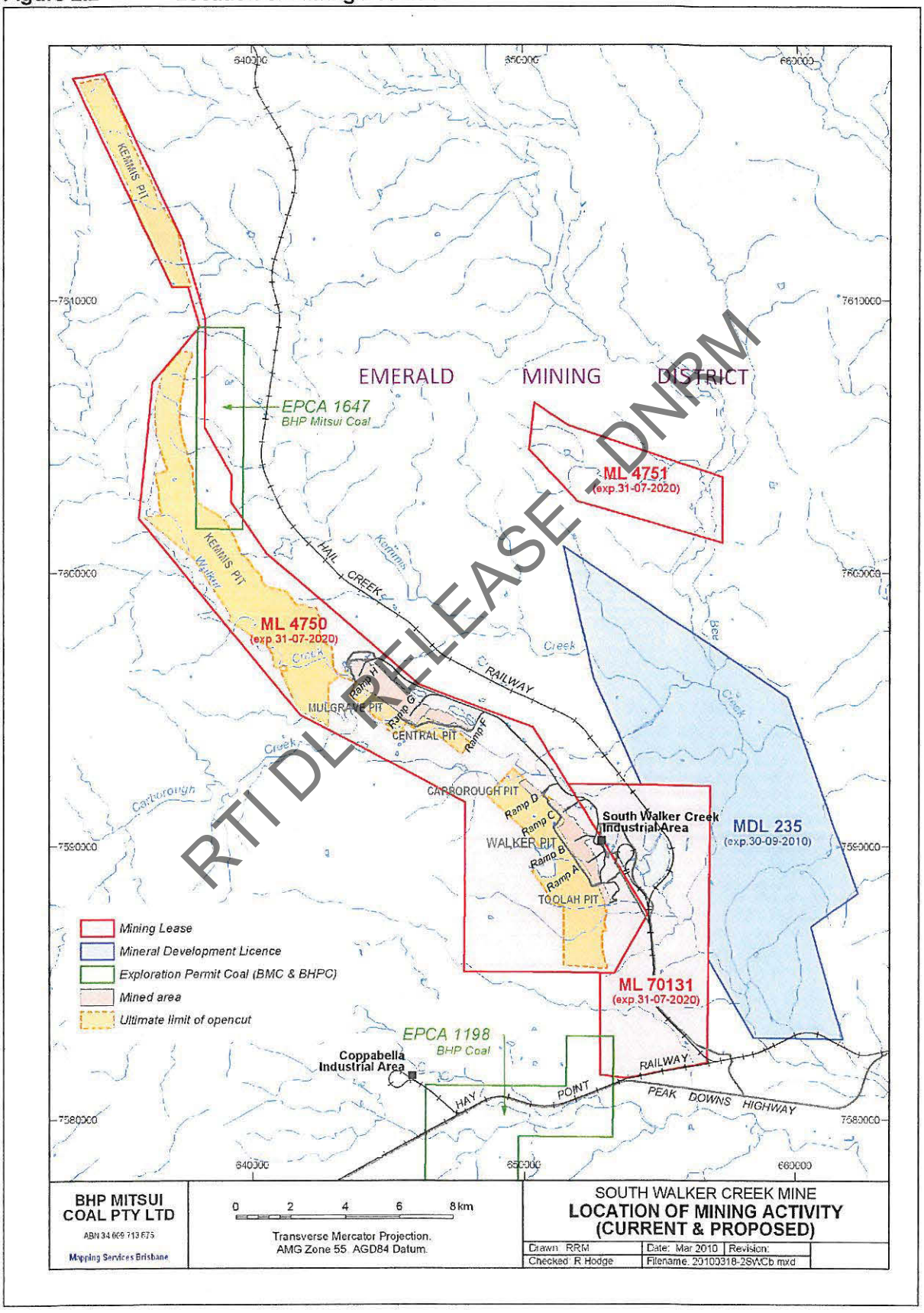
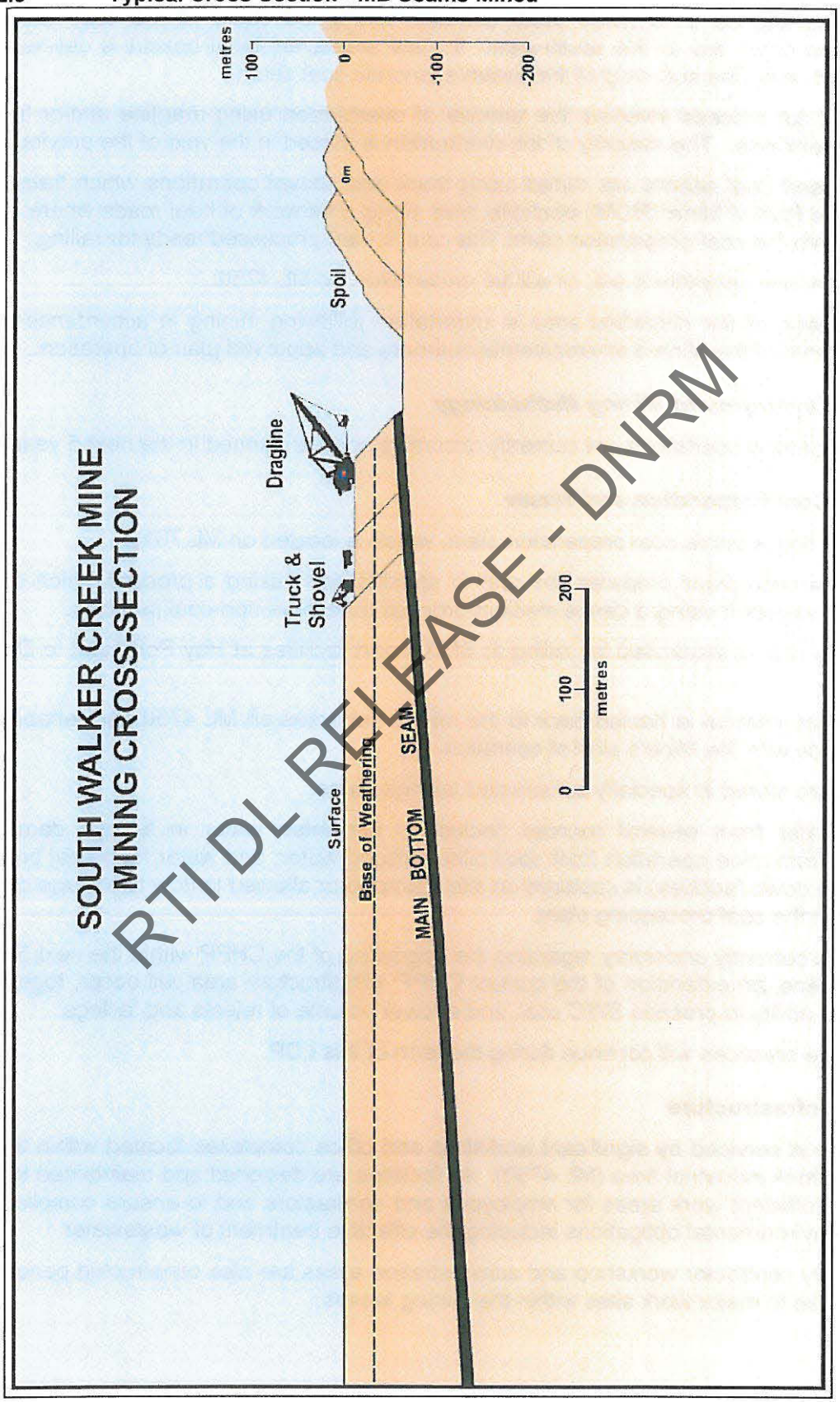


Figure 2.3 **Typical Cross Section - MB Seams Mined**



2.2.1.1 Open Cut Mining Methodology

The strip mining technique is used in the South Walker Creek Mine. The seams are mined from strips aligned in a north south direction along the strike of the coal seams, and progressed down dip to the south-west. In new areas, an initial boxcut is delineated and developed along the sub-crop of the lowest economic coal seam.

The open cut process involves the removal of overburden using dragline and/or truck and shovel operations. The majority of the overburden is placed in the void of the previous strip.

The exposed coal seams are mined using truck and shovel operations which transport the coal to the Run of Mine (ROM) stockpile area along a network of haul roads where it is then blended into the coal preparation plant. The coal is then processed ready for railing.

All of the above operations are, or will be, undertaken on ML 4750.

Rehabilitation of the disturbed area is undertaken following mining in accordance with the requirements of the Mine's environmental authority and approved plan of operation..

2.2.1.2 Underground Mining Methodology

No underground operations are currently occurring nor are planned in the next 5 year period.

2.2.2 Coal Preparation and Waste

The Mine has a single coal preparation plant, which is located on ML 70131.

The preparation plant prepares the coal to specifications using a process which sizes the coal and washes it using a dense medium process to remove non-coal particles.

The clean coal is stockpiled for railing to BMA's port facilities at Hay Point and to Dalrymple Bay.

Plant reject material is hauled back to the mined out areas on ML 4750 and rehabilitated in accordance with the Mine's plan of operation.

Tailings are stored in specially constructed tailings dams.

Waste water from several sources (including: rainwater; water in tailings dams; water pumped from mine operation from spoil piles; ground water; and water from coal processing and wash down facilities) is captured on site, pumped or allowed to flow to storage dams and re-used in the coal processing plant.

A study is currently underway regarding the upgrading of the CHPP within the next 5 years. If this happens, an extension of the current CHPP infrastructure area will occur, together with improved ability to process SWC coal, and a lower volume of rejects and tailings.

The above practices will continue during the term of this LDP.

2.2.3 Infrastructure

The Mine is serviced by significant workshop and office complexes located within the South Walker Creek industrial area (ML 4750). All facilities are designed and maintained to provide safe and efficient work areas for employees and contractors and to ensure compliance with BMC's environmental obligations including the effective treatment of wastewater.

Temporary contractor workshop and administration areas are also constructed periodically in areas close to major work sites within the mining leases.

Pages 15 through 26 redacted for the following reasons:
- -
sch4p4(7)(1)(c) Business/commercial/professional/financial affairs

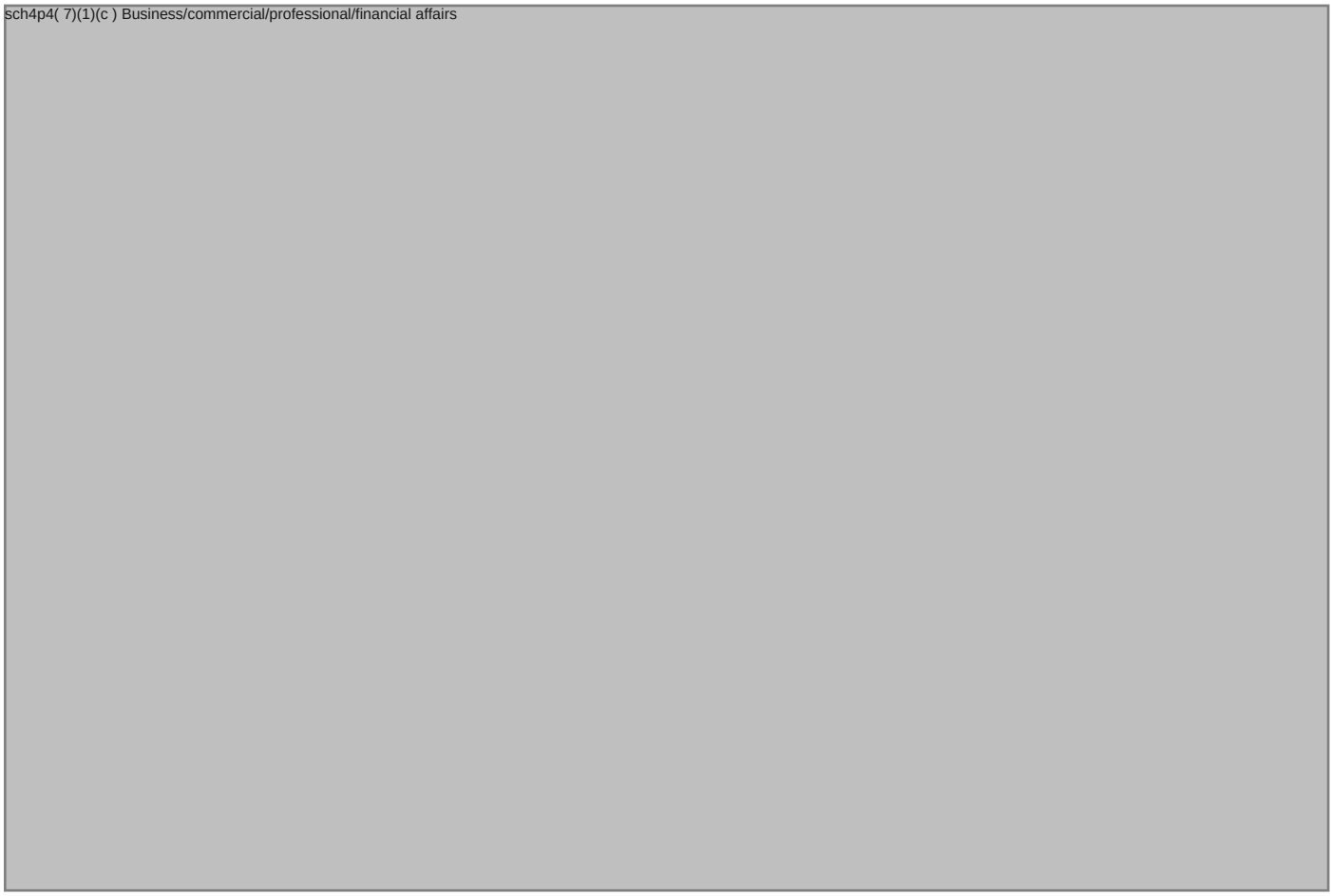
2.4.2 Resource Maps and Cross Sections

Resource maps for the MB, MB2, MT, MT1 and MT2 Seams are provided in Attachments 1-3 Resource maps contain the following information:

- JORC resource definitions;
- Major faults;
- Bore hole locations;
- Points of Observation used for reserve generation;

A cross section through each of the open cut mining pits is provided in Attachment 4

sch4p4(7)(1)(c) Business/commercial/professional/financial affairs



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3 OTHER RELEVANT INFORMATION

Section 318DT(1)(e)

Section 318DT(1)(e) of the MRA requires the LDP to address "any other information relevant to the criteria mentioned in section 318EF". Section 318EF in turn refers back to section 318EA. The requirements of these various sections have been addressed in other parts of this LDP, as set out in the table below:

Table 3.1 Compliance with requirements of section 318DT(1)(e)

Section	Description of requirement	Location in LDP
318EA(2)(a)	potential of the area for mining and other purposes for which the lease is sought	Sections 2, 4
318EA(2)(b)	nature and extent of activities	Section 2
318EA(2)(c)	when and where the activities are proposed to be carried out	Section 2
318EA(2)(d)	whether the mining will be optimised in the best interests of the State	Section 4
318EA(2)(e)	CSG assessment criteria	Sections 2.2.5, 2.3, 5 and attached CSG Statement
318EF(a)	criteria in section 318EA	See above
318EF(b)	extent to which the current development plan has been complied with	Section 8
318EF(c)	CSG assessment criteria	Sections 2.2.5, 2.3, 5 and attached CSG Statement
318EF(d)	effect of approval on any relinquishment condition	n/a
318EF(e)	if plan provides for a significant change that is a cessation or reduction of mining or other purposes for which the ML is granted, (i) whether the cessation or reduction is reasonable; and (ii) whether the holder has taken all reasonable steps to prevent the cessation or reduction	n/a

4 REASONS WHY THE PLAN IS CONSIDERED APPROPRIATE

Section 318DT(1)(f), 318EA(2)(d)

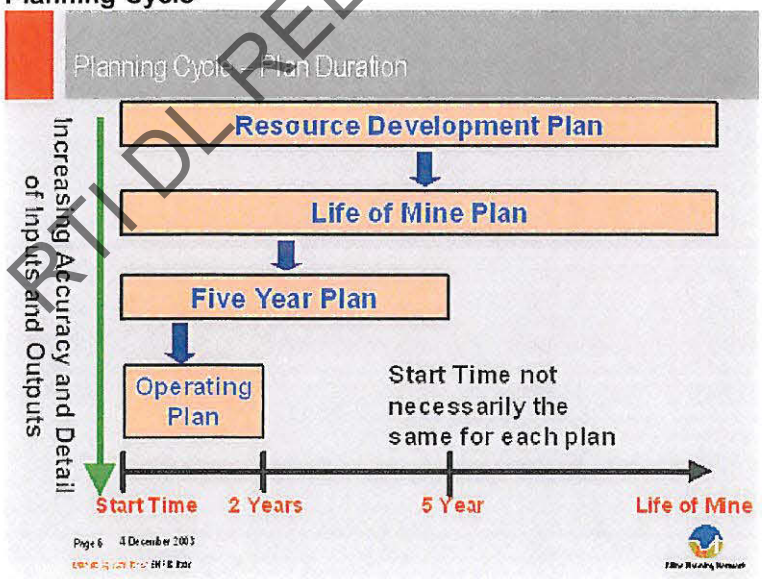
4.1 BMC'S APPROACH TO MINE PLANNING

BMC's world class business planning and optimisation process has four core components:

- The Resource Development Plan (RDP) considers alternative development strategies for each project (mine) area from which a preferred development strategy is selected. The alternatives typically consider alternative mining methods and mine layouts, product specifications and potential synergies between mining methods and product qualities with the objective of maximising the value extracted from the entire resource.
- The Life of Mine (30 years) Plan develops the selected RDP alternative in further high level detail and forms the basis of shorter term plans and business investment decisions. The LOM Plan covers the life of the mine or 30 years at a maximum in cases where life is expected to be greater than 30 years.
- The 5 Year Business Plan develops the first 5 years of the LOM Plan in considerably more detail and forms the basis for execution of activities on the mine. The expected market tonnage and quality requirements form the basis of the plan within a range to take into account potential variation in market and operational requirements.
- The Operating Plan is prepared annually and includes significant detail on all activities and is based on all relevant market and operational conditions.

Figure 4.1 "Planning Cycle" sets out BMC's planning process, including, on a relative basis, the level of accuracy and detail of each plan.

Figure 4.1 **Planning Cycle**



Mineral hydrocarbon resources may represent a potential source of value for BMC and its key stakeholders. At sites where studies show that the extraction of hydrocarbons is technically and commercially viable, BMC will incorporate this into the planning cycle to optimise the extraction process of both coal and hydrocarbons and to ensure the value of the managed resource base is maximised.

4.2 THE SOUTH WALKER CREEK MINE PLAN

The South Walker Creek Plan is considered appropriate for the following reasons:

- Current open cut mining operations are based on accumulated mining, processing and equipment history over a number of years.
- All significant coal seams are mined.
- State of the art mining methods are used to maximise resource recovery.
- Production levels prescribed by the strategies in the Plan are those deemed appropriate by the Mine Owners.

4.3 MINING WILL BE OPTIMISED IN THE BEST INTERESTS OF THE STATE

Section 318EA(d)

As demonstrated above and in section 2, the approach outlined in this LDP will optimise the mining of coal which is the subject of the various mining leases to which this LDP relates, in the best interests of the State, having regard to the public interest, including:

- the LDP contemplates further investment in, extension of current production, including through proposed mining of new areas and adoption of new technologies;
- by doing so, it will:
  - provide significant royalty revenue to the State;
  - sustain and expand employment levels; and
  - have other flow-on benefits to the local and State economies (including through the expenditure required for continuing and expanding existing operations); and
- sch4p4(7)(1)(c) Business/commercial/professional/financial affairs

5 OVERLAPPING OR ADJACENT PETROLEUM TENURE HOLDERS

Section 318DV

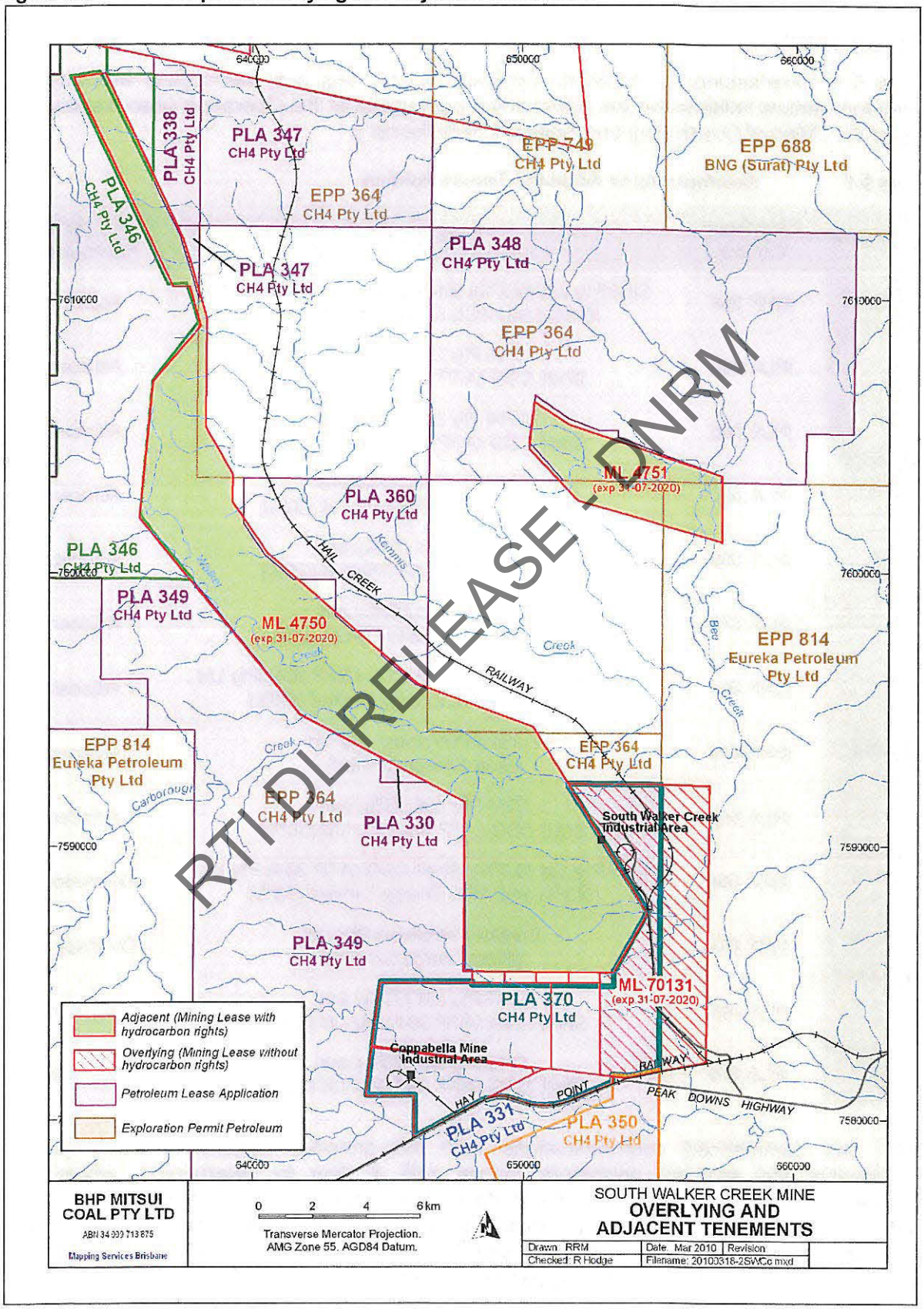
Table 5.1 "Overlapping or Adjacent Tenure Holders" sets out overlapping and adjacent petroleum tenure holders for the relevant Mining Leases at the Operation (also displayed in Figure 5.1 "Map of Overlaying and Adjacent Tenements").

Table 5.1 Overlapping or Adjacent Tenure Holders

Tenement	Petroleum Tenure	Holders	Nature of Association
ML 4750	EPP 364	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Adjacent
	PLA 330	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
	PLA 338	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
	PLA 346	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
	PLA 349	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
	PLA 370	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
ML 4751	EPP 364	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Adjacent
	EPP 814	Eureka Petroleum Pty Ltd (Blue Energy Limited)	Adjacent
	PLA 348	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
ML 70131	EPP 364	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Overlapping
	EPP 814	Eureka Petroleum Pty Ltd (Blue Energy Limited)	Overlapping
	PLA 350	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent
	PLA 370	CH4 Pty Ltd (70%) and Shell CSG (ATP 364) Pty Ltd (30%)	Adjacent

BMC has commenced communications with the principal holders of each relevant overlapping and adjacent petroleum tenure with a view to determining, where it is commercially and technically feasible to do so, how to optimise the development of the State's resources and to protect any overlapping holders' operations and investment. The communications are ongoing at present and BMC undertakes to advise the Department of the outcome of those discussions as soon as they are known.

Figure 5.1 Map of Overlaying and Adjacent Tenements



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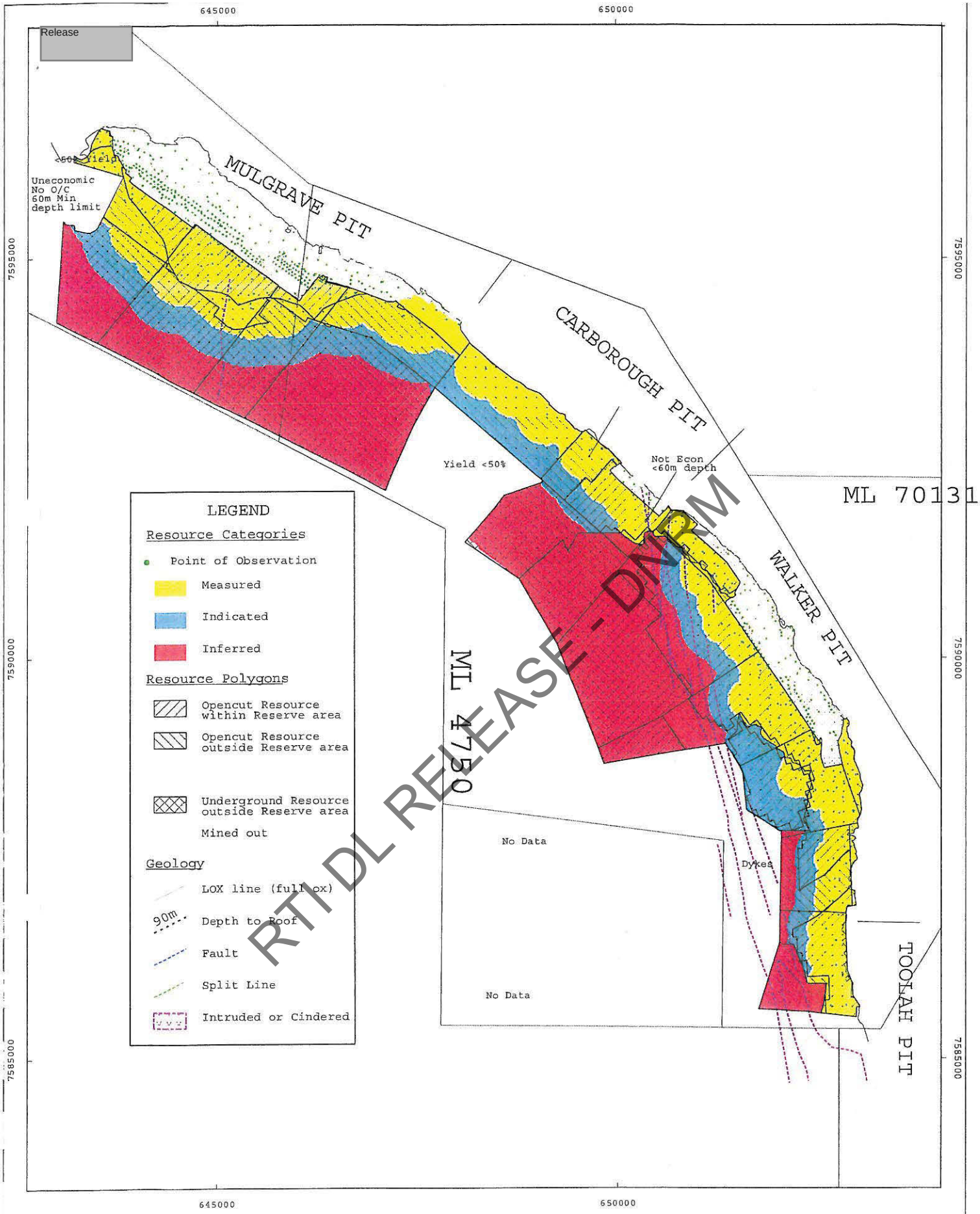
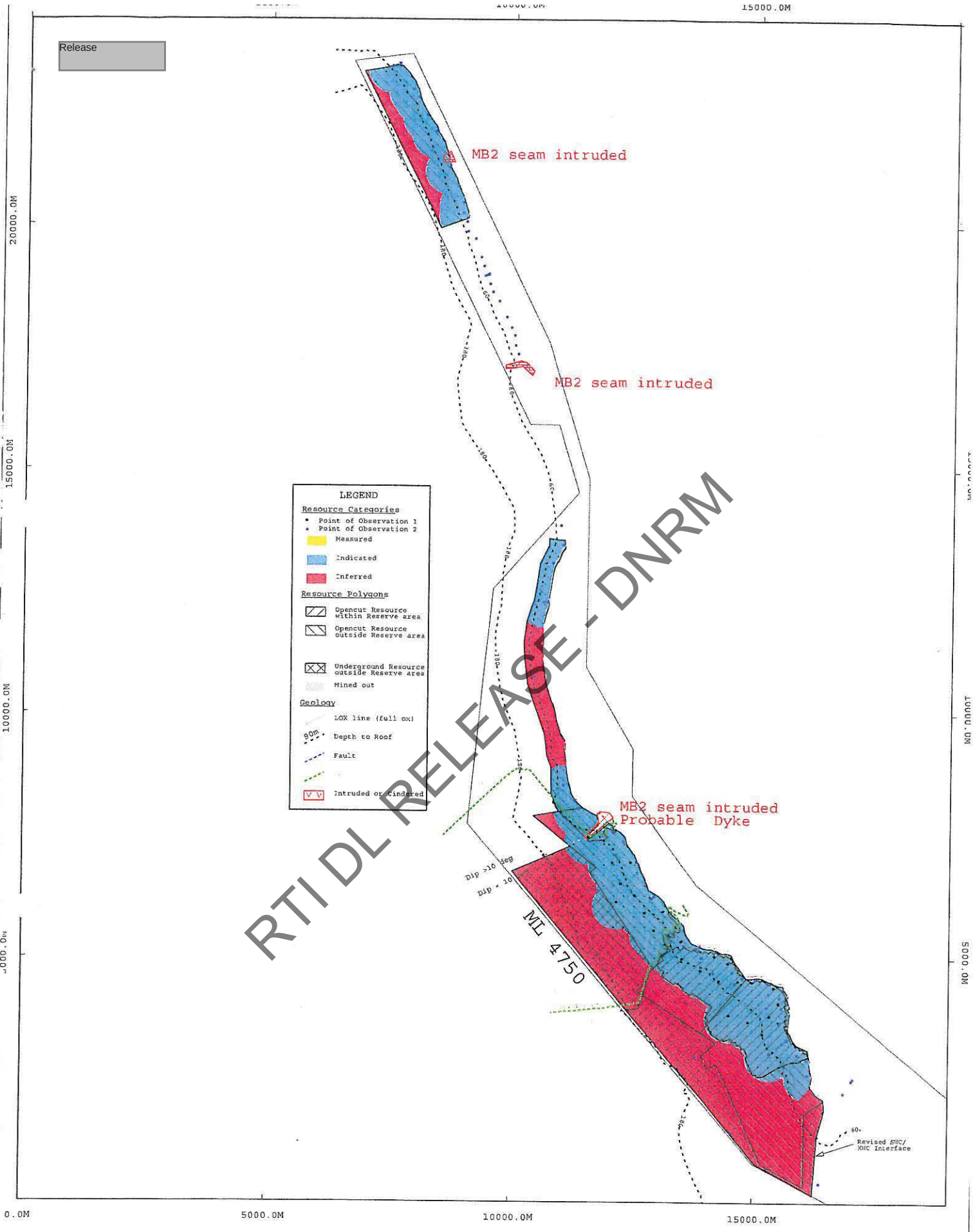
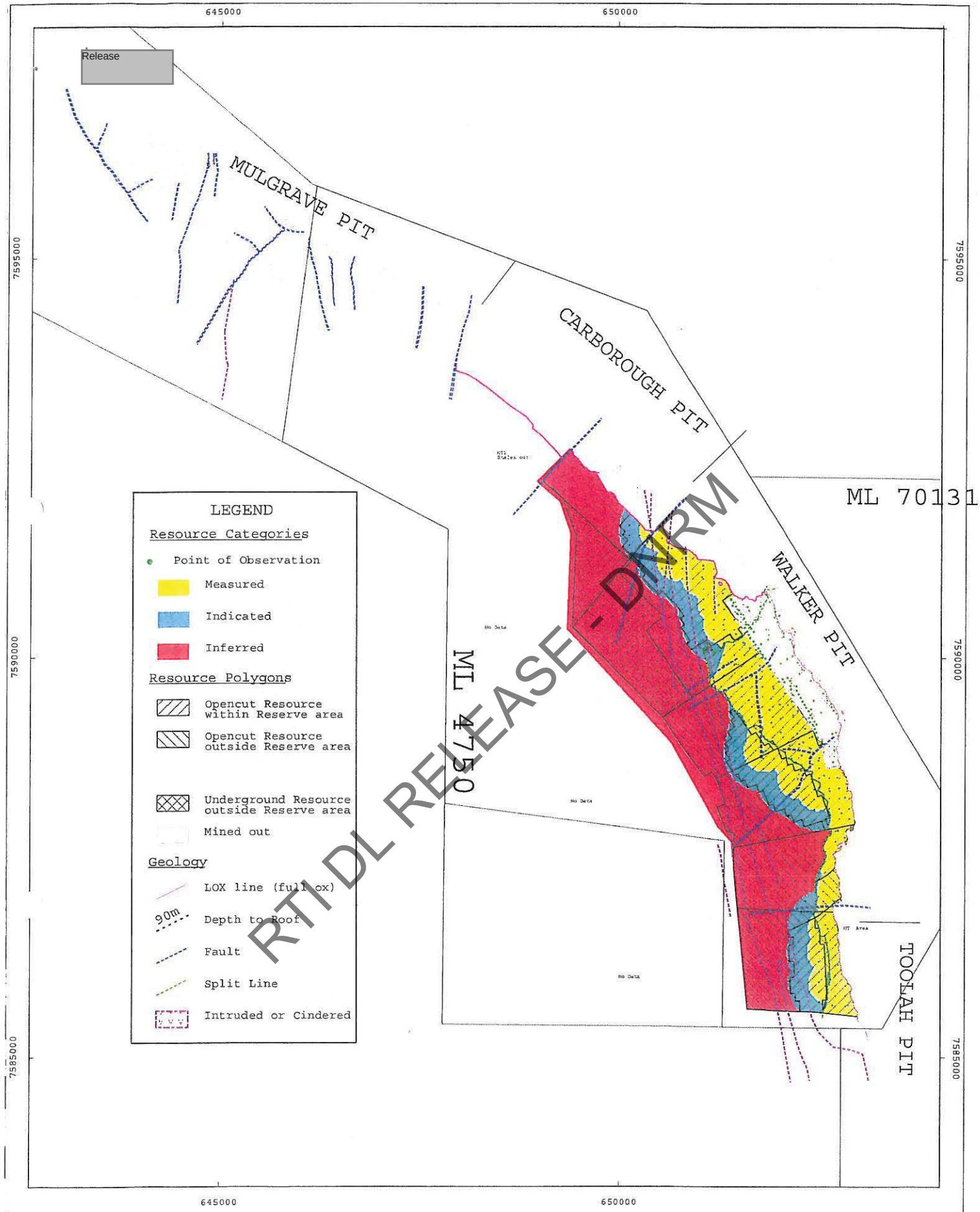
ATTACHMENTS



BHP Mitsui Coal		
Sth Walker Creek MB & MB2 Seams Resource Outlines	Date: 02-Jun-2009	
	Scale: 1:30000	
	Checked:	
	Approved:	
Prepared by: JB Mining Services Pty Ltd	Figure: 24	



BHP Mitsui Pty Ltd		
Kemmis Area MB2 and MB Seams Resource Outlines	Date:02-Jun-2009 Scale: 1:50000 Checked: Approved:	
Prepared by: JB Mining Services Pty Ltd		Figure: 27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MULGRAVE PIT
CARBOROUGH PIT
WALKER PIT
TOOLAH PIT
ML 70131
ML 4750
LEGEND
Resource Categories
Point of Observation
Measured
Indicated
Inferred
Resource Polygons
Opencut Resource within Reserve area
Opencut Resource outside Reserve area
Underground Resource outside Reserve area
Mined out
Geology
LOX line (full ox)
90m
Depth to Roof
Fault
Split Line
Intruded or Cindered
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MT Area
RTI DL RELEASE - DNRM
400 0 200 400 600 800 1000
Metres
BHP Mitsui Coal
Sth Walker Creek
MT & MT1 Seams
Resource Outlines
Date:02-Jun-2009
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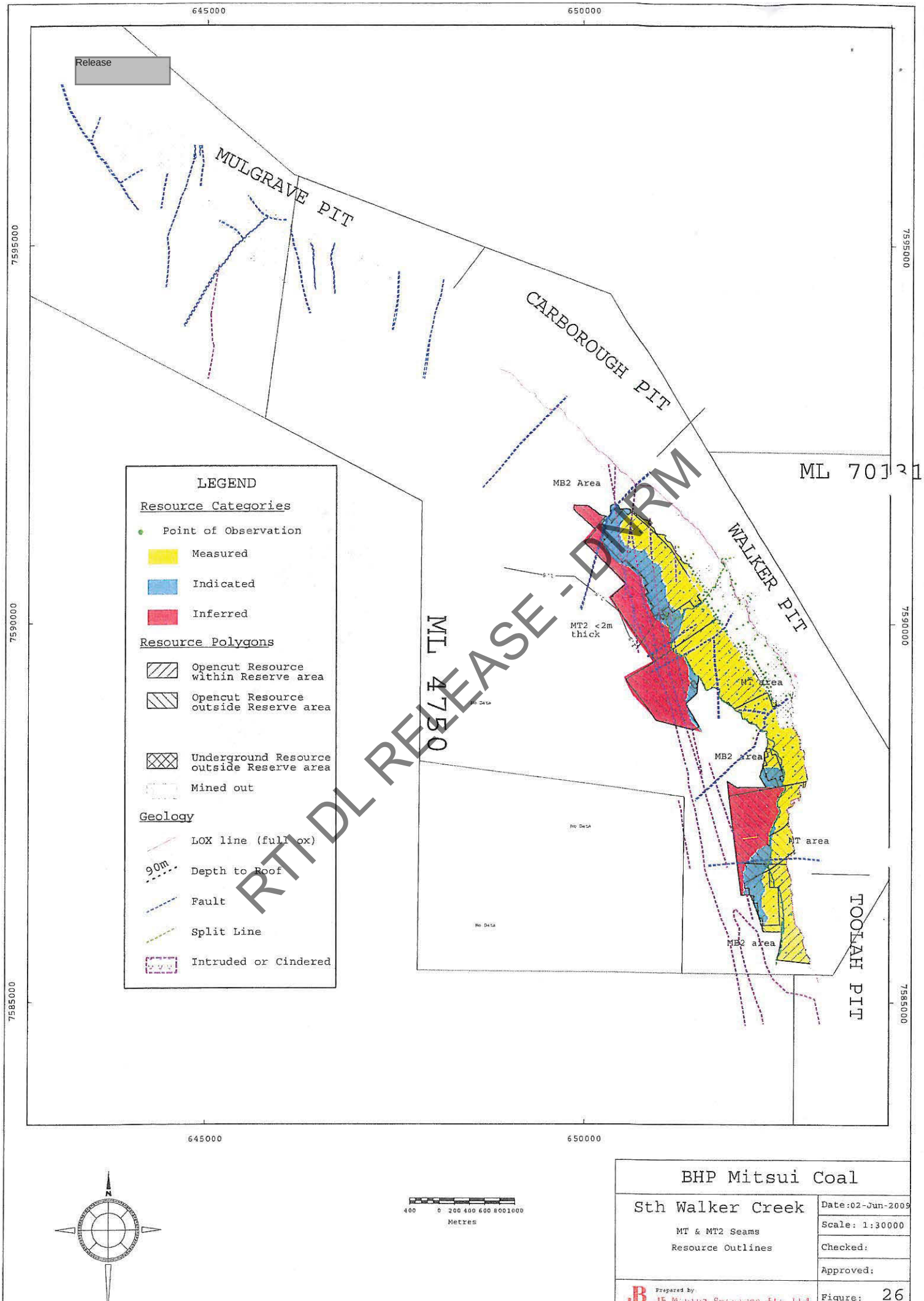
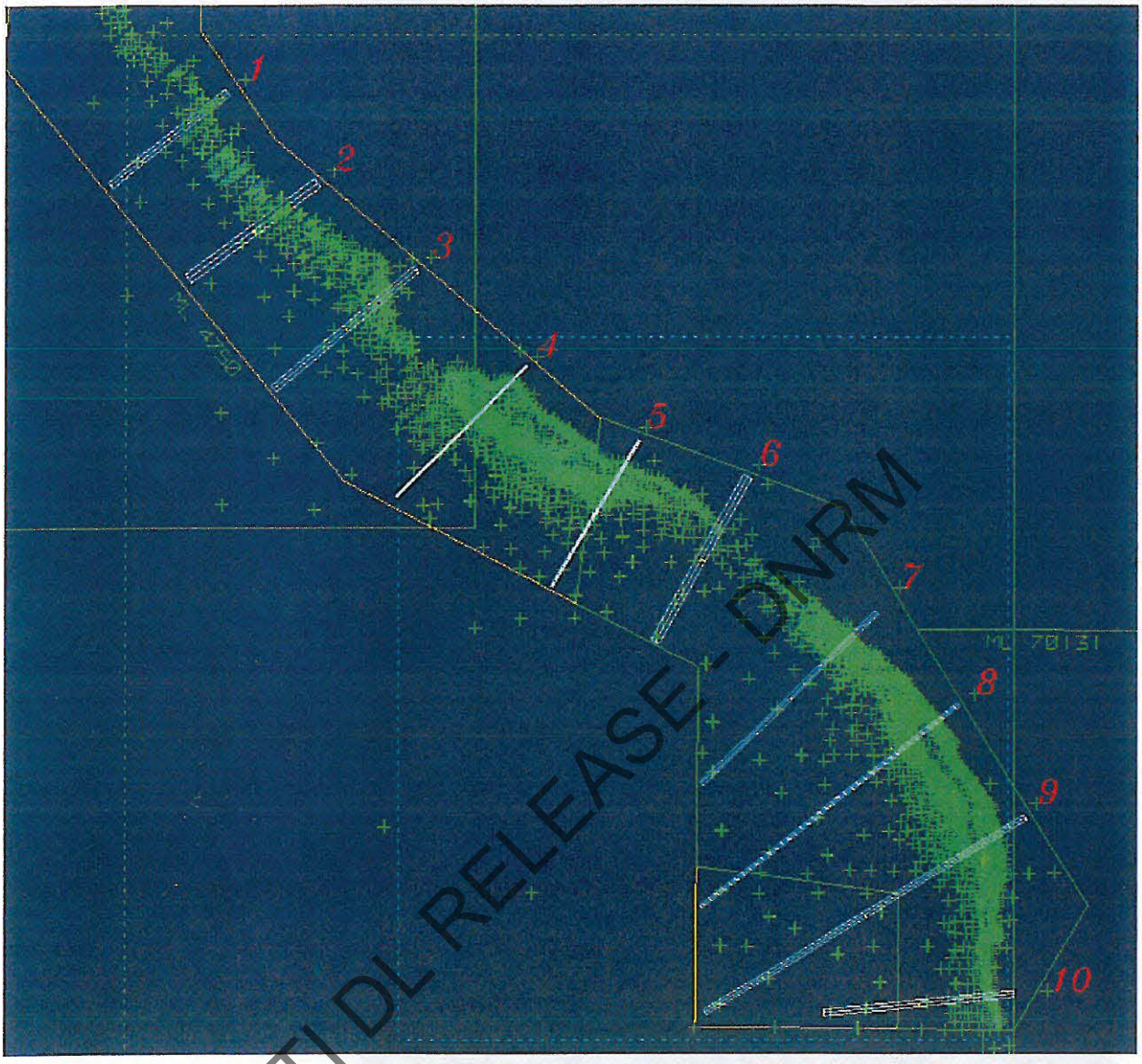
Approved:
Prepared by:
JP Mining Services Pty Ltd
Figure: 25



Cross Section Locations

All cross sections 5x vertical exaggeration



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COMMERCIAL-IN-CONFIDENCE

RESOURCE DEVELOPMENT GROUP

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This LDP has been developed on the basis that the additional surface area applications will be granted and that development of the mine will progress as planned.

Surface Area Application No.5 was required for the continuation of down-dip mining of the South Walker Creek coal resources to the south-west of the 'Central Pit' operations. The area applied for was along a road reserve approximately 1,600m x 60m in size, which was located between surface areas No.1 & 4. The area applied for was 9.58ha and was granted on 17 March 2011.

Additional Surface Area Applications No.6, 7 & 8 are required to allow future expansion of the Kemmis pit to the north of the South Walker Creek Mine. The area applied for covers a total of 440.00ha on two Grazing Homestead Freeholding Leases and the Kemmis Creek Road Reserve. The area abuts Additional Surface Area No. 4 to south.

The details of this Surface Area Applications are provided in Table 1.2 "Surface Area Applications" and its location is illustrated at Figure 1.1 "Mining Leases – South Walker Creek Mine" and Table 1.2 "Surface Area Applications".

Table 1.2 Surface Area Applications

Mining Lease	Principal Holder	Mining District	SAA No.	Lodgement Date	Grant Date
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ML 4750	BHP Billiton Mitsui Coal Pty Ltd	Emerald	No. 7	09 August 2013	TBA
ML 4750	BHP Billiton Mitsui Coal Pty Ltd	Emerald	No. 8	09 August 2013	TBA

1.2 PLAN PERIOD

318ED(1)(a), 318DU

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Operations are described in this LDP by reference to financial years commencing on 1 July. To the extent that the LDP is required to refer to a period comprising part only of a financial year, details are given in respect of the whole of the relevant financial year.

Figure 1.1 Mining Leases – South Walker Creek Mine

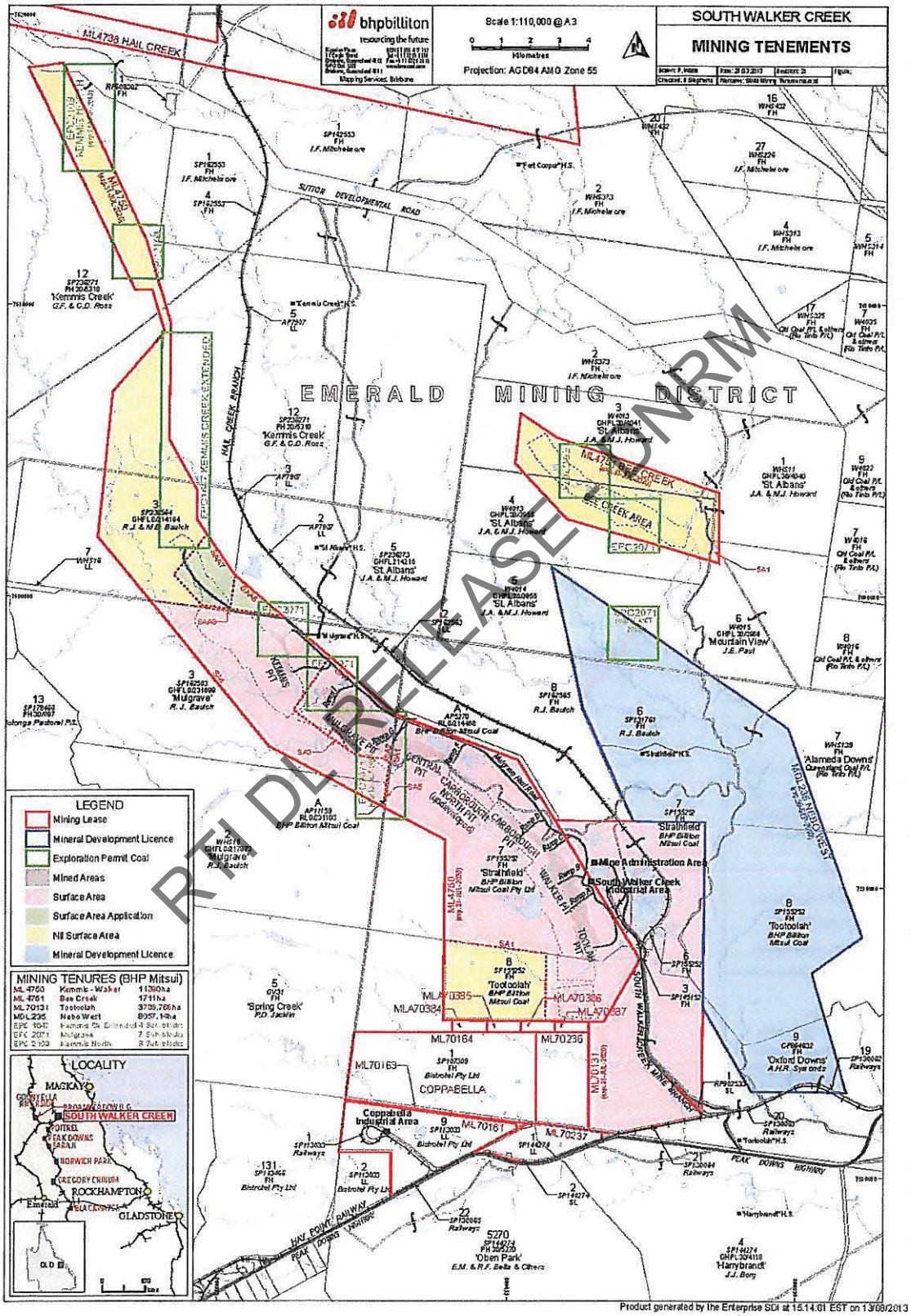
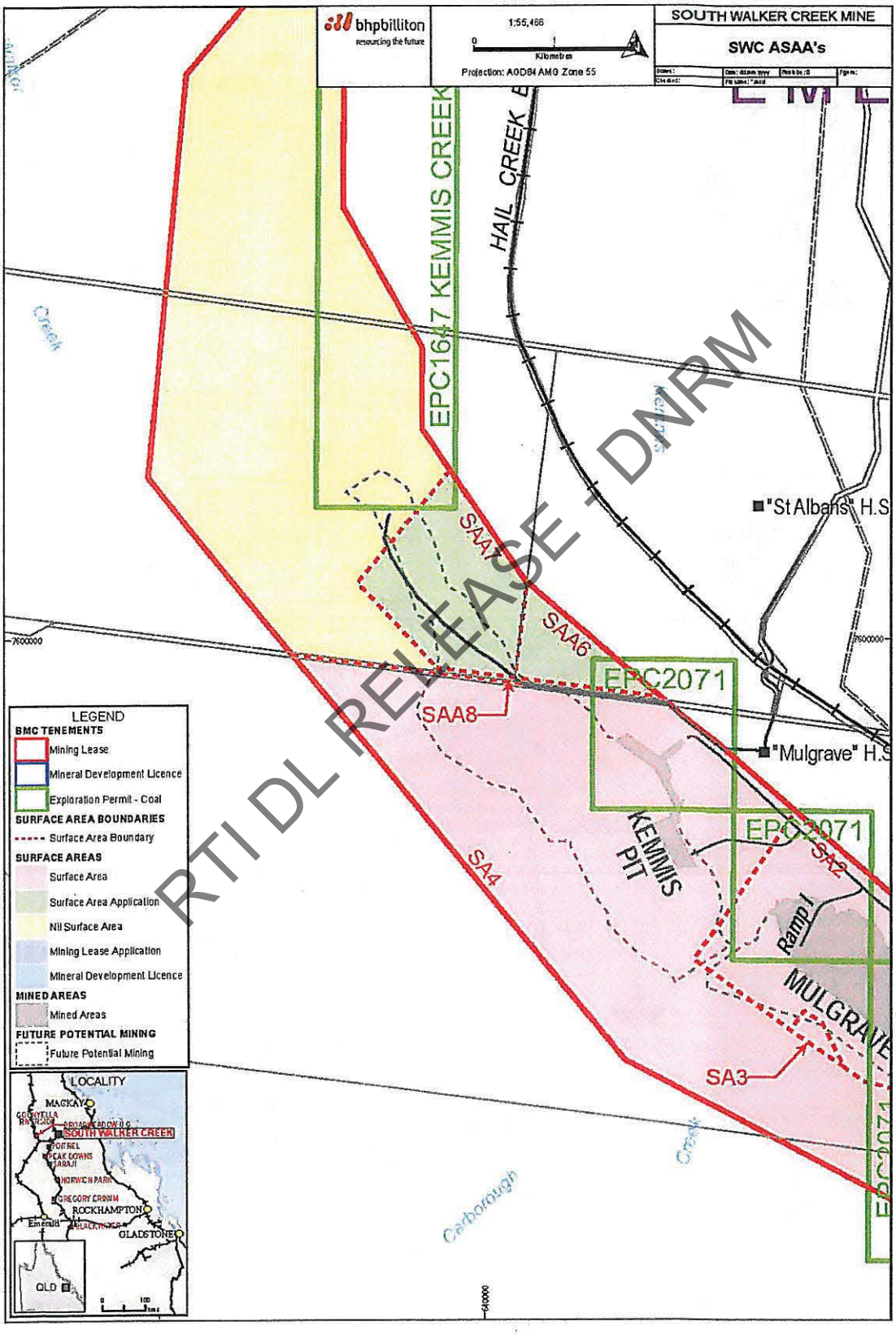


Figure 1.2 **Additional Surface Area Application No. 6, 7 & 8**



2 PROPOSED ACTIVITIES

2.1 GEOLOGICAL SETTING

The South Walker Creek coal resource occurs on the eastern limb of the northern Bowen Basin, adjacent to the centre of the Nebo Synclinorium structural unit.

Economic coals are contained within the Late Permian Rangal Coal Measures (RCM), which is typically some 150 metres in thickness. The RCM are underlain by the Fort Cooper Coal Measures (FCCM), characterised by tuffaceous beds and banded high ash coaly intervals and overlain by the Triassic Rewan Group, comprising green quartz-lithic sandstones and characteristic red mudstones.

The coal measures are overlain by up to 35 metres of Quaternary sandy clays and sporadic thin gravelly beds. Depth of oxidation averages 20 metres, but ranges from 5-45 metres.

Geological structure is relatively undisturbed, although faults with displacements of up to 30 metres are present. Changes in coal quality and seam thickness frequently occur across faults. Bedding dips range from 7 to 15 degrees. Limited down-dip drilling suggests a slight flattening of dip at depth. Intrusives in the form of dykes and sills are present, particularly in the south.

The only seam with commercial potential is the Main seam (MA) which is some 11 m in thickness, but which is split into Main Tops seam (MT) and Main Bottoms seam (MB) in the majority of the area. The other seam in the RCM is the Hynds seam (HY), which is considered to have no commercial potential. The Hynds seam averages seven metres in thickness and occurs an average of 33 metres below the MA seam and splits.

2.2 OPERATIONAL OVERVIEW

Section 318DT(1)(a)

South Walker Creek Mine is a large established open cut mine which is located approximately 55km north east of Moranbah, 25km west of Nebo and it is approximately 136km by road from Mackay. The following activities are undertaken at the Mine:

- coal mining using open cut methodologies;
- coal preparation;
- waste disposal;
- liberation of coal seam gas as part of the mining process; and
- exploration activities and each of which is described below.

2.2.1 Coal Mining

All of coal mining activities at the Mine occur on ML 4750.

The coal seams mined at SWC include:

- the Main (MA) seam, which splits into the Main Tops (MT) seam, which further splits into the Main Tops 1 (MT1) and Main Tops 2 (MT2) seams,
- the Main Bottom (MB) seam, which when it coalesces with the MT2 north of Walker Pit, forms the Main Bottom 2 (MB2) seam. Figure 2.1 "Schematic Stratigraphic Section" describes the general stratigraphic layout at SWC.
- All mining is done by open cut mining methods.
- In the mining areas, some or all of the coal seams may or may not be mined. The criteria for mining certain seams are based upon seam thickness, seam location the overburden horizon and the quality of the coal. Currently mining occurs in Walker,

Mulgrave, Carborough, Toolah and Kemmis pits with the MT, MB and MB2 seams the predominant seams recovered.

Figure 2.2 " Location of Mining Activities" shows the location of mining activities. Below these is a typical cross section of the pit as shown in Figure 2.3 "Typical Cross Section - MB Seams Mined".

Figure 2.1 Schematic Stratigraphic Section

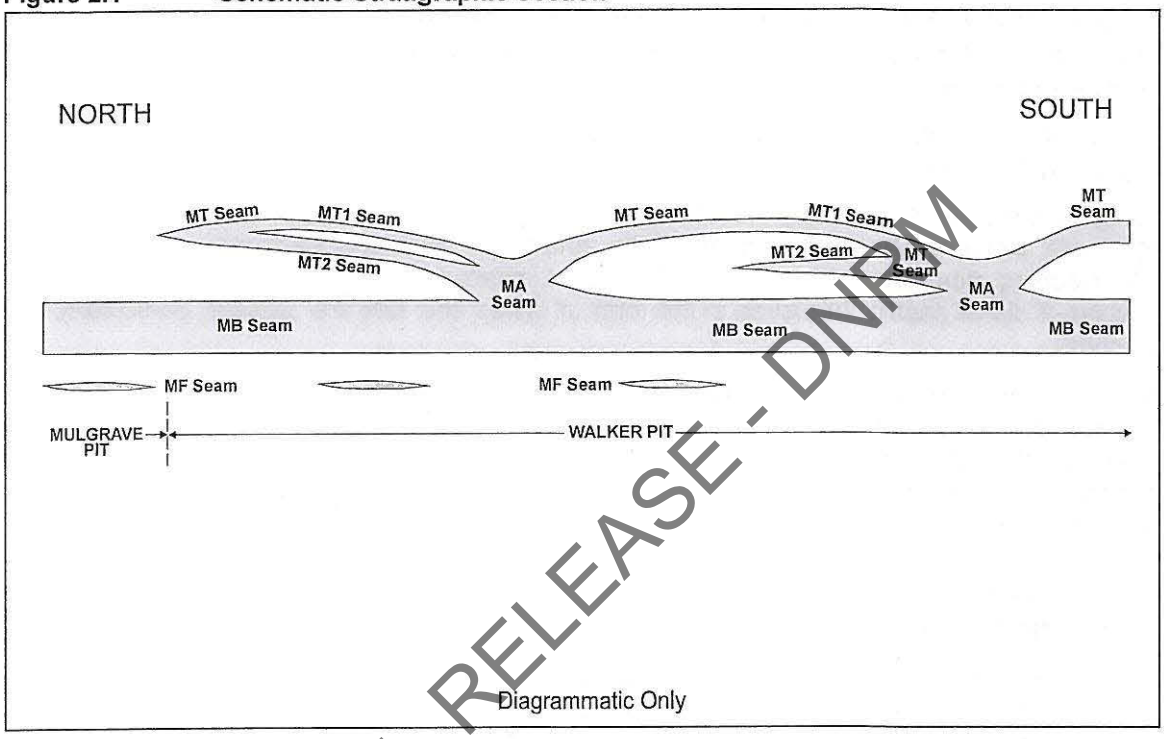


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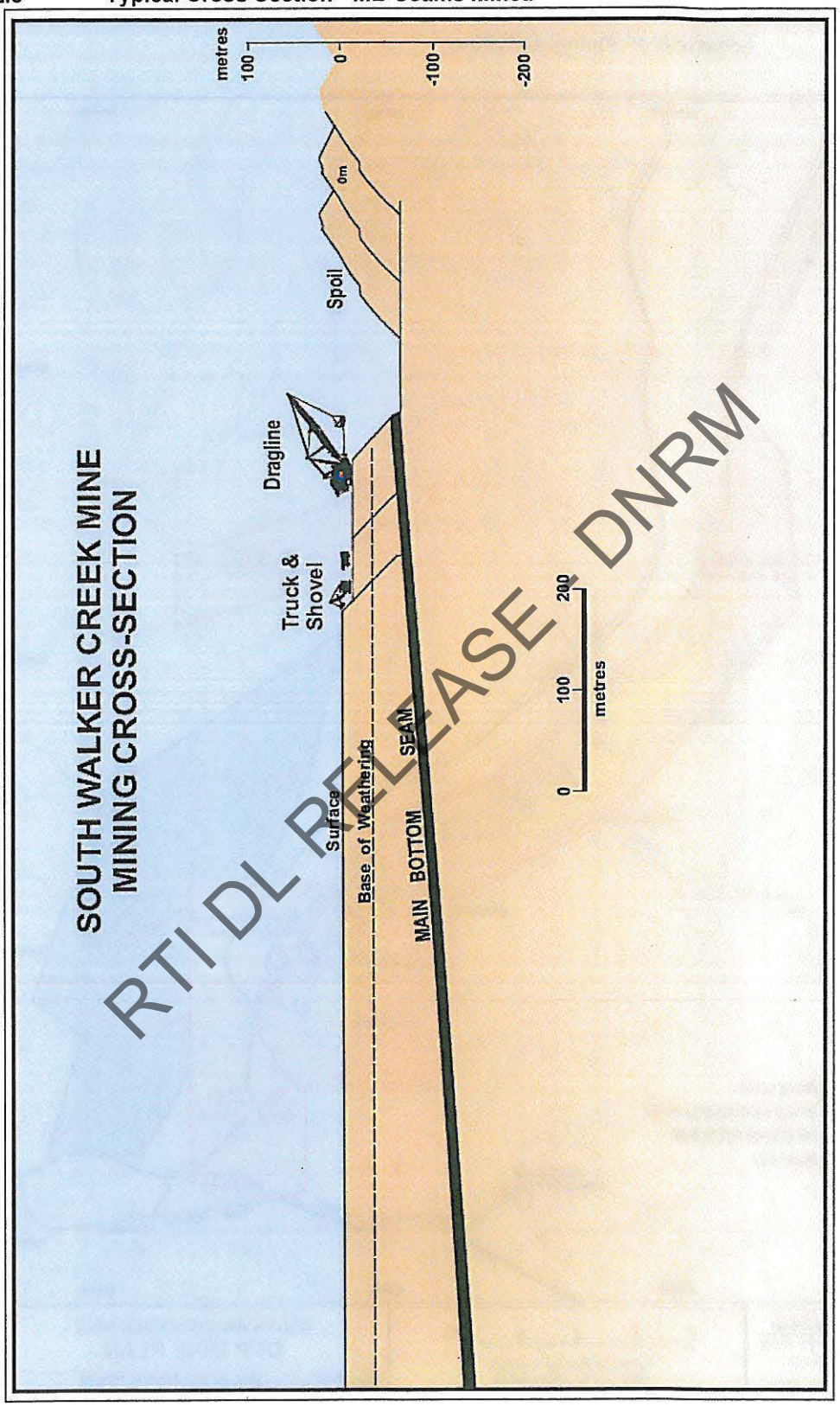
Figure 2.3 Typical Cross Section - MB Seams Mined



2.2.1.1 Open Cut Mining Methodology

The strip mining technique is used in the South Walker Creek Mine. The seams are mined from strips aligned in a north south direction along the strike of the coal seams, and progressed down dip to the south-west. In new areas, an initial boxcut is delineated and developed along the sub-crop of the lowest economic coal seam.

The open cut process involves the removal of overburden using dragline and/or truck and shovel operations. The majority of the overburden is placed in the void of the previous strip.

The exposed coal seams are mined using truck and shovel operations which transport the coal to the Run of Mine (ROM) stockpile area along a network of haul roads where it is then blended into the coal preparation plant. The coal is then processed ready for railing.

All of the above operations are, or will be, undertaken on ML 4750.

Rehabilitation of the disturbed area is undertaken following mining in accordance with the requirements of the Mine's environmental authority and approved plan of operation..

2.2.1.2 Underground Mining Methodology

No underground operations are currently occurring nor are planned in the next 5 year period.

2.2.2 Coal Preparation and Waste

The Mine has a single coal preparation plant, which is located on ML 70131.

The preparation plant prepares the coal to specifications using a process which sizes the coal and washes it using a dense medium process to remove non-coal particles.

The clean coal is stockpiled for railing to BMA's port facilities at Hay Point and to Dalrymple Bay.

Plant reject material is hauled back to the mined out areas on ML 4750 and rehabilitated in accordance with the Mine's plan of operation.

Tailings are stored in specially constructed tailings dams.

Waste water from several sources (including: rainwater; water in tailings dams; water pumped from mine operation from spoil piles; ground water; and water from coal processing and wash down facilities) is captured on site, pumped or allowed to flow to storage dams and re-used in the coal processing plant.

In early calendar year 3013 an upgrade of the CHPP occurred to improve the ability to process SWC coal and a lower volume of rejects and tailings, this occurred via an extension of the current CHPP infrastructure area.

The above practices will continue during the term of this LDP.

2.2.3 Infrastructure

The Mine is serviced by significant workshop and office complexes located within the South Walker Creek industrial area (ML 4750). All facilities are designed and maintained to provide safe and efficient work areas for employees and contractors and to ensure compliance with BMC's environmental obligations including the effective treatment of wastewater.

Temporary contractor workshop and administration areas are also constructed periodically in areas close to major work sites within the mining leases.

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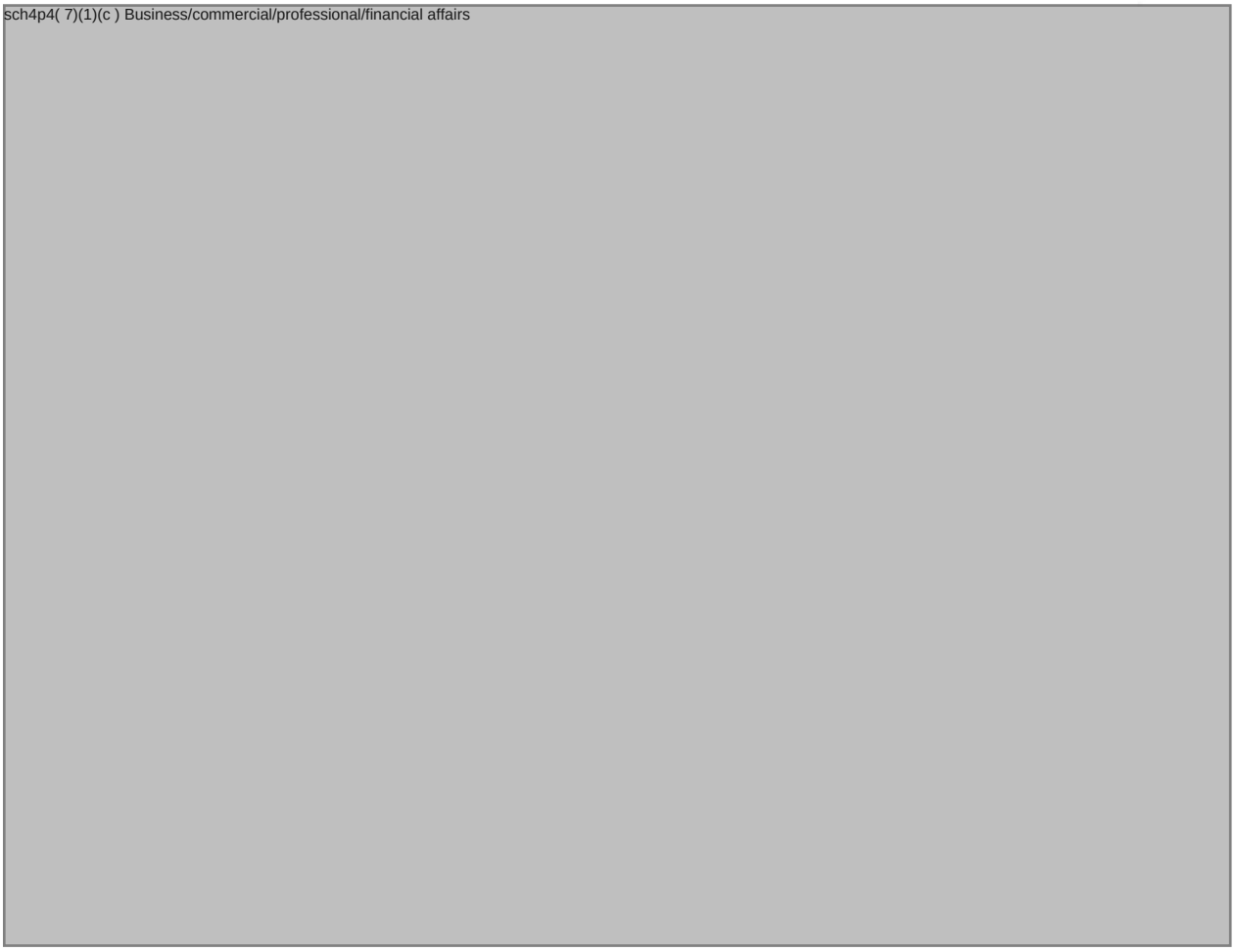
2.4.2 Resource Maps and Cross Sections

Resource maps for the MB, MB2, MT, MT1 and MT2 Seams are provided in Attachments 1-3 Resource maps contain the following information:

- JORC resource definitions;
- Major faults;
- Bore hole locations;
- Points of Observation used for reserve generation;

A cross section through each of the open cut mining pits is provided in Attachment 4

sch4p4(7)(1)(c) Business/commercial/professional/financial affairs



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3 OTHER RELEVANT INFORMATION

Section 318DT(1)(e)

Section 318DT(1)(e) of the MRA requires the LDP to address "any other information relevant to the criteria mentioned in section 318EF". Section 318EF in turn refers back to section 318EA. The requirements of these various sections have been addressed in other parts of this LDP, as set out in the table below:

Table 3.1 Compliance with requirements of section 318DT(1)(e)

Section	Description of requirement	Location in LDP
318EA(2)(a)	potential of the area for mining and other purposes for which the lease is sought	Sections 2, 4
318EA(2)(b)	nature and extent of activities	Section 2
318EA(2)(c)	when and where the activities are proposed to be carried out	Section 2
318EA(2)(d)	whether the mining will be optimised in the best interests of the State	Section 4
318EA(2)(e)	CSG assessment criteria	Sections 2.2.5, 2.3, 5 and attached CSG Statement
318EF(a)	criteria in section 318EA	See above
318EF(b)	extent to which the current development plan has been complied with	Section 8
318EF(c)	CSG assessment criteria	Sections 2.2.5, 2.3, 5 and attached CSG Statement
318EF(d)	effect of approval on any relinquishment condition	n/a
318EF(e)	if plan provides for a significant change that is a cessation or reduction of mining or other purposes for which the ML is granted, (i) whether the cessation or reduction is reasonable; and (ii) whether the holder has taken all reasonable steps to prevent the cessation or reduction	n/a

4 REASONS WHY THE PLAN IS CONSIDERED APPROPRIATE

Section 318DT(1)(f), 318EA(2)(d)

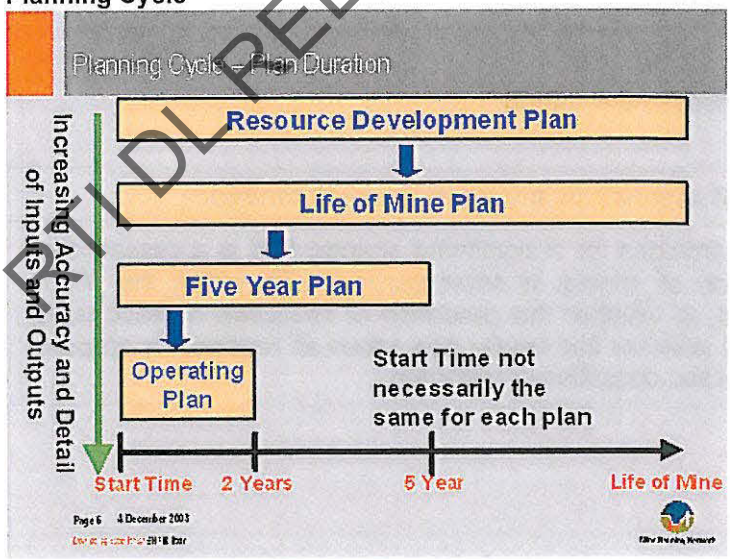
4.1 BMC'S APPROACH TO MINE PLANNING

BMC's world class business planning and optimisation process has four core components:

- The Resource Development Plan (RDP) considers alternative development strategies for each project (mine) area from which a preferred development strategy is selected. The alternatives typically consider alternative mining methods and mine layouts, product specifications and potential synergies between mining methods and product qualities with the objective of maximising the value extracted from the entire resource.
- The Life of Mine (30 years) Plan develops the selected RDP alternative in further high level detail and forms the basis of shorter term plans and business investment decisions. The LOM Plan covers the life of the mine or 30 years at a maximum in cases where life is expected to be greater than 30 years.
- The 5 Year Business Plan develops the first 5 years of the LOM Plan in considerably more detail and forms the basis for execution of activities on the mine. The expected market tonnage and quality requirements form the basis of the plan within a range to take into account potential variation in market and operational requirements.
- The Operating Plan is prepared annually and includes significant detail on all activities and is based on all relevant market and operational conditions.

Figure 4.1 "Planning Cycle" sets out BMC's planning process, including, on a relative basis, the level of accuracy and detail of each plan.

Figure 4.1 **Planning Cycle**



Mineral hydrocarbon resources may represent a potential source of value for BMC and its key stakeholders. At sites where studies show that the extraction of hydrocarbons is technically and commercially viable, BMC will incorporate this into the planning cycle to optimise the extraction process of both coal and hydrocarbons and to ensure the value of the managed resource base is maximised.

4.2 THE SOUTH WALKER CREEK MINE PLAN

The South Walker Creek Plan is considered appropriate for the following reasons:

- Current open cut mining operations are based on accumulated mining, processing and equipment history over a number of years.
- All significant coal seams are mined.
- State of the art mining methods are used to maximise resource recovery.
- Production levels prescribed by the strategies in the Plan are those deemed appropriate by the Mine Owners.

4.3 MINING WILL BE OPTIMISED IN THE BEST INTERESTS OF THE STATE

Section 318EA(d)

As demonstrated above and in section 2, the approach outlined in this LDP will optimise the mining of coal which is the subject of the various mining leases to which this LDP relates, in the best interests of the State, having regard to the public interest, including:

- the LDP contemplates further investment in, extension of current production, including through proposed mining of new areas and adoption of new technologies;
- by doing so, it will:
  - provide significant royalty revenue to the State;
  - sustain and expand employment levels; and
  - have other flow-on benefits to the local and State economies (including through the expenditure required for continuing and expanding existing operations); and
- sch4p4(7)(1)(c) Business/commercial/professional/financial affairs

5 OVERLAPPING OR ADJACENT PETROLEUM TENURE HOLDERS

Section 318DV

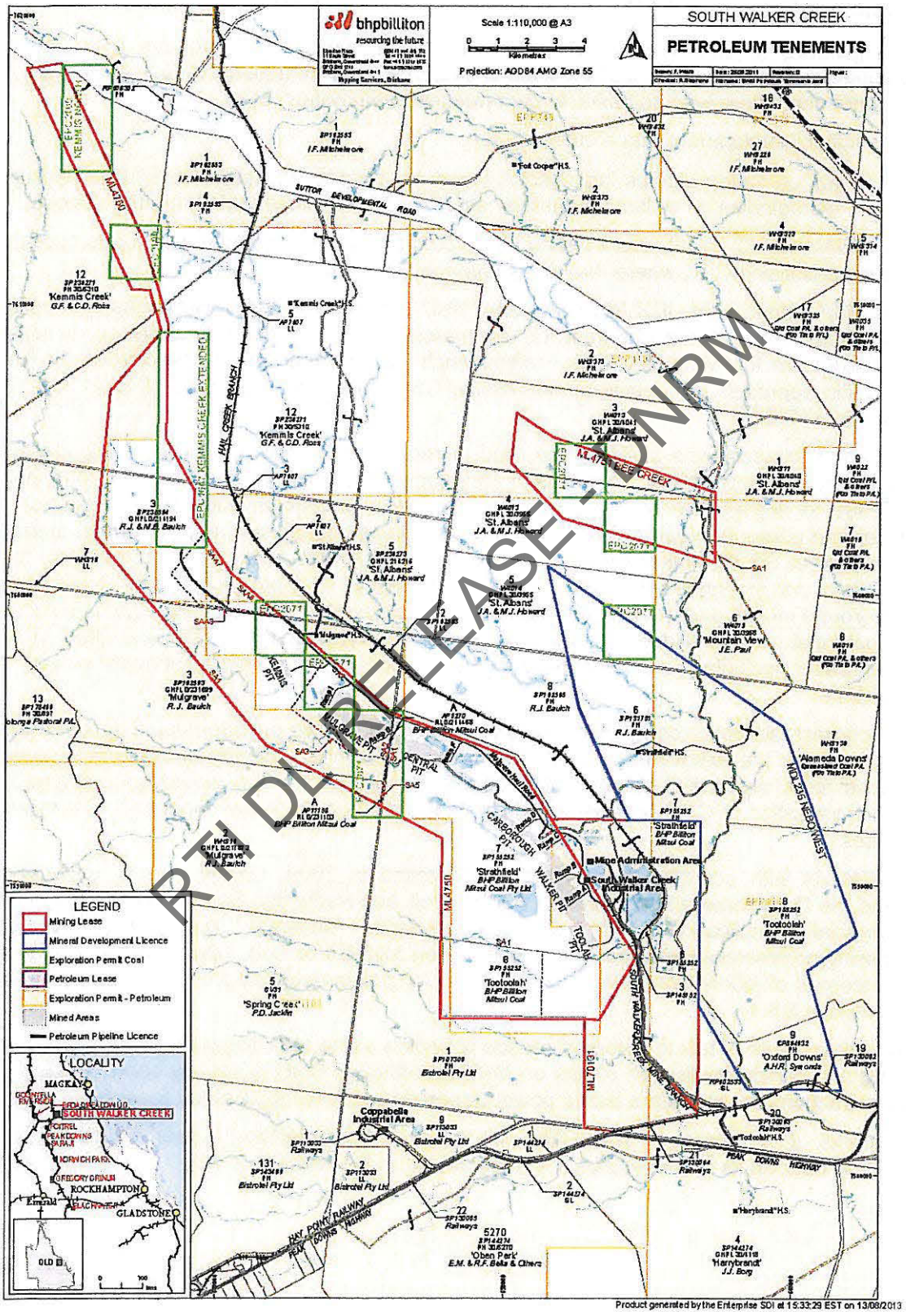
Table 5.1 "Overlapping or Adjacent Tenure Holders" sets out overlapping and adjacent petroleum tenure holders for the relevant Mining Leases at the Operation (also displayed in Figure 5.1 "Map of Overlaying and Adjacent Tenements").

Table 5.1 Overlapping or Adjacent Tenure Holders

Tenement	Petroleum Tenure	Holders	Nature of Association
ML 4750	EPP 1103	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Adjacent/Overlapping
ML 4751	EPP 1103	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Adjacent
	EPP 814	Eureka Petroleum Pty Ltd (Blue Energy Limited)	Adjacent
ML 70131	EPP 1103	CH4 Pty Ltd (0.7%), Shell CSG (ATP 364) Pty Ltd (0.3%) and AGL Energy Limited (99%)	Overlapping
	EPP 814	Eureka Petroleum Pty Ltd (Blue Energy Limited)	Overlapping

BMC has commenced communications with the principal holders of each relevant overlapping and adjacent petroleum tenure with a view to determining, where it is commercially and technically feasible to do so, how to optimise the development of the State's resources and to protect any overlapping holders' operations and investment. The communications are ongoing at present and BMC undertakes to advise the Department of the outcome of those discussions as soon as they are known.

Figure 5.1 Map of Overlaying and Adjacent Tenements



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