Release

VERSION 1.
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BHP Billiton Mitsubishi Alliance

SOUTH WALKER CREEK MINE

INITIAL DEVELOPMENT PLAN
PURSUANT TO THE *MINERAL RESOURCES ACT* 1989
IN RESPECT OF:
ML 4750
ML 4751
ML 70131

1 JULY 2005 – 30 JUNE 2010

Commercial-in-confidence

CONTENTS

1. SCOPE OF PLAN

1.1 RELEVANT TENURES

This initial development plan ("Plan") addresses the requirements of Part 7AA of the *Mineral Resources Act 1989* in respect of initial development plans for the following leases which comprise the BHP Billiton Mitsui Coal Pty Ltd ("BMC") South Walker Creek Mine (the "Mine" or "Operation"):

TENEMENT	DESCRIPTION	PURPOSE	EXPIRY DATE	RENEWABLE
ML 4750	Kemmis - Walker	Mining for Coal and Mineral Hydrocarbon	31/07/2020	Yes
ML 4751	Bee Creek	Mining for Coal and Mineral Hydrocarbon	31/07/2020	Yes
ML 70131	Tootoolah	Infrastructure and Coal	31/07/2020	Yes

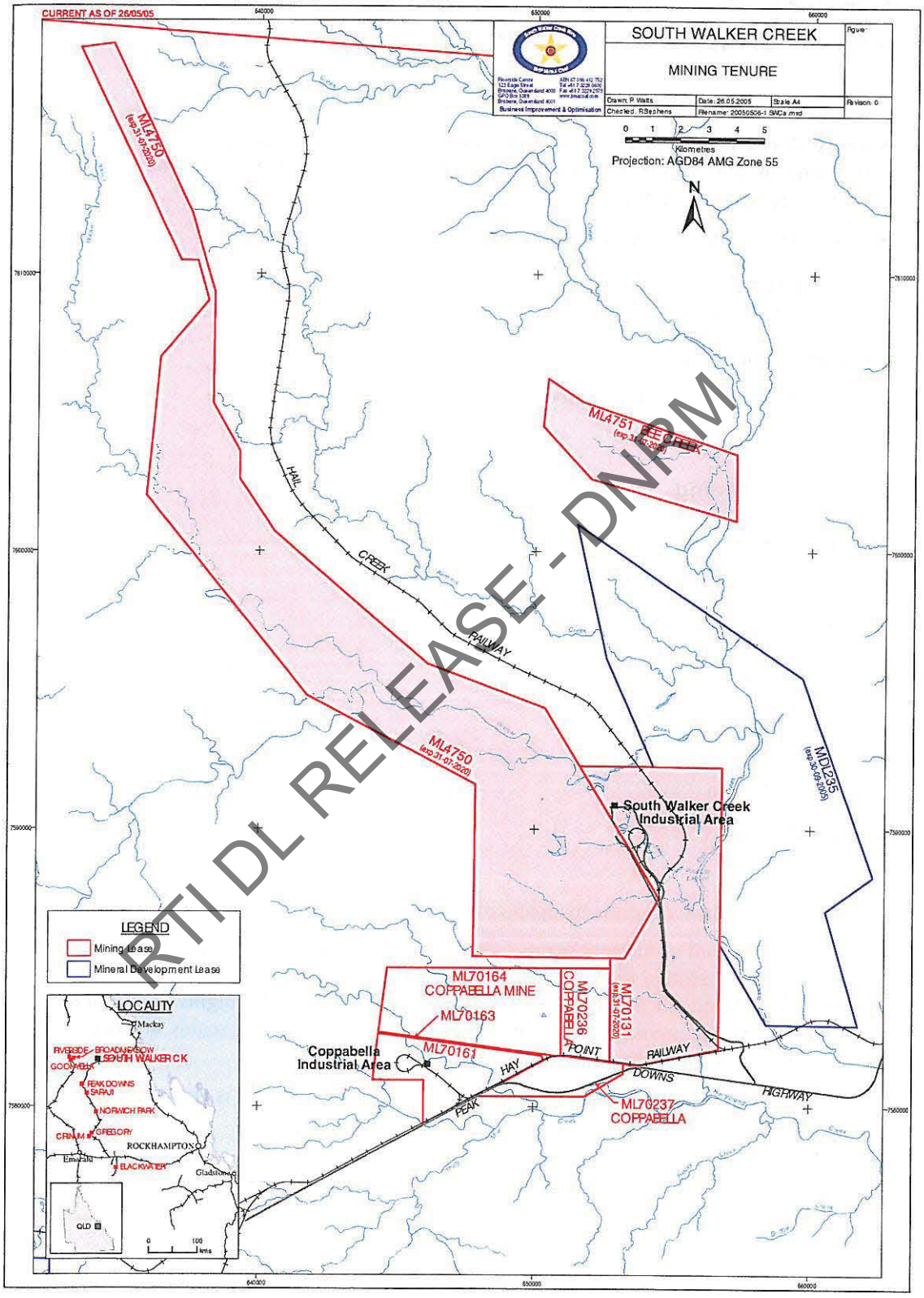
The above mining leases are depicted in the Mining Tenure Diagram at Figure 1.

1.2 DURATION OF PLAN

This Plan is intended to operate for a period of five years commencing on 1 July 2005.

Operations are described in this Plan by reference to financial years commencing on 1 July. To the extent that the Plan 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 – BMA Mining Leases – South Walker Creek Mine



2. PROPOSED ACTIVITIES

2.1 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 and 25km west of Nebo. The following activities are undertaken at the Mine:

- coal mining utilising open-cut methods;
- coal preparation;
- waste disposal;
- exploration activities

each of which is more fully described below.

2.1.1 Coal Mining

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

There are six major coal seams located on the Mine:

- the MT1 seam ("MT1")
- the MT2 seam ("MT2")
- the MT seam ("MT")
- the MB seam ("MB")
- the MB2 seam ("MB2")
- the MA seam ("MA")

All mining is exclusively done by open-cut mining methods.

In areas, some or all of the coal seams may or may not be mined. The criteria for mining are based upon their relative thickness, the location of the seams in the overburden horizon and the quality of the coal. Currently mining occurs in Walker Pit and Mulgrave pit with the MB2 and MA seams the predominate seams recovered. The remaining seams are not presently economically or technically viable to mine.

However, on occasions these remaining seams are mined when it is deemed economically viable to do so.

Figure 2 – Schematic Stratigraphic Column

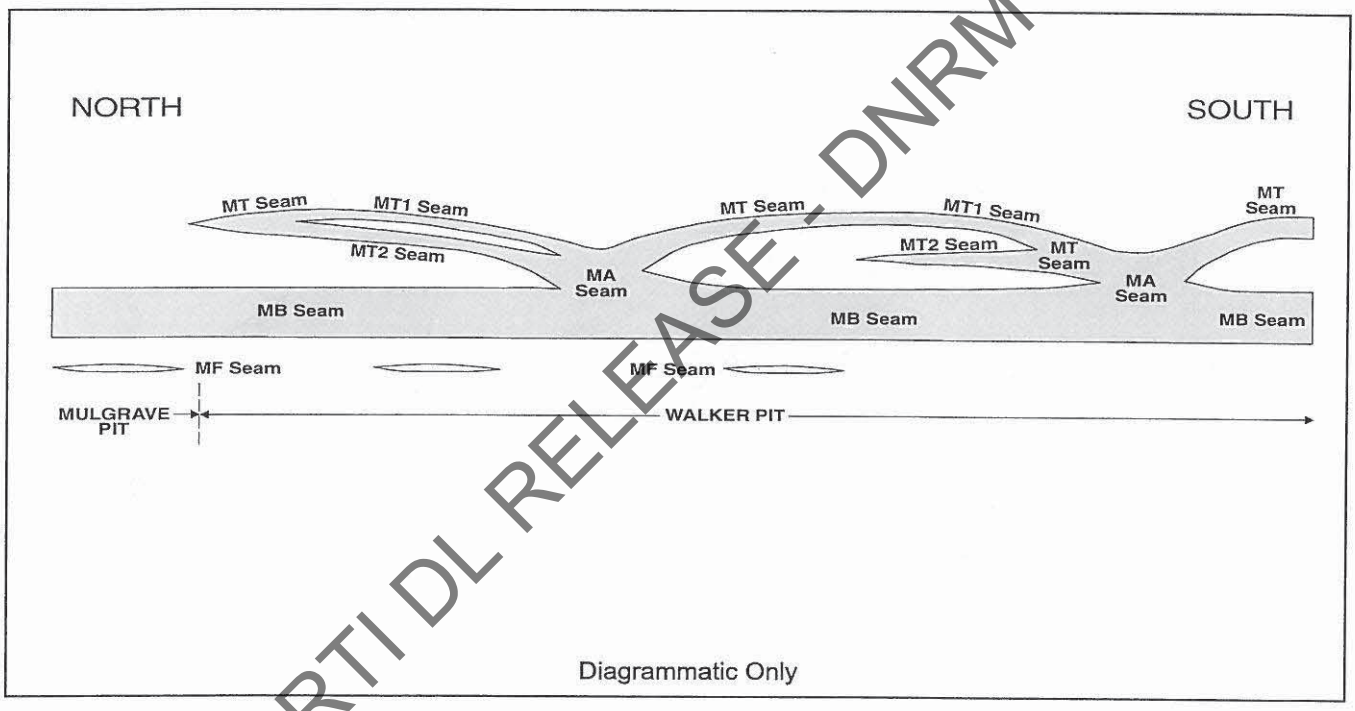
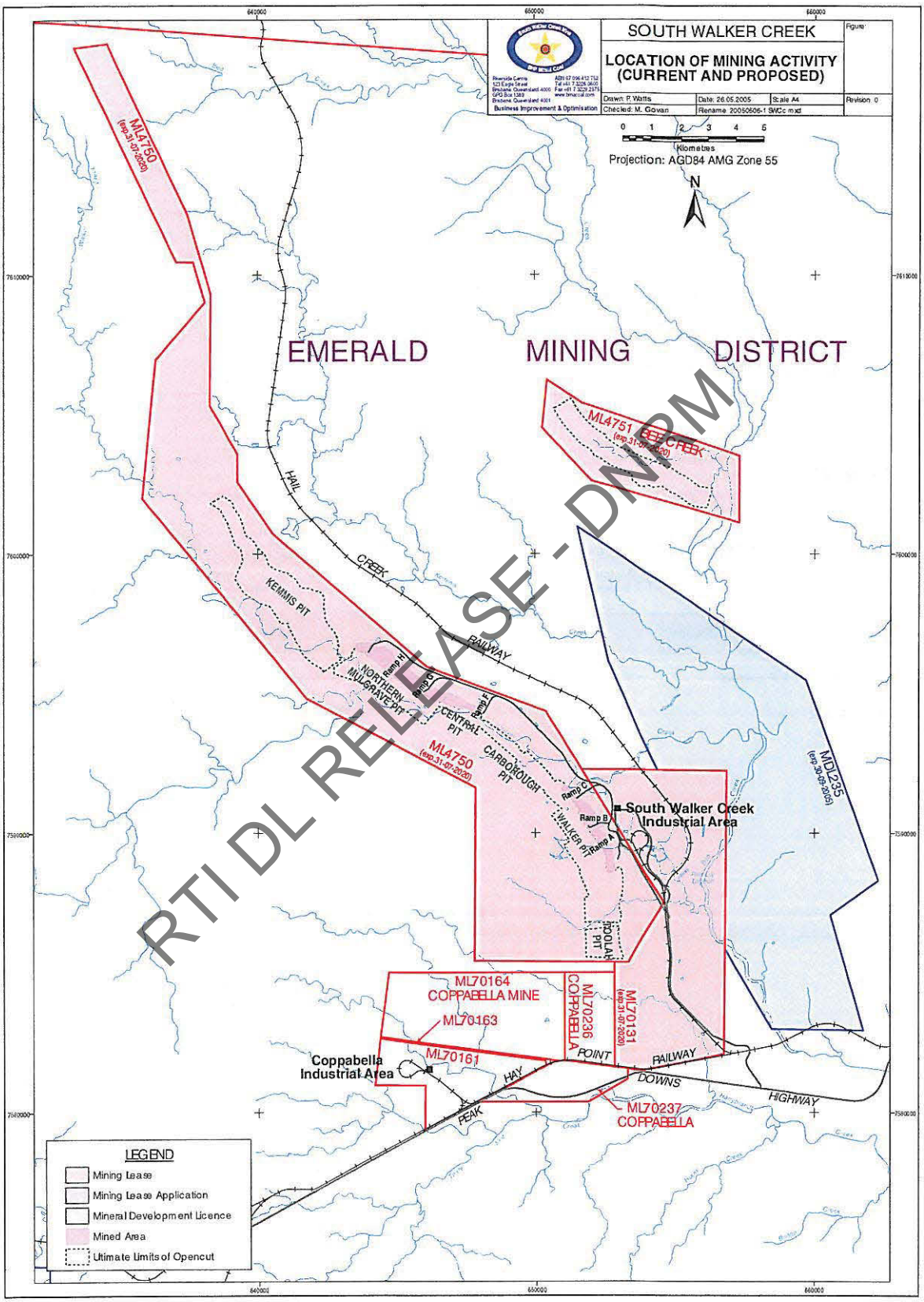


Figure 3 – Location of Mining Activities (Current and Proposed)



Open Cut Methodology

The strip mining technique is used in the South Walker Creek Mine. The seams are mined from strips constructed in a north south direction along the strike of the coal seams.

The open-cut process involves the removal of overburden using dragline and truck and shovel operations. The majority of the overburden is placed in the void of the previous strip[1].

The seams are mined using a combination of single and multiple seam pits as follows:

- *The southern section of Walker Pit* is a single seam pit comprising the MA.
- *The northern section of Walker Pit* is a multiple seam pit comprising the MB2 and MT1, only the MB2 seam is mined. A semi permanent bridge is utilised in both the north and south of this pit for truck and shovel prestrip removal.
- *Mulgrave Pit* is a single seam pit taking the MB2 seam. Occasionally, a small rider seam known as the MF seam is mined when deemed economic to do so. Areas of the pit are mined using traditional open-cut methodology while some areas utilise a methodology called CDX (Cast, Doze and Excavate) to expose coal.
- *Toolah, Carbough and Kemmis Pits* are yet to be developed. Toolah Pit will be a double seam pit mining both the MB and MT seams. Carbough Pit will be single seam pit mining the MB2 seam. Kemmis Pit will be a single seam mining the MB2 seam.

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

Bee Creek, which is located on ML4751, has not been developed due to the relative merit of this area..

Once the overburden is removed, the coal is hauled to the coal preparation plant along a network of haul roads, where it is processed ready for railing.

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

[1] At present, there are no out-of-pit dumps for overburden material. However, it is envisaged that out-of-pit dumps will be required for future mining activities. A study is currently being undertaken assessing the long-term dumping strategy for South Walker Creek Mine and will take into account the effects on the future mining of the coal and gas reserves.

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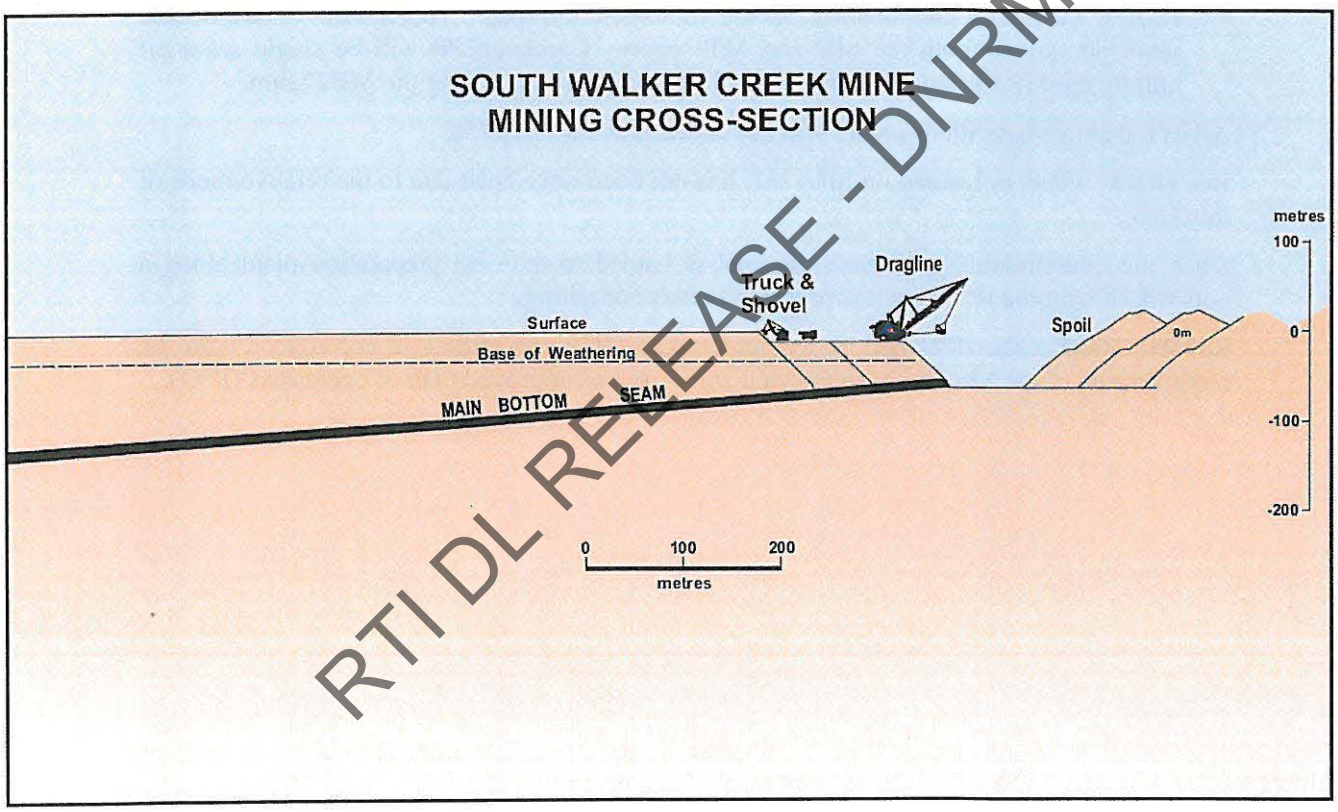
Figure 4 – Open Cut Mining Cross Section



Underground Operations

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

2.1.2 Coal Preparation and Waste Storage

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

The preparation plant prepares the coal to export 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.

Material rejected from the plant is returned to the mined out areas on ML 4750, more specifically in the waste dump spoil voids of Walker Pit.

Completed reject stockpiles are capped and rehabilitated in accordance with the Mine's environmental authority and approved plan of operations.

Fine tailings are stored in specially constructed tailings dams.

Waste water from several sources (including: rainwater; water in tailings dams; water pumped from mine operations; leakage from spoil piles; ground water; and water from coal processing and wash down facilities) is fully captured on site, pumped or allowed to flow to storage dams and re-used in the coal processing plants. Discharge of mine water outside the ML's is strictly in accordance with the Mine's environmental authority and approved plan of operations.

2.1.3 Infrastructure

The Mine is serviced by workshop/s and office/s complexes at:

- the Prep Plant industrial area on ML 70131;
- the Exploration industrial area on ML 70131; and
- the Administration industrial area on ML 70131.

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.

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Figure 7 - MB Seam

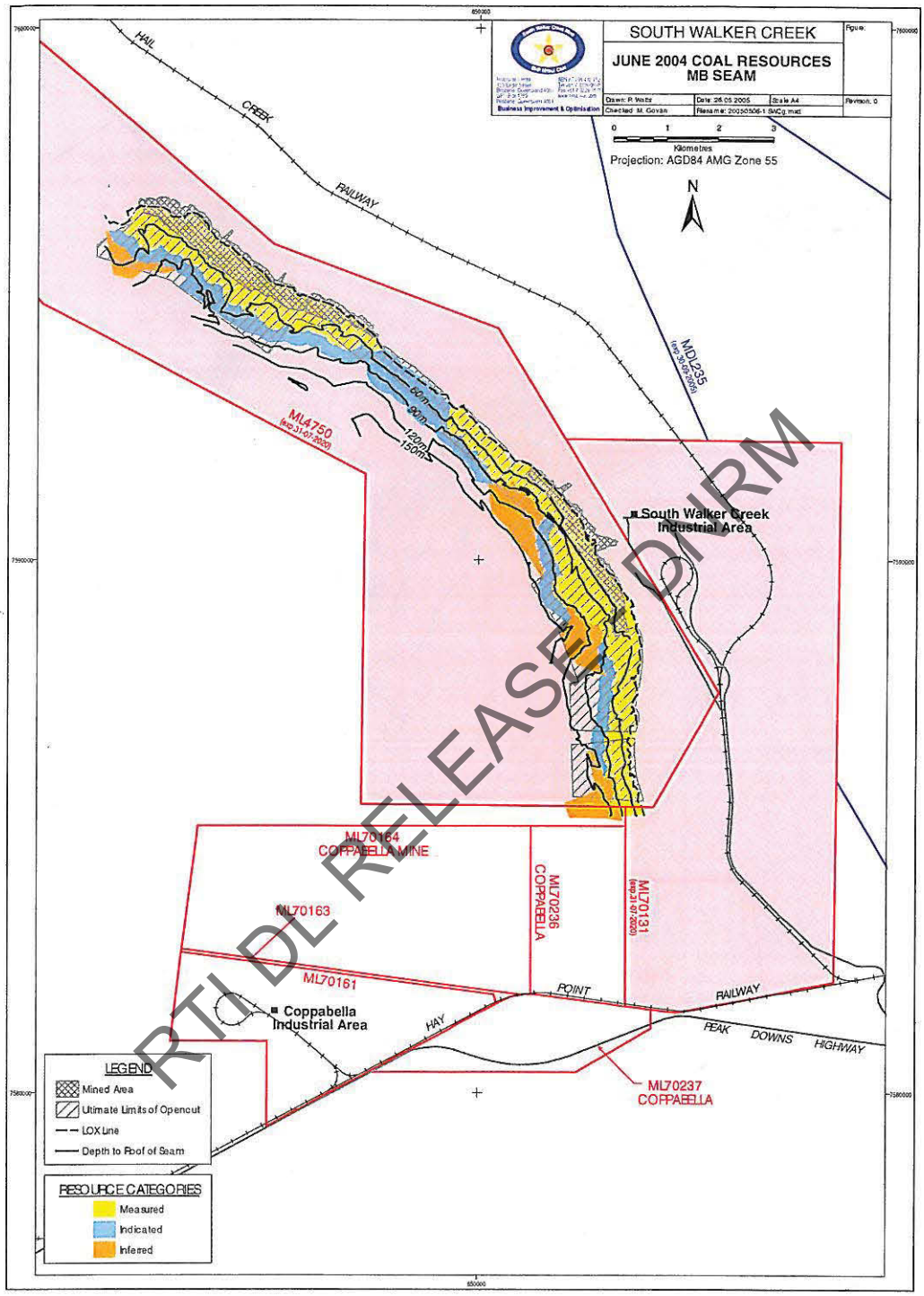

Figure 8 - MT Seam

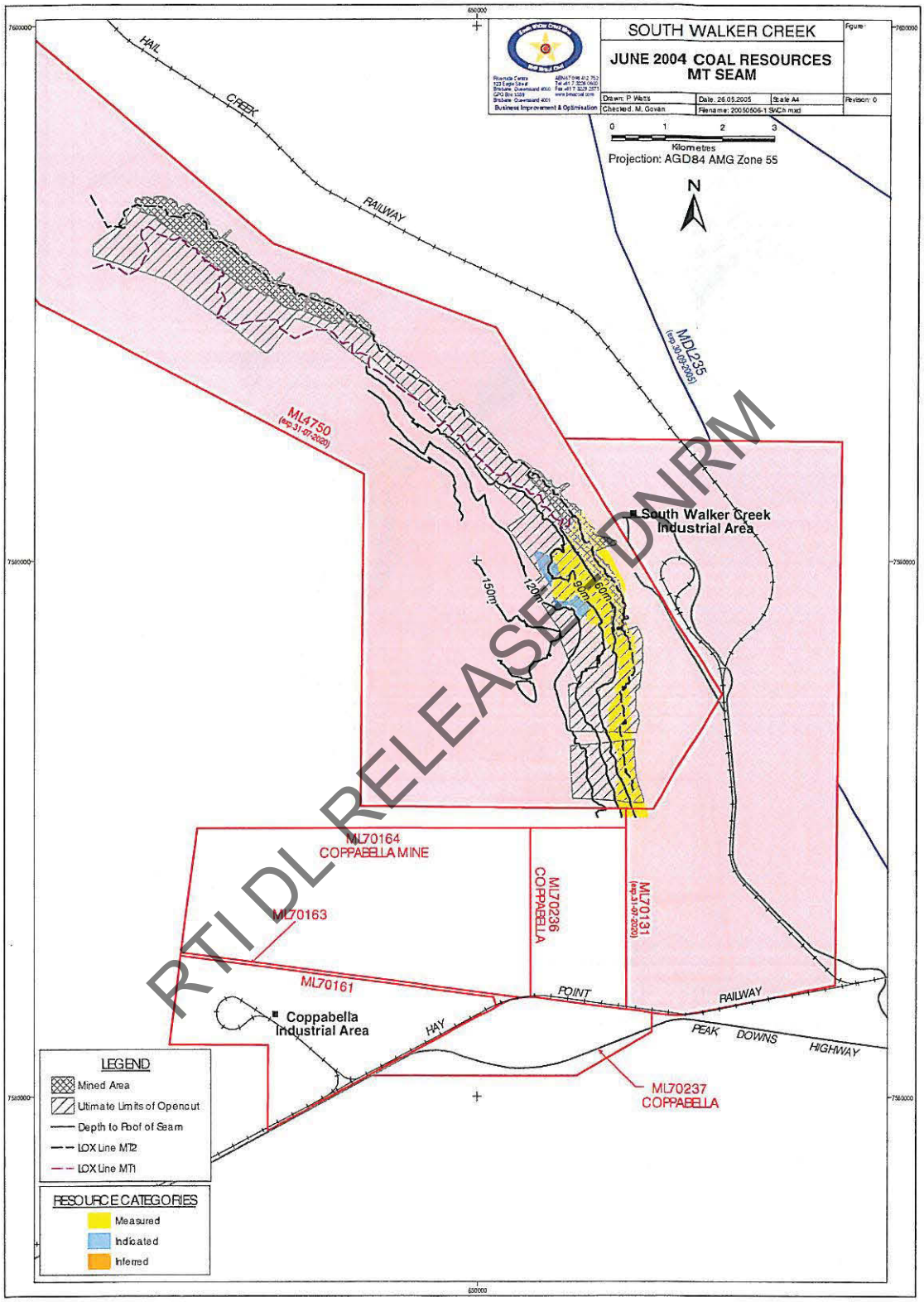

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Figure 9 - MT2 Seam

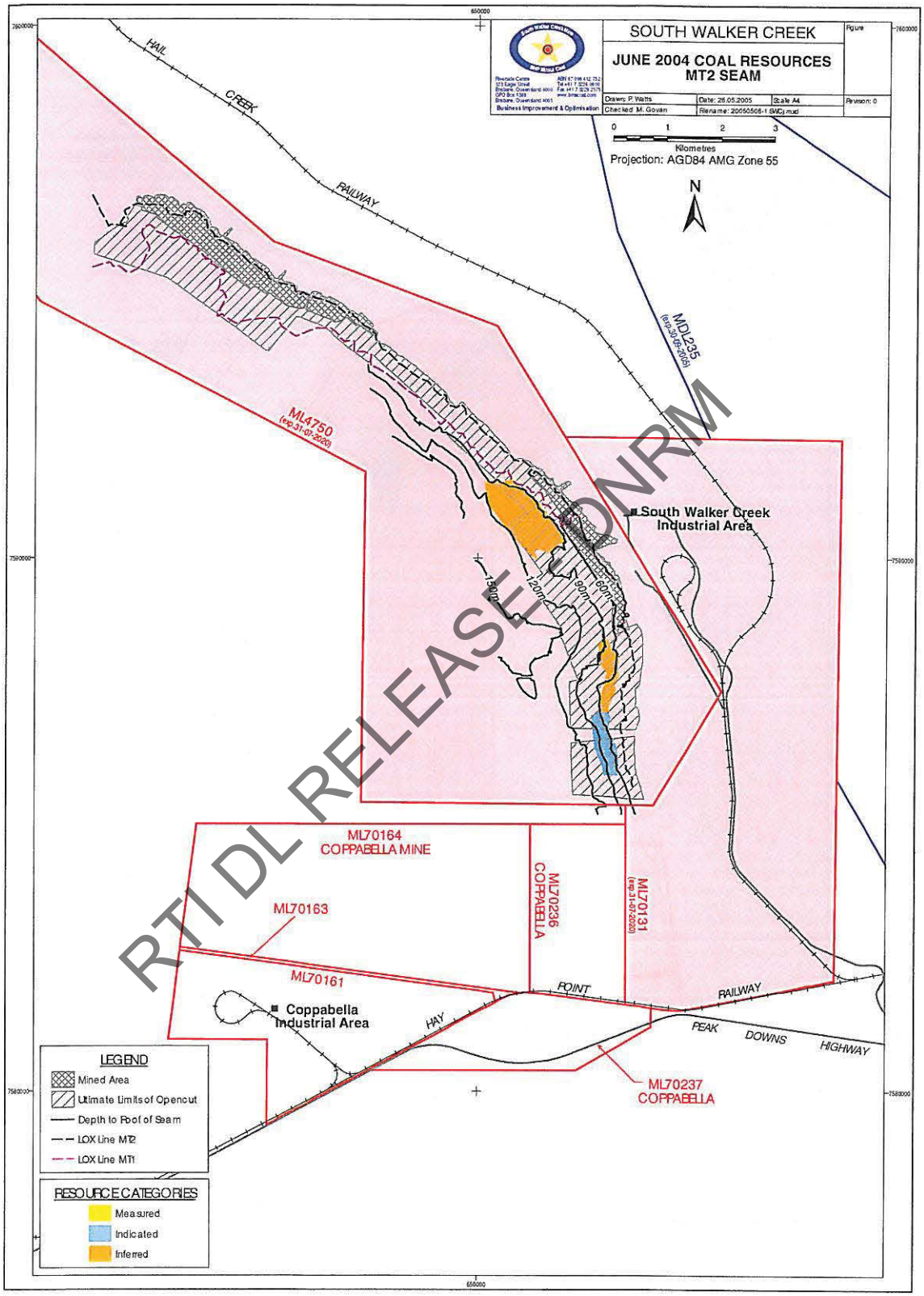
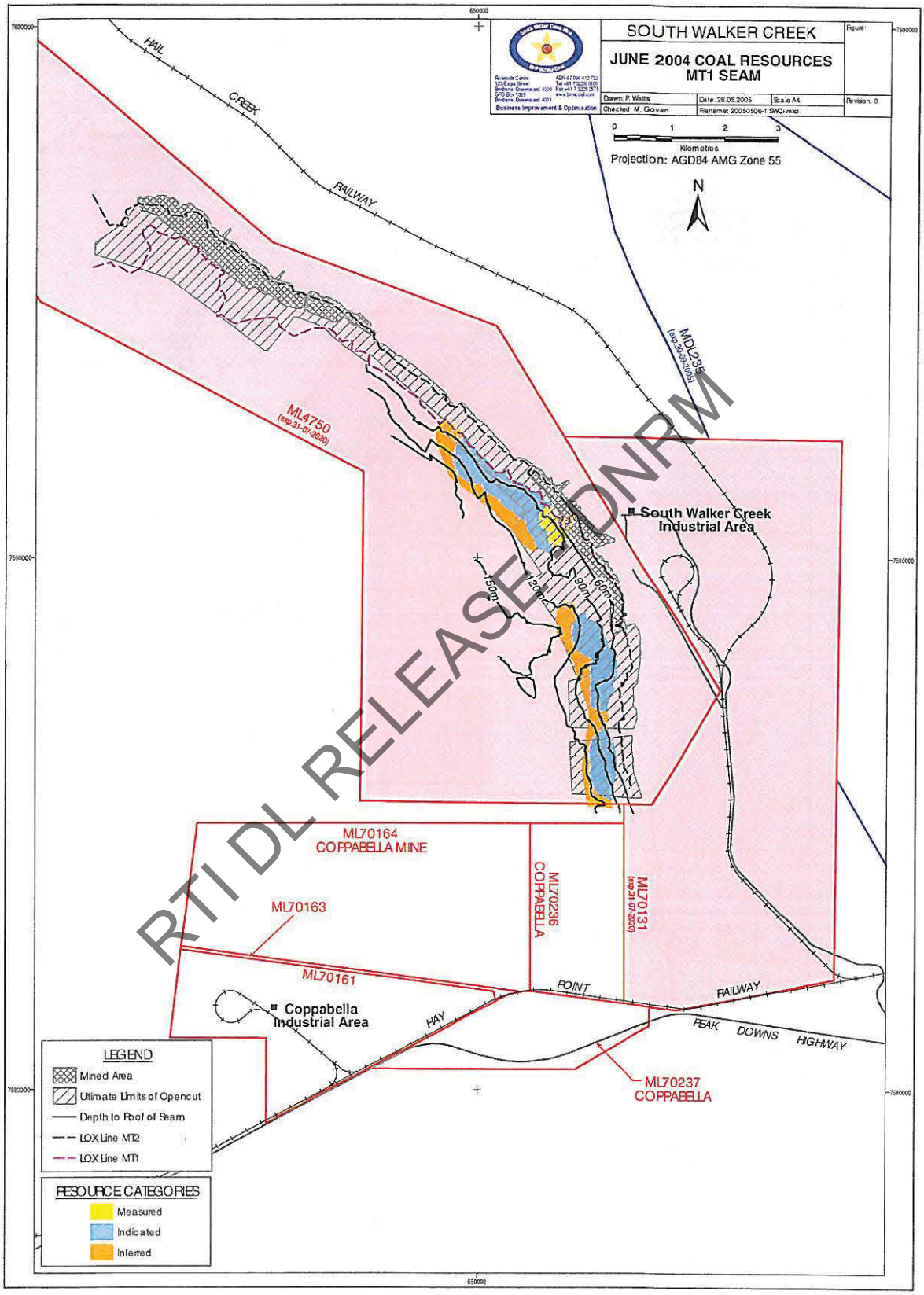


Figure 10 - MT1 Seam



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3. OTHER RELEVANT INFORMATION

Section 318DT(1)(e)

Nil

4. REASONS WHY THE PLAN IS CONSIDERED APPROPRIATE

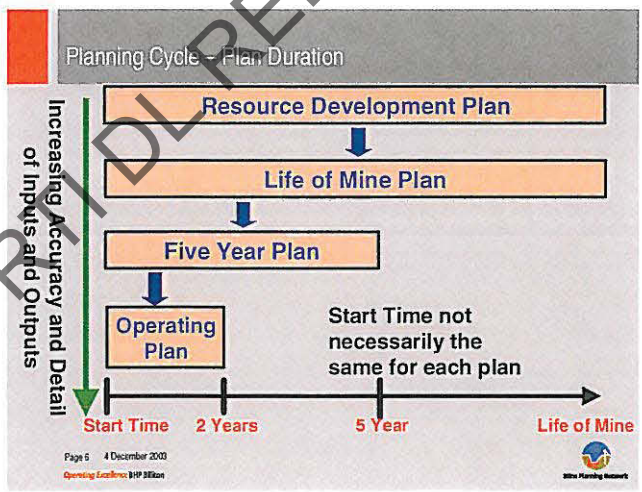
Section 318DT(1)(f)

4.1 BMA'S APPROACH TO MINE PLANNING

BMA'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.

The diagram below sets out BMA's planning process, including, on a relative basis, the level of accuracy and detail of each plan.



Mineral hydrocarbon resources may represent a potential source of value for BMA and its key stakeholders. At sites where studies show that the extraction of hydrocarbons is technically and commercially viable, BMA 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 PLAN

- The South Walker Creek Plan is considered appropriate for the following reasons:
- Current open-cut mining operations are based on 10 years of accumulated mining history.
  - All significant coal seams are mined.
  - State of the art mining methods are used to maximise resource recovery.

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[redacted]

- Production levels prescribed by the strategies in the Plan are those deemed appropriate by the Mine Owners.

5. OVERLAPPING OR ADJACENT PETROLEUM TENURE HOLDERS

Section 318DV

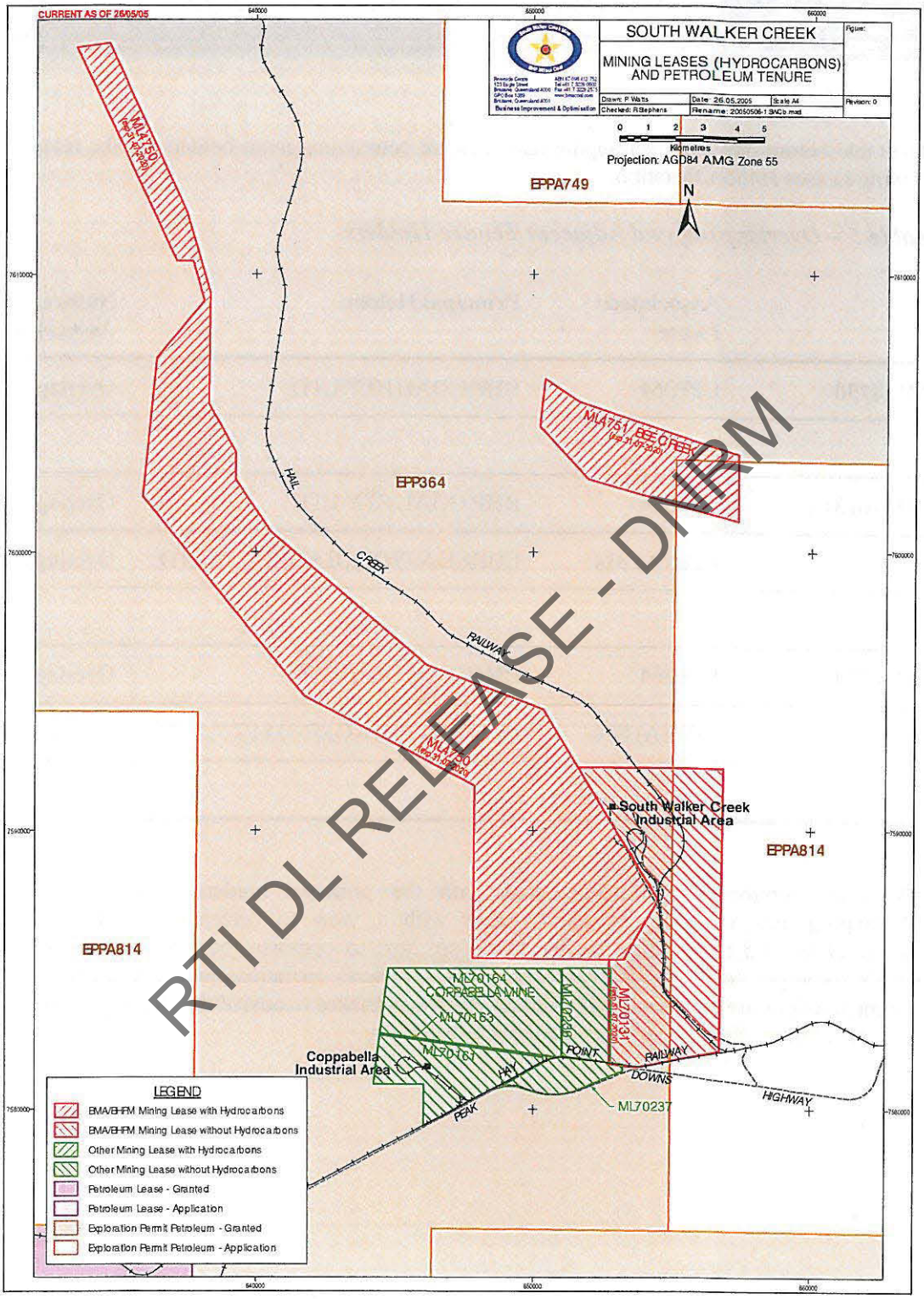
The table below sets out overlapping and adjacent petroleum tenure holders for the relevant Mining Leases at the Operation.

Table 5 – Overlapping and Adjacent Tenure Holders

	Associated Lease	Principal Holder	Nature of Association
ML 4750	EPP364	BHP COAL PTY LTD	Overlapping
ML 70131	EPP364	BHP COAL PTY LTD	Overlapping
	EPP (A) 814	EUREKA PETROLEUM PTY LTD	Overlapping
ML 4751	EPP364	BHP COAL PTY LTD	Overlapping
	EPP (A) 814	EUREKA PETROLEUM PTY LTD	Overlapping

BMA 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 BMA undertakes to advise the Department of the outcome of those discussions as soon as they are known.

Figure 12 - Map of Mining Leases (Hydrocarbons) and Petroleum Tenure



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bhpbilliton

BHP MITSUI COAL PTY LTD

SOUTH WALKER CREEK MINE

INITIAL DEVELOPMENT PLAN
Amended March 2006

PURSUANT TO THE MINERAL RESOURCES ACT 1989
IN RESPECT OF:

ML 4750 (Kemmis Walker)
ML 4750 (SAA No.4)
ML 4751 (Bee Creek)
ML 70131 (Tootoolah)

1 JULY 2005 – 30 JUNE 2010

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1.0 SCOPE OF PLAN

1.1 RELEVANT TENURES

This initial development plan ("Plan") addresses the requirements of Part 7AA of the *Mineral Resources Act 1989* in respect of initial development plans for the following leases which comprise the BHP Mitsui Coal's ("BMC") South Walker Creek Mine. Table 1.1 below 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 Mineral Hydrocarbon	31 July 2020	Yes
ML 4751	Bee Creek	Mining for Coal and Mineral Hydrocarbon	31 July 2020	Yes
ML 70131	Tootoolah	Infrastructure and Coal	31 July 2020	Yes

The above mining leases are depicted in the Mining Tenure Diagram at Figure 1.1 below.

1.1.1 Mining Lease Applications

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

Table 1.2 – Mining Lease Applications

Lease Application	Principal Holder	Mining District	Lodgement Date
N/A	N/A	N/A	N/A

1.1.2 Surface Area Applications

An application for additional surface land within ML 4750 (Surface Area Application No. 4) has been lodged with the DNR&M. This Plan has been developed on the basis that this surface land will be granted and that development of the mine will progress as planned.

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 details of this Surface Area Application are provided in Table 1.3 below and its location is illustrated at Figure 1.1 below.

Table 1.3 – Surface Area Applications

Mining Lease	Principal Holder	Mining District	SAA No.	Lodgement Date
ML 4750	BHP Mitsui Coal Pty Ltd	Emerald	No. 4	26 October 2004

1.2 DURATION OF THE PLAN

This Plan is intended to operate for a period of five years commencing on 1 July 2005.

Operations are described in this Plan by reference to financial years commencing on 1 July. To the extent that the Plan 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 – BMC Mining Leases – South Walker Creek Mine

2.0 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 and 25km west of Nebo. The following activities are undertaken at the Mine:

- coal mining utilising open-cut methods;
- coal preparation;
- waste disposal;
- exploration activities

each of which is more fully described below.

2.2.1 Coal Mining

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

There are six major coal seams located on the Mine:

- the MT1 seam ("MT1")
- the MT2 seam ("MT2")

- the MT seam ("MT")
- the MB seam ("MB")
- the MB2 seam ("MB2")
- the MA seam ("MA")

All mining is exclusively done by open-cut mining methods.

In areas, some or all of the coal seams may or may not be mined. The criteria for mining are based upon their relative thickness, the location of the seams in the overburden horizon and the quality of the coal. Currently mining occurs in Walker Pit and Mulgrave pit with the MB2 and MA seams the predominate seams recovered. The remaining seams are not presently economically or technically viable to mine.

However, on occasions these remaining seams are mined when it is deemed economically viable to do so.

Figure 2.1 – Schematic Stratigraphic Section

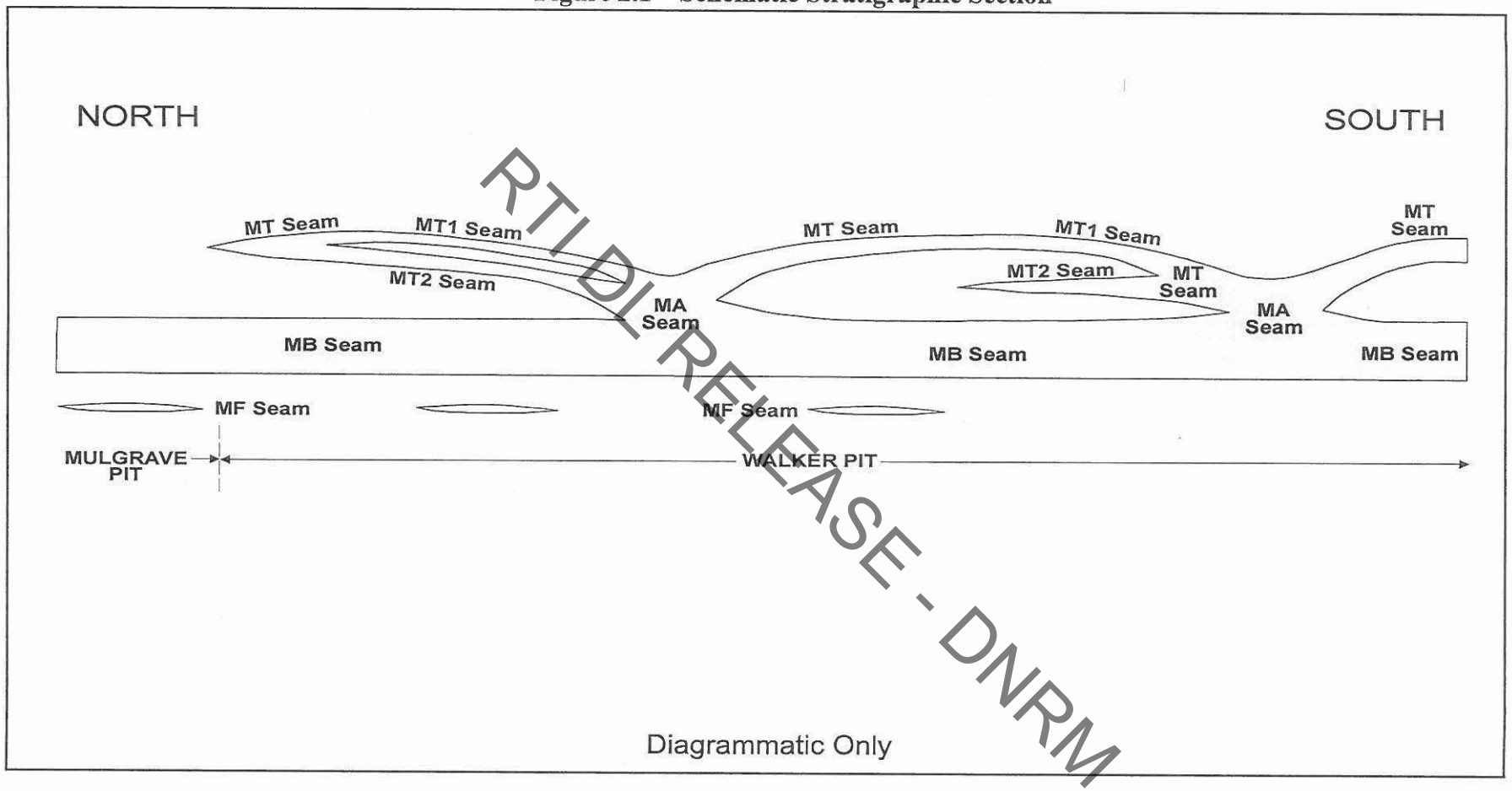
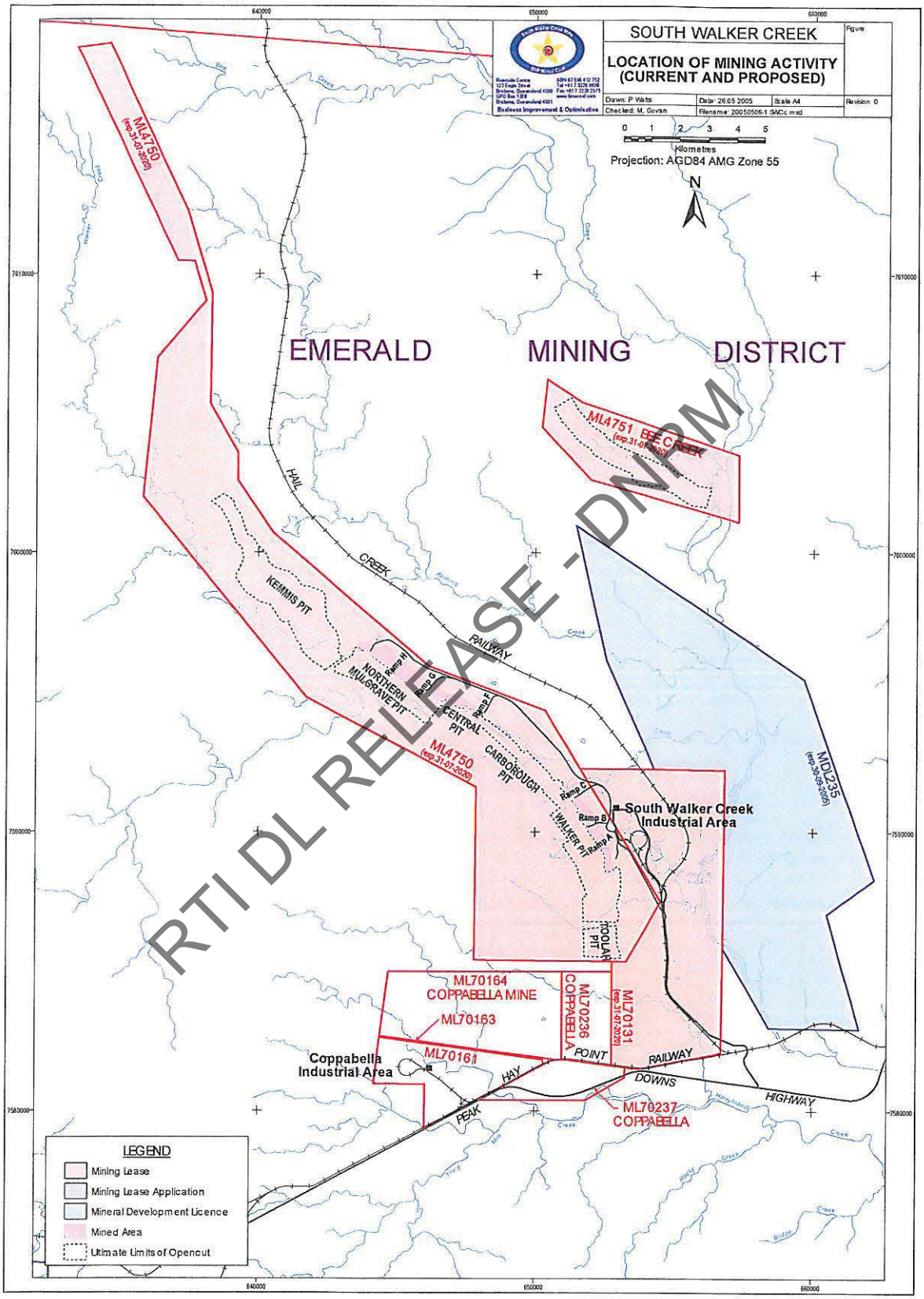
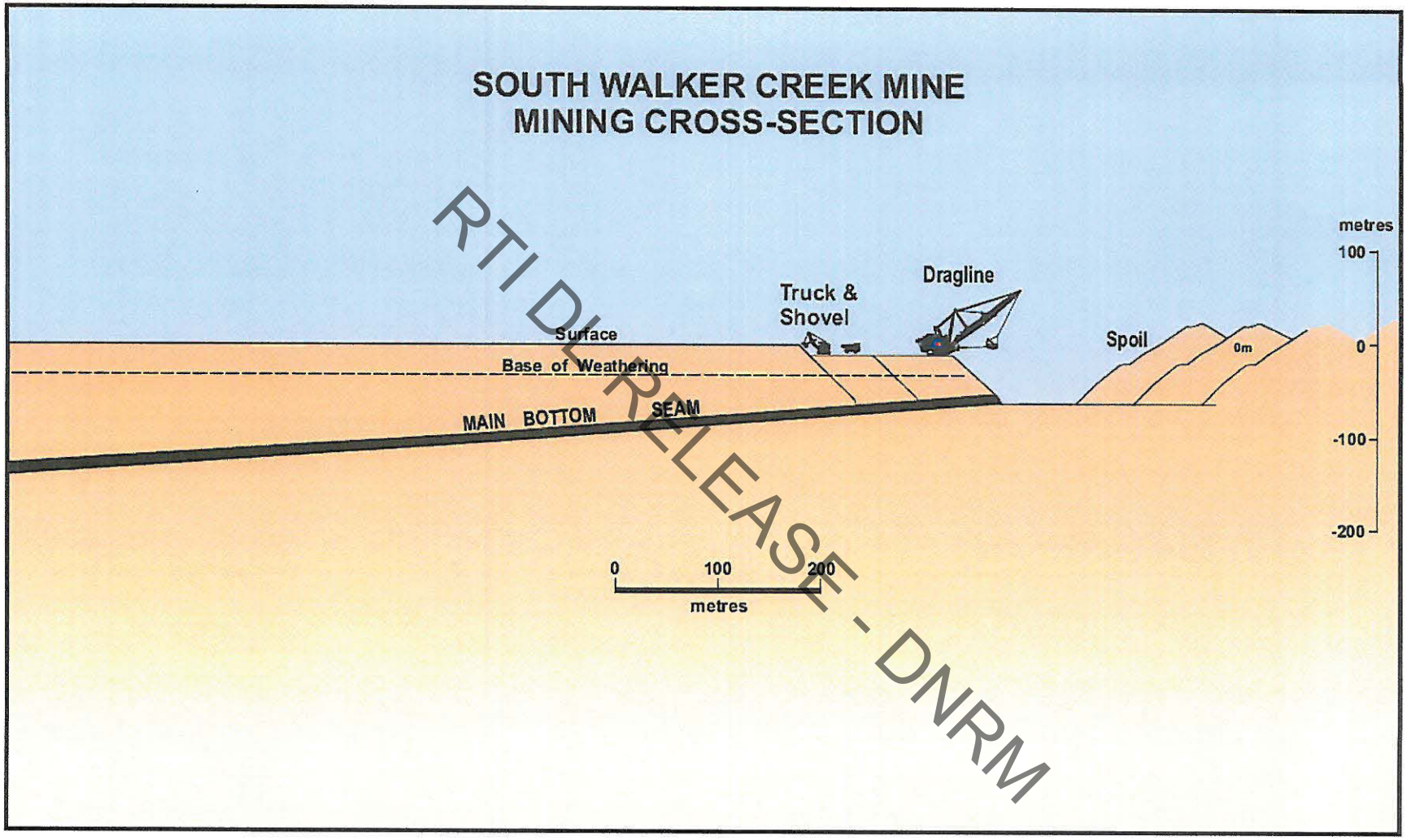


Figure 2.2 – Location of Mining Activities





2.2.1.1 *Opencut Mining Methodology*

The strip mining technique is used in the South Walker Creek Mine. The seams are mined from strips constructed in a north south direction along the strike of the coal seams.

The open-cut process involves the removal of overburden using dragline and truck and shovel operations. The majority of the overburden is placed in the void of the previous strip[1].

The seams are mined using a combination of single and multiple seam pits as follows:

- *The southern section of Walker Pit* is a single seam pit comprising the MA Seam.
- *The northern section of Walker Pit* is a multiple seam pit comprising the MB2 and MT1 Seam, only the MB2 Seam is mined. A semi permanent bridge is utilised in both the north and south of this pit for truck and shovel prestrip removal.
- *Mulgrave Pit* is a single seam pit taking the MB2 Seam. Occasionally, a small rider seam known as the MF Seam is mined when deemed economic to do so. Areas of the pit are mined using traditional open-cut methodology while some areas utilise a methodology called CDX (Cast, Doze and Excavate) to expose coal.
- *Toolah, Carborough and Kemmis Pits* are yet to be developed. Toolah Pit will be a double seam pit mining both the MB and MT seams. Carborough Pit will be single seam pit mining the MB2 seam. Kemmis Pit will be a single seam mining the MB2 Seam.

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

Bee Creek, which is located on ML4751, has as yet not been incorporated in the mining plan.

Once the overburden is removed, the coal is hauled to the coal preparation plant along a network of haul roads, where it is processed ready for railing.

Rehabilitation of the disturbed area is undertaken following mining in accordance with the requirements of the Mine's Environmental Authority and approved Plan of Operations (PoO).

[1] At present, there are no out-of-pit dumps for overburden material. However, it is envisaged that out-of-pit dumps will be required for future mining activities. A study is currently being undertaken assessing the long-term dumping strategy for South Walker Creek Mine and will take into account the effects on the future mining of the coal and gas reserves.

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 export 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.

Material rejected from the plant is returned to the mined out areas on ML 4750, more specifically in the waste dump spoil voids of Walker Pit.

Completed reject stockpiles are capped and rehabilitated in accordance with the Mine's environmental authority and approved plan of operations.

Fine tailings are stored in specially constructed tailings dams.

Waste water from several sources (including: rainwater; water in tailings dams; water pumped from mine operations; leakage from spoil piles; ground water; and water from coal processing and wash down facilities) is fully captured on site, pumped or allowed to flow to storage dams and re-used in the coal processing plants. Discharge of mine water outside the ML's is strictly in accordance with the Mine's environmental authority and approved plan of operations.

2.2.3 Infrastructure

The Mine is serviced by significant workshop and office complexes located within the South Walker Creek industrial area (ML 1784). 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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3.0 OTHER RELEVANT INFORMATION

Section 318DT(1)(e)

There is no other relevant information.

4.0 REASONS WHY THE PLAN IS CONSIDERED APPROPRIATE

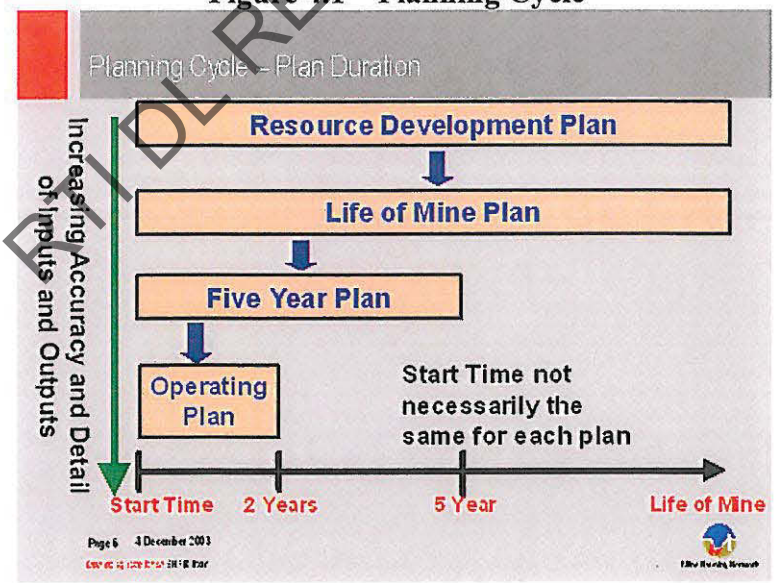
4.1 BMC'S APPROACH TO MINE PLANNING

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 below 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 10 years of accumulated mining history.
  - All significant coal seams are mined.
  - State of the art mining methods are used to maximise resource recovery.

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

- Production levels prescribed by the strategies in the Plan are those deemed appropriate by the Mine Owners.

5.0 OVERLAPPING OR ADJACENT PETROLEUM TENURE HOLDERS

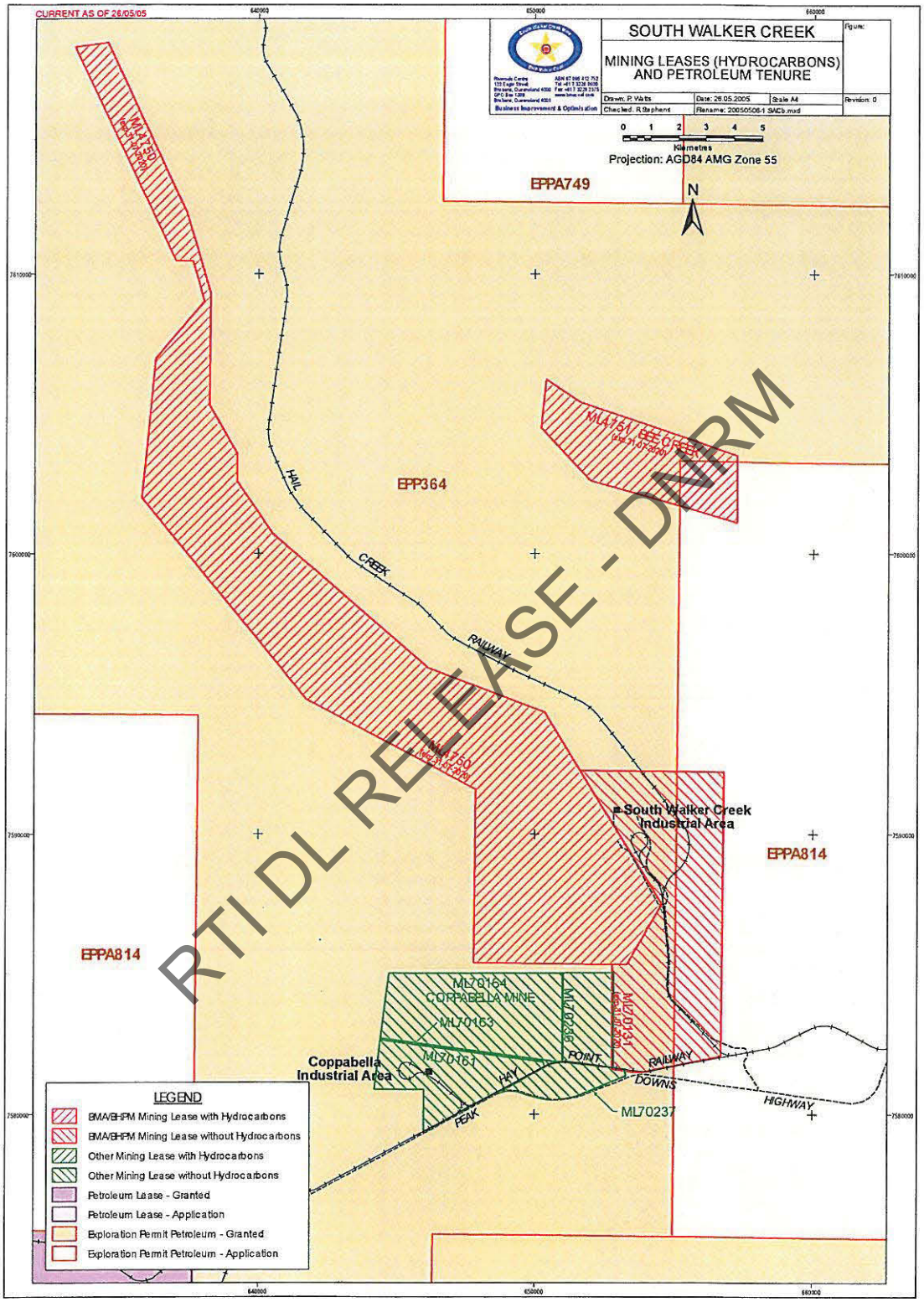
Table 5.1 below sets out overlapping and adjacent petroleum tenure holders for the relevant Mining Leases at the Operation (also displayed in Figure 5.1 below).

Table 5.1 – Overlapping or Adjacent Tenure Holders

Tenement	Petroleum Tenure	Holder	Nature of Association
ML 4750	EPP 364	BHP Coal Pty Ltd	Adjacent
ML 4751	EPP 364	BHP Coal Pty Ltd	Adjacent
	EPP(A) 814	Eureka Petroleum Pty Ltd	Adjacent
ML 70131	EPP 364	BHP Coal Pty Ltd	Overlapping
	EPP(A) 814	Eureka Petroleum Pty Ltd	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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bhpbilliton

BHP MITSUI COAL PTY LTD

SOUTH WALKER CREEK MINE

INITIAL DEVELOPMENT PLAN
Amended May 2007

PURSUANT TO THE MINERAL RESOURCES ACT 1989
IN RESPECT OF:

ML 4750 (Kemmis-Walker)
ML 4750 (SAA No.4)
ML 4751 (Bee Creek)
ML 70131 (Tootoolah)
ML 4750 (ASAA No.5)

1 JULY 2005 – 30 JUNE 2010

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1.0 SCOPE OF PLAN

1.1 RELEVANT TENURES

This initial development plan ("Plan") addresses the requirements of Part 7AA of the *Mineral Resources Act 1989* in respect of initial development plans for the following leases which comprise the BHP Mitsui Coal's ("BMC") South Walker Creek Mine. Table 1.1 below 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 Mineral Hydrocarbon	31 July 2020	Yes
ML 4751	Bee Creek	Mining for Coal and Mineral Hydrocarbon	31 July 2020	Yes
ML 70131	Tootoolah	Infrastructure and Coal	31 July 2020	Yes

The above mining leases are depicted in the Mining Tenure Diagram at Figure 1.1 below.

1.1.1 Mining Lease Applications

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

Table 1.2 – Mining Lease Applications

Lease Application	Principal Holder	Mining District	Lodgement Date
N/A	N/A	N/A	N/A

1.1.2 Surface Area Applications

An application for additional surface land within ML 4750 (Surface Area Application No. 4) has been lodged with the DNR&M. This Plan has been developed on the basis that this surface land will be granted and that development of the mine will progress as planned.

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.

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 1,600mx60m in size, which is located between surface areas No.1 & 4. The area applied for is 9.58ha (abt.).

The details of these Surface Area Applications are provided in Table 1.3 below and there locations are illustrated on Figure 1.1 and 1.2 below.

Table 1.3 – Surface Area Applications

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

1.2 DURATION OF THE PLAN

This Plan is intended to operate for a period of five years commencing on 1 July 2005.

Operations are described in this Plan by reference to financial years commencing on 1 July. To the extent that the Plan 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 – BMC Mining Leases – South Walker Creek Mine

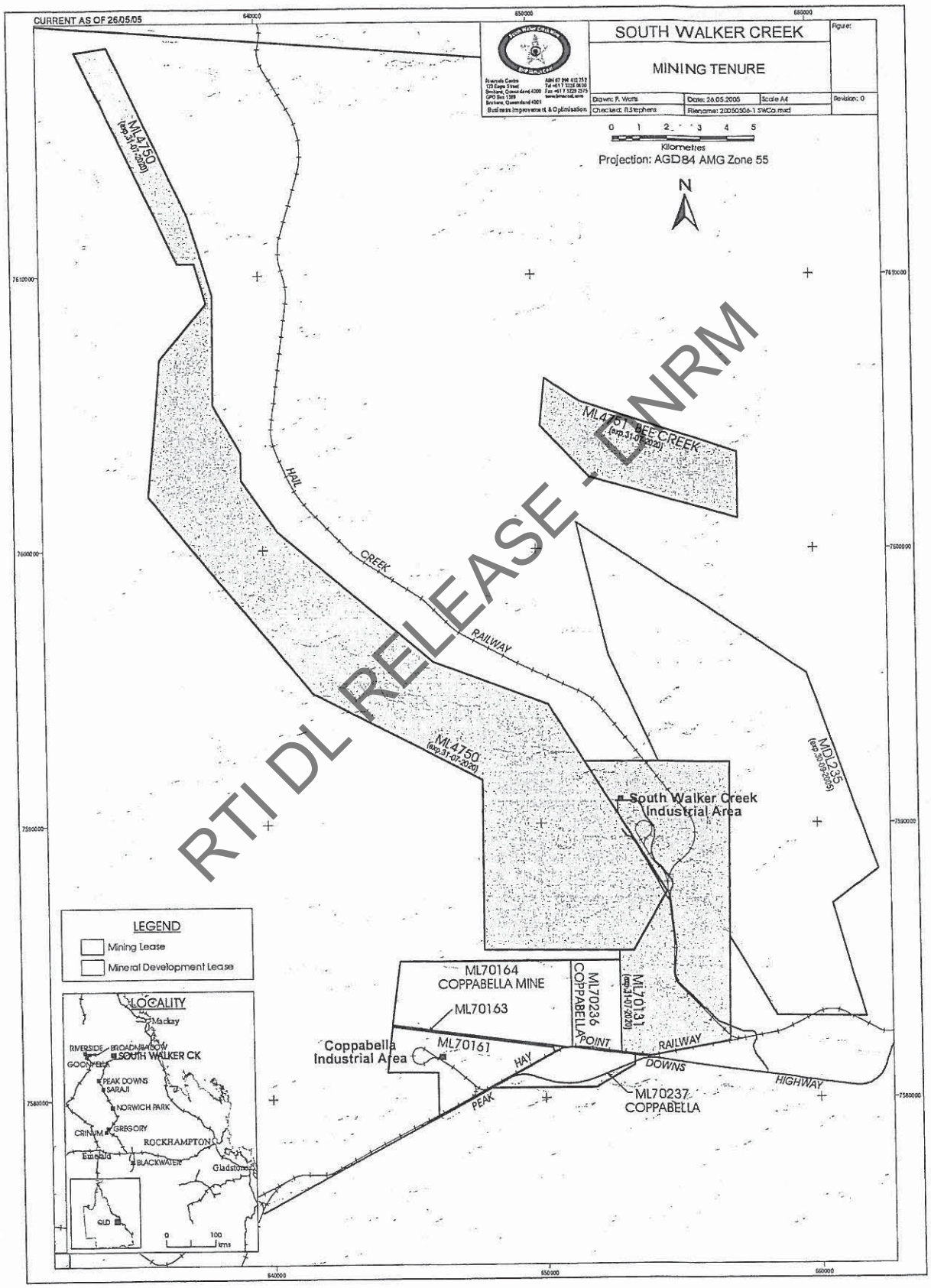
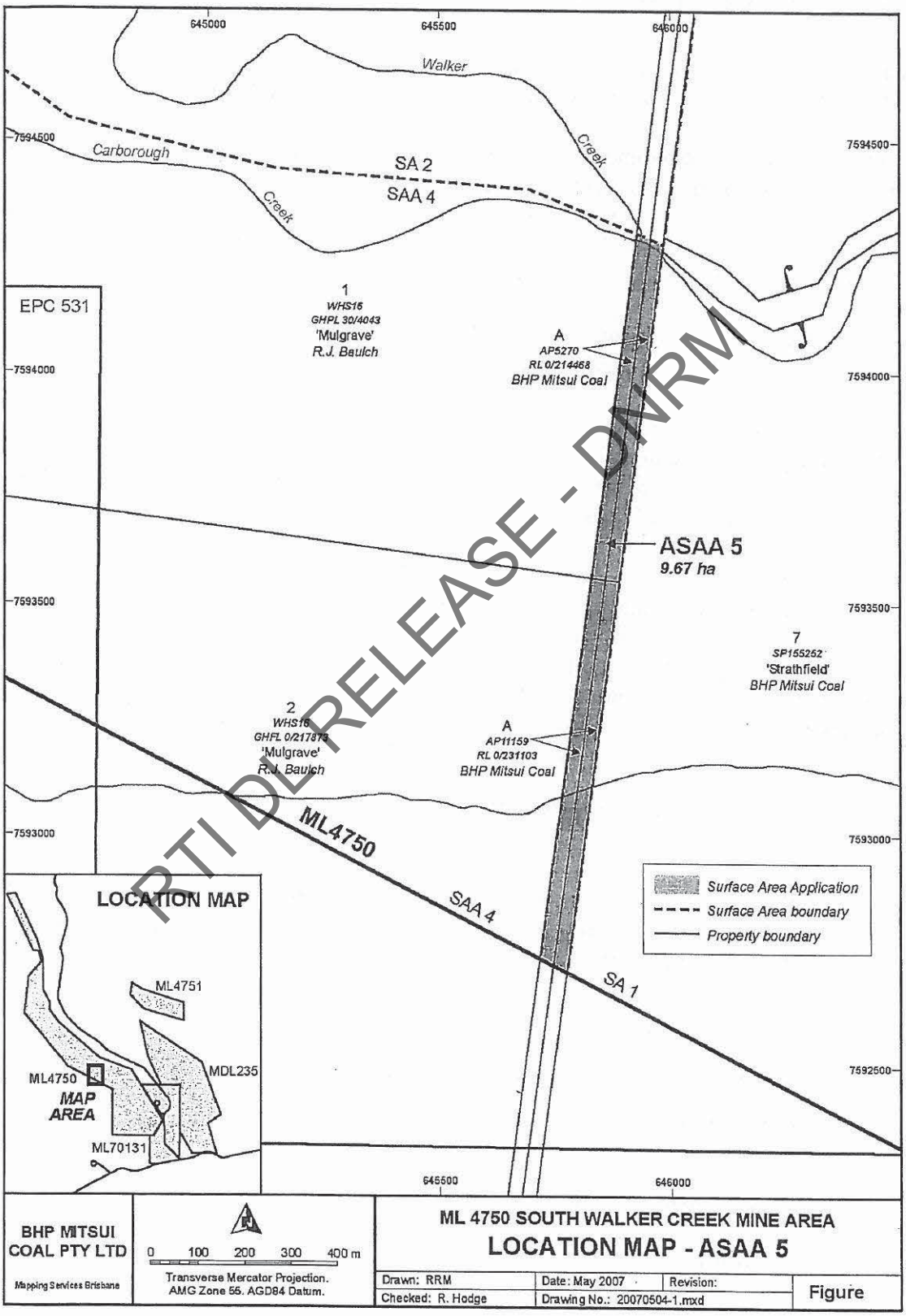


Figure 1.2 – Additional Surface Area Application No.5



2.0 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 and 25km west of Nebo. The following activities are undertaken at the Mine:

- coal mining utilising open-cut methods;
- coal preparation;
- waste disposal;
- exploration activities

each of which is more fully described below.

2.2.1 Coal Mining

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

There are six major coal seams located on the Mine:

- the MT1 seam ("MT1");

- the MT2 seam ("MT2");
- the MT seam ("MT");
- the MB seam ("MB");
- the MB2 seam ("MB2"); and
- the MA seam ("MA")

All mining is exclusively done by open-cut mining methods.

In areas, some or all of the coal seams may or may not be mined. The criteria for mining are based upon their relative thickness, the location of the seams in the overburden horizon and the quality of the coal. Currently mining occurs in Walker Pit and Mulgrave pit with the MB2 and MA seams the predominate seams recovered. The remaining seams are not presently economically or technically viable to mine.

However, on occasions these remaining seams are mined when it is deemed economically viable to do so.

Figure 2.1 – Schematic Stratigraphic Section

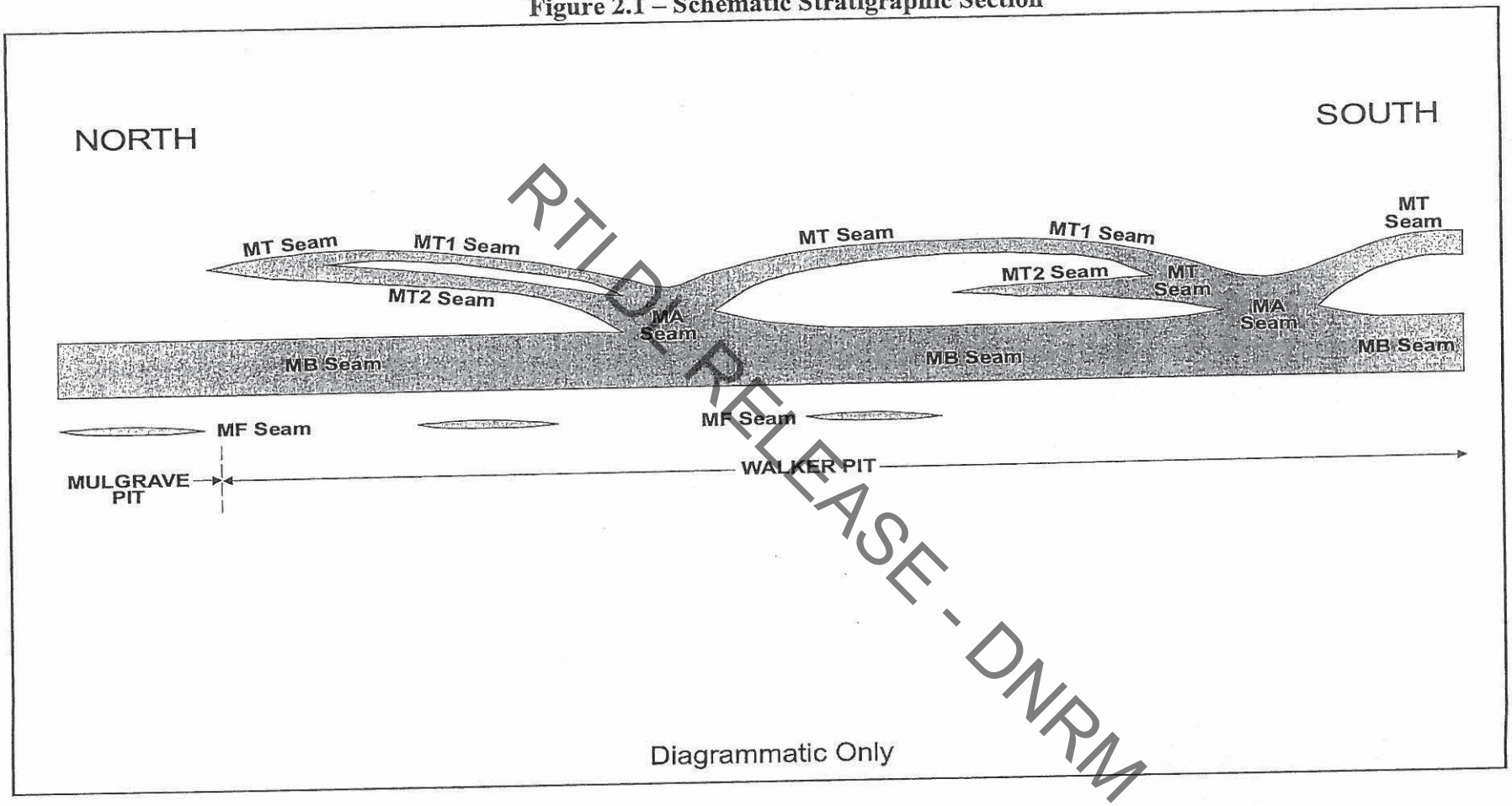


Figure 2.2 – Location of Mining Activities

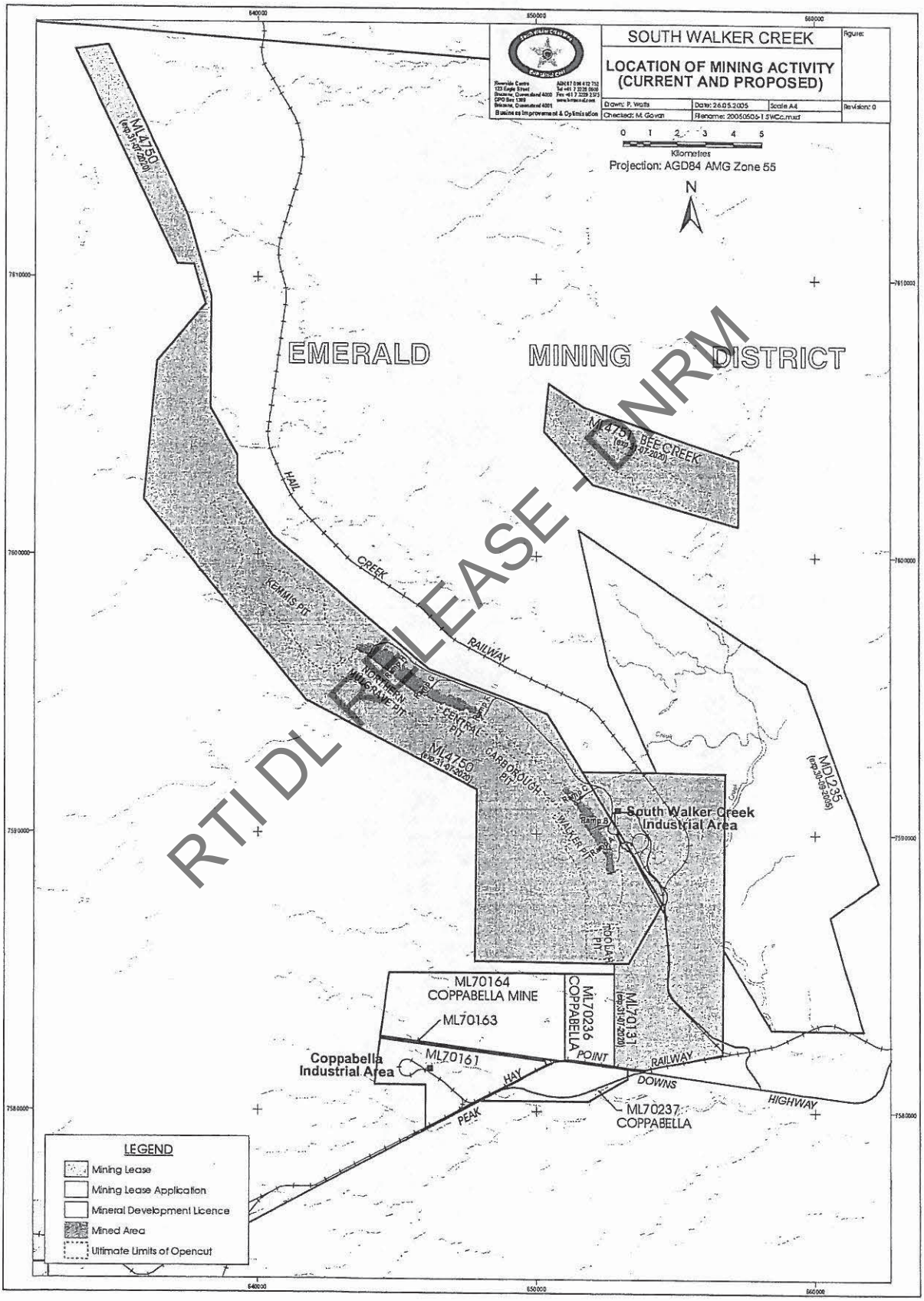
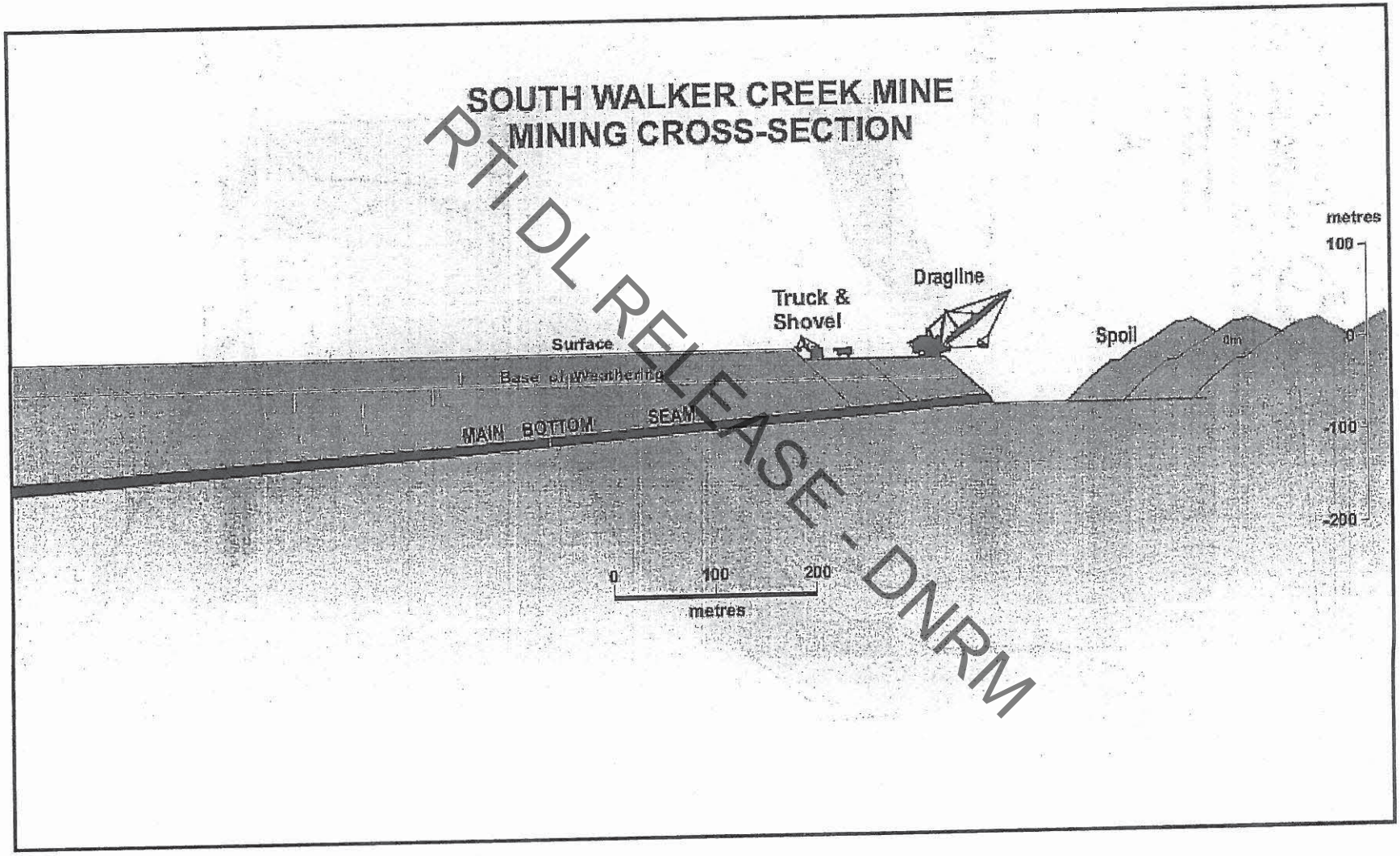


Figure 2.3 – Typical Cross Section Showing Seams Mined



2.2.1.1 Opencut Mining Methodology

The strip mining technique is used in the South Walker Creek Mine. The seams are mined from strips constructed in a north south direction along the strike of the coal seams.

The open-cut process involves the removal of overburden using dragline and truck and shovel operations. The majority of the overburden is placed in the void of the previous strip[1].

The seams are mined using a combination of single and multiple seam pits as follows:

- *The southern section of Walker Pit* is a single seam pit comprising the MA Seam.
- *The northern section of Walker Pit* is a multiple seam pit comprising the MB2 and MT1 Seam, only the MB2 Seam is mined. A semi permanent bridge is utilised in both the north and south of this pit for truck and shovel prestrip removal.
- *Mulgrave Pit* is a single seam pit taking the MB2 Seam. Occasionally, a small rider seam known as the MF Seam is mined when deemed economic to do so. Areas of the pit are mined using traditional open-cut methodology while some areas utilise a methodology called CDX (Cast, Doze and Excavate) to expose coal.
- *Toolah, Carborough and Kemmis Pits* are yet to be developed. Toolah Pit will be a double seam pit mining both the MB and MT seams. Carborough Pit will be single seam pit mining the MB2 seam. Kemmis Pit will be a single seam mining the MB2 Seam.

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

Bee Creek, which is located on ML 4751, has as yet not been incorporated in the mining plan.

Once the overburden is removed, the coal is hauled to the coal preparation plant along a network of haul roads, where it is processed ready for railing.

Rehabilitation of the disturbed area is undertaken following mining in accordance with the requirements of the Mine's Environmental Authority and approved Plan of Operations (PoO).

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 export specifications using a process which sizes the coal and washes it using a dense medium process to remove non-coal particles.

[1] At present, there are no out-of-pit dumps for overburden material. However, it is envisaged that out-of-pit dumps will be required for future mining activities. A study is currently being undertaken assessing the long-term dumping strategy for South Walker Creek Mine and will take into account the effects on the future mining of the coal and gas reserves.

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

Material rejected from the plant is returned to the mined out areas on ML 4750, more specifically in the waste dump spoil voids of Walker Pit.

Completed reject stockpiles are capped and rehabilitated in accordance with the Mine's environmental authority and approved plan of operations.

Fine tailings are stored in specially constructed tailings dams.

Waste water from several sources (including: rainwater; water in tailings dams; water pumped from mine operations; leakage from spoil piles; ground water; and water from coal processing and wash down facilities) is fully captured on site, pumped or allowed to flow to storage dams and re-used in the coal processing plants. Discharge of mine water outside the ML's is strictly in accordance with the Mine's environmental authority and approved plan of operations.

2.2.3 Infrastructure

The Mine is serviced by significant workshop and office complexes located within the South Walker Creek industrial area (ML 70131). 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.

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

Pages 87 through 103 redacted for the following reasons:
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sch4p4(7)(1)(c) Business/commercial/professional/financial affairs

3.0 OTHER RELEVANT INFORMATION

Section 318DT(1)(e)

There is no other relevant information.

4.0 REASONS WHY THE PLAN IS CONSIDERED APPROPRIATE

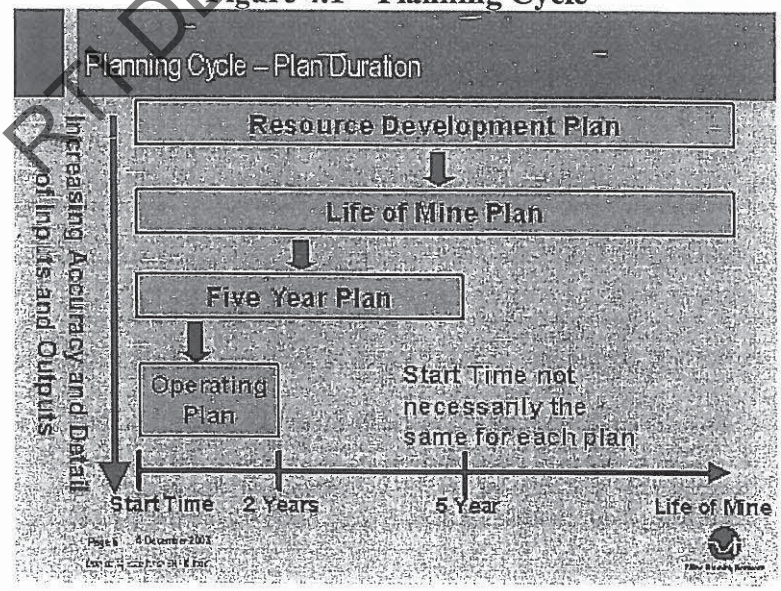
4.1 BMC'S APPROACH TO MINE PLANNING

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 below 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 10 years of accumulated mining history.
  - — All significant coal seams are mined.
  - — State of the art mining methods are used to maximise resource recovery.

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

- Production levels prescribed by the strategies in the Plan are those deemed appropriate by the Mine Owners.

5.0 OVERLAPPING OR ADJACENT PETROLEUM TENURE HOLDERS

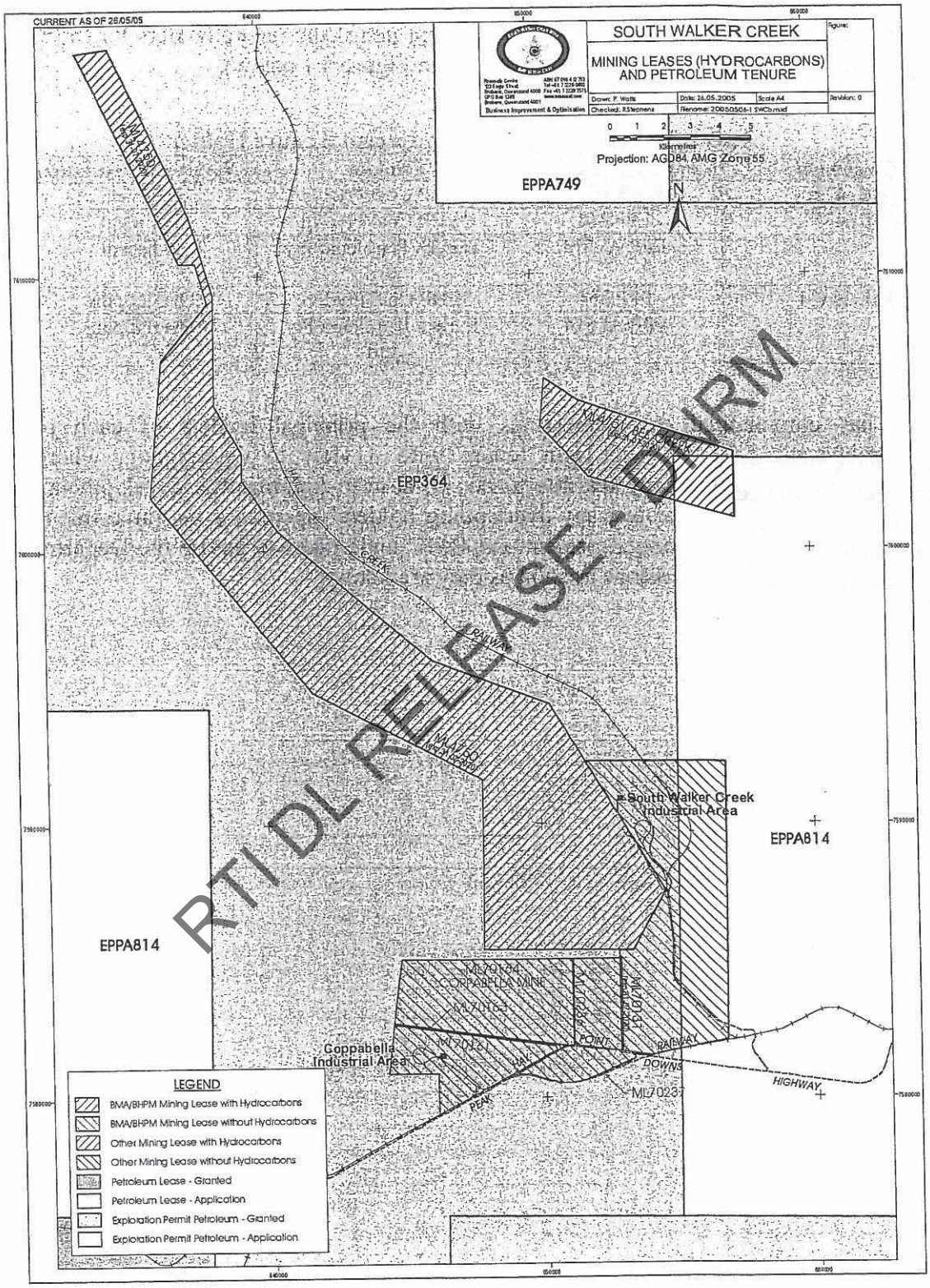
Table 5.1 below sets out overlapping and adjacent petroleum tenure holders for the relevant Mining Leases at the Operation (also displayed in Figure 5.1 below).

Table 5.1 – Overlapping or Adjacent Tenure Holders

Tenement	Petroleum Tenure	Holder	Nature of Association
ML 4750	EPP 364	BHP Coal Pty Ltd	Adjacent
ML 4751	EPP 364	BHP Coal Pty Ltd	Adjacent
	EPP(A) 814	Eureka Petroleum Pty Ltd	Adjacent
ML 70131	EPP 364	BHP Coal Pty Ltd	Overlapping
	EPP(A) 814	Eureka Petroleum Pty Ltd	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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