

CAROONA COAL PROJECT COMMUNITY NEWSLETTER



DECEMBER 2009



RIDGE FOCUS: TWO THIRDS OF CAROONA EXPLORATION LICENCE AREA IS A "NO GO" ZONE FOR MINING OF ANY KIND

CHANGES TO EXPLORATION LICENCE

In response to community concerns about mining in the floodplain, BHP Billiton in conjunction with the NSW Government announced amendments that have been written into the Special Conditions of BHP Billiton's Exploration Licence. These amendments prevent BHP Billiton from applying for a mining licence that includes:

- Longwall mining underneath the deep alluvial irrigation aquifers
- Longwall mining underneath the floodplain
- Open cut mining on the floodplain.

As a result, BHP Billiton's Exploration Licence (EL) conditions have been changed so the floodplain within our Exploration Licence is now protected from longwall and open cut mining.

BHP Billiton has stated that access roadways or tunnels may be required within the targeted area to provide access around a mine development in a ridge area – roadways would not be used outside of the targeted exploration areas or link between target areas under the floodplain.

These access roadways are typically five to six metres wide and three metres high. The roadways are constructed so that they do not result in subsidence. We will continue to consult with the community as our thinking and planning evolves.

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BHP BILLITON PRESENTS TO THE SENATE INQUIRY INTO FOOD PRODUCTION

On 18 September 2009, BHP Billiton appeared before the Senate Select Committee on Agriculture and Related Industries Inquiry into Food Production in Canberra to discuss issues relating to the Carooona Coal Project.

BHP Billiton's Chief Development Officer Energy Coal, Martin Grant presented to the Committee that the commitments made by BHP Billiton since commencement of exploration will mean that:

- BHP Billiton has itself declared two thirds of the exploration licence area a "no go" zone for mining of any description. This is predominately floodplain area and outside the targeted exploration area
- The remaining one third, consisting mostly of elevated ridge country, is the focus of our ongoing exploration work
- Longwall mining will be restricted to under the ridge country within the targeted area
- Within the targeted area there is a minor amount of flood plain land. There will be no longwall mining under the floodplain within the targeted area, however there is the possibility of access roadways being constructed

- There will be no open cut mining anywhere in the Carooona project area.

The effect of these commitments is that the existing agricultural use on the flood plains will remain as it is. Up to 1,000 jobs could be created in the construction of a coal mine with a typical operational longwall mine employing between 250-300 people once it is operating. However, Mr Grant said, "We do not believe these jobs should be delivered at the expense of local farming land and water supply in the area, but rather be in addition to the already prosperous agricultural industry in the region, so as to see additional economic growth brought to the area."



MARTIN GRANT – BHP Billiton Chief Development Officer for Energy Coal

BHP BILLITON TO INCLUDE NAMOI CATCHMENT WATER STUDY INTO ENVIRONMENTAL ASSESSMENTS

A number of community members and stakeholders have made it clear they would be more comfortable if any future Carooona mine proposal was prepared within the context of a regional groundwater study.

In support of this view, BHP Billiton has agreed to adjust our project timeline to account for the estimated 18 months required to complete the Namoi Catchment Water Study, providing time to incorporate the findings of the Study into any mine development proposal we lodge for assessment. We have also committed to part-fund the independent Namoi Catchment Water Study.

Terms of reference for the Study have been developed by the NSW Government and a Ministerial Oversight Committee, chaired by former NSW Farmers President Mal Peters, has now been established by the NSW Government.

A MESSAGE FROM THE CAROONA COAL PROJECT GENERAL MANAGER, STEPHEN DAVID



BHP Billiton has made significant progress since the Exploration Licence was first granted. We acknowledge that there are some concerns in the community. Recently we have undertaken extensive consultation to gain a greater understanding of community issues surrounding underground coal mining development including concerns about potential impacts to water supplies and existing land use. BHP Billiton has already acted to ensure the protection of key agricultural land and the region's water supply through a number of significant commitments.

I would like to thank our staff and contractors for their contribution to the project in 2009 and would like to particularly thank those community stakeholders who have participated in our community engagement interviews. We are committed to having constructive dialog and building on relationships with stakeholders going forward. I wish everyone a happy and safe New Year and look forward to working in and with the community in 2010.

EXPLORATION UPDATE

The purpose of our exploration programme currently underway is to understand the geology and hydrogeology of the ridge country in the Caroona Coal Project where we may mine, and its relationship to the surrounding area which includes the floodplains.



Staff and contractors are now supporting the McGrath Foundation by donning a bright pink safety hard hat in support of cancer research. Pictured (L to R) are Michelle Boland, Matt Barden and Jye Stanford from Lucas Drilling Services.

BHP Billiton continues to work throughout the Caroona Coal Project area to understand the coal resource, gather data about the groundwater systems and determine the relationship between the two.

To allow this work to occur as part of the exploration study, BHP Billiton is working closely with local landholders and has access agreements with a number of these landholders. As at early December 2009, 173 slimcore exploration drill holes across the Exploration Licence area have been completed.

In addition to drilling, our exploration activities have included the use of a range of remote sensing devices including:

- BHP Billiton's FALCON® airborne remote sensing technology, to gather geological data; and
- 139 kilometres of 2D seismic survey works which provide additional information for modelling the location of geological structures (e.g. fault zones).

ENVIRONMENTAL PROTECTION

BHP Billiton knows that it will be judged by what it does, not by what it says. We are committed to fulfilling our obligations in relation to protecting the environment. A mining proposal will only go ahead if BHP Billiton can satisfy rigorous approval requirements and demonstrate that a mine has real benefits for the regional economy and the local communities, and that farming lands, water supply and water quality can be protected as required by the law.

COMMUNITY ENGAGEMENT

BHP Billiton has made a renewed commitment to constructively work with the community and to develop processes to address concerns raised. To further understand the community's concerns and issues relating to the Carooona Coal Project, BHP Billiton recently engaged a company specializing in sustainability and community consultation, Futureye, to conduct in detail one on one and group interviews with key stakeholders. The goal of this work is to better understand the views and concerns of a range of key stakeholders about our activities. We are appreciative

of the time that people have given towards this process.

We will share more about this work over the coming months.

BHP Billiton will continue to work hard to earn the trust of landholders during our exploration program, through open communication with the community and through presenting a thorough environmental assessment.

BHP Billiton has committed to report back to the community as we gather further geological,

environmental, and other information.

Also, as we continue our planning and at the conclusion of the targeted exploration program, we will provide further details on where a mine may be feasible. Should we proceed toward planning to develop a mine, we will provide opportunities for people to understand what we are proposing and to provide input to the process.

ENVIRONMENTAL WATER MONITORING



Gerard Gleeson and Sean Nolan from Australian Coal Industry Research Laboratory (ALS-ACIRL) download data gathered from a solar powered vibrating wire piezometer water monitoring bore. The data records continuous changes in water pressures at different strata levels.

WATER SAMPLING

The CCP routinely collect groundwater samples from 54 monitoring bores to develop a baseline understanding of the quality of groundwater in the exploration licence area.

Samples are also taken from private bores before and after exploration drilling from the closest stock, domestic or irrigation bore and the results are shared with the landholder.

Surface water monitoring is also taking place on the Mooki River and on Quirindi Creek to determine existing surface water conditions.

GROUNDWATER STUDIES

Groundwater investigations conducted so far include the establishment of 25 groundwater monitoring sites with 35 monitoring bores (standpipes) and 105 vibrating wire line piezometers to monitor groundwater pressures in key intervals including: alluvial aquifers, coal seams and rock zones between coal seams and the alluvial aquifers.

The science information generated by these groundwater monitoring studies will add to the extensive mapping and monitoring of the Liverpool Plains underground aquifers. These studies will also add valuable data to the Namoi Basin Water Study.

Bores are cased and grouted in line with our Environmental Management Plan. Every drill hole is different and the level of casing varies depending on where the drill encounters solid



Permeability testing L to R

Jesse Puller, (Engineering Geologist from Strata Control Technology (SCT), Dr Winton Gale MD of (SCT), Luke Johnson, Engineering Geologist from (SCT) and Aiden Price (Geologist - Earth Data).

rock, the depth of surface soil and weathered rock, and where the drillers encounter alluvium.

The drillers mud we are using at Caroona is certified as safe for use in drilling for water for human consumption.

All of our drilling operations have been carried out in line with the Environmental Management Plan and all the relevant environmental regulations.

We have also taken feedback from landholders on how to make drill waste sumps more secure on country prone to flooding.

BHP Billiton's drilling operations in the Caroona district have been undertaken without any observation of environmental degradation.

PERMEABILITY TESTING

In parallel with the groundwater monitoring, permeability testing to quantify the nature of groundwater flow in the alluvial aquifers, coal seams and rock zones is also underway.

Permeability testing at Caroona has been conducted using several complimentary approaches, and typically involves isolating a section of borehole and injecting small volumes of clean water, quantifying the hydraulic conductivity within that strata horizon. To assess the vertical flow between the coal seams and within the rockmass, a large scale test has recently been undertaken involving 5 monitoring boreholes around a central production borehole. A section of the production borehole is isolated (with

packers) and water is injected/withdrawn, and the pressure response in zones within, above and below the test horizon are monitored (in the photo shown, pressure is monitored every 60 seconds).

WORKING IN TODAY'S HIGH TECH MINERALS INDUSTRY

Currently, there are in excess of 47 people working on the study program (locally 30) including exploration drilling crews, consultant engineers, geologists, environmental scientists, and hydrogeologists.

Should a suitable mining resource be identified during the targeted exploration phase, the studies will move into a specific Project Assessment.

More people will be required as the project progresses with professionals in design and surveying, environmental assessment, geology and a range of additional engineering disciplines joining the project team over time.

Depending on the size of the mine development and infrastructure requirements, the construction phase of a similar underground operation would expect to typically employ approximately 600 to 1,000 people in the following fields:

- Concreters
- Surveyors
- Plant/Heavy Machinery Operators
- Construction Supervisors/Foreman
- Crane Operators
- Riggers/Dogmen
- Builders
- Building Tradespeople (e.g. electrical, carpentry, plumbing)
- Welders/Fabricators
- Civil/Structural Engineers

- Fitters
- Electricians
- Quality Control Auditors
- Mechanical Engineers
- Electrical Engineers
- Construction Managers.

A typical operational longwall mine would employ 250-300 people, depending on the shift work arrangements.

Primarily, most of these positions would be underground mine operator/tradesperson roles with some further roles available in the following skill sets:

- Accounting/Commerce
- Administration and Information Technology
- Civil/Structural Engineering
- Community Relations/Communications
- Electrical Engineering
- Electronics/Instrument Engineering
- Environmental Science/Engineering
- Geological Engineering

- Geosciences
- Health & Safety
- Human Resources
- Legal Practice Law
- Mechanical Engineering
- Metallurgical/Chemical/Process Engineering
- Mining Engineering/Surveying.

If the construction phase does proceed, construction can be expected to take two years before the mine moves into the operational phase.



COMMUNITY PARTNERSHIP FUNDING

It makes good business sense for BHP Billiton to contribute to the local community, not only by creating jobs, but also by supporting individuals and organisations to invest in projects that the community want to get up and going.

Community Partnership Funding through the Caroon Coal Project Community Fund aims to support community owned and driven projects that can make a significant impact in addressing a priority community issue. The Partnership funding works in collaboration with Community Groups and Federal, State or Local Government funding bodies.

Larger scale projects can take a long time and a lot of work from stakeholders, committee members and fund raising events. BHP Billiton is pleased to be able to work with community groups who through their drive, hard work, and dedication make a real difference in the community.

BHP BILLITON HAS COMMITTED \$500,000 TOWARDS THE GUNNEDAH RURAL MEDICAL CENTRE



When BHP Billiton consulted with community stakeholders to guide the identification of focus areas in developing the CCP Community Fund, stakeholders were asked to identify the main issues facing their community, areas requiring improvement and their aspirations for the future.

The shortage of medical practitioners was frequently mentioned as the most significant issue facing the community of Gunnedah.

The unwavering persistence and hard work by Dr Grahame Dean, the Board of the Gunnedah

Rural Health Centre, the Gunnedah Medical Forum Members and the Fundraising Committee Members has paid off after the Federal Governments' recent announcement to provide financial support of \$4.3m towards the construction of the Gunnedah Rural Health Centre. BHP Billiton is delighted to support this project, having committed \$500,000 to the centre.

BHP Billiton congratulates everyone involved in this community driven project which is now so much closer to being realised.



QUIRINDI INDOOR/OUTDOOR THEATRE



The Royal Theatre upgrade is on track for completion early in 2010 through partnership funding by Federal Funding (\$307,000), the Caroon Coal Project (\$100,000) and a Heritage Grant of \$75,000 matched by Liverpool Plains Shire Council (LPSC).

The Mayor of Liverpool Plains Shire Council, Ian Lobsey said, "Council is very appreciative of the NSW government, the Heritage Office and BHP Billiton for recognising the importance of the Theatre as it is only one of three indoor/outdoor theatres remaining in NSW".





The new covered outdoor learning area at Wallabadah School.



L to R Tania McShane (BHP Billiton) with Member for New England, Tony Windsor unveiling the plaque, with Principal Chris Jackson watching on.

Photos courtesy of the Quirindi Advocate.

WALLABADAH OUTDOOR LEARNING CENTRE

A new covered outdoor learning area at Wallabadah School was officially opened by Member for New England, Tony Windsor. The partnership project was financed through

the combined efforts of the Federal Government (\$32,197 remaining from the Investing in Our Schools program), BHP Billiton (\$19,877), a donation from

last years' Year 6 students (\$2,000) and discounts given by local businesses involved in the project.



GUNNEDAH BOWER BIRD SHOP

The Bower Bird Shop is a innovative new program to reduce landfill at Gunnedah Waste Management Facility. The recycling/reuse facility stocks discarded goods that

are given new life by employees, along with donated items like crockery, desks, books, furniture, bikes, chairs, golf buggies, treadmills, toys, strollers, weightlifting

equipment and much more. Funding from the CCP provided full fencing and security cameras for the site.

BELOW/LEFT:

Pictured (from left) at the official opening of the Bowerbird Shop are Recyclit Manager Mick Hull, Chair of the Board Cecily Jaeger, Gunnedah Shire Council's Senior Environmental Officer Sue Cox, Tania McShane (BHP Billiton) and Gunnedah Waste Management Facility Manager Lloyd Angel.





TAMBAR SPRINGS MEMORIAL PARK

Supported by \$13,750 of funding through the CCP, the Tambar Springs Community Group worked in partnership with Gunnedah Shire Council for improvements to the War Memorial Park including the installation of a new brick amenity block, picnic shelter and a boundary fence around the park.



ABOVE: BHP Billiton's Steve Potts and Helen Gleeson, representing Tambar Springs CWA, signed the park upgrade agreement on Monday.

WALHALLOW CHURCH REFURBISHMENT & PUBLIC SCHOOL PLAYGROUND UPGRADE...



WALHALLOW COMMUNITY FAMILY BBQ IN CELEBRATION OF UPGRADES

The Walhallow community recently celebrated new upgrades to the Walhallow Community Church and new playground equipment at the Walhallow Public School with a family BBQ. The CCP contributed over \$36,000 towards the purchase and installation of the playground equipment for the School, and improvements to the Church including the installation of a new decorative fence, restoration of gravesites, specially created tiles for decoration and two reverse cycle air-conditioners.

COMMUNITY SPONSORSHIP

GUNNEDAH CHALLENGE DISABILITY SERVICES ANNUAL SWIMMING CARNIVAL



WINNERS ARE GRINNERS – Gunnedah Shire Council Mayor, Cr Adam Marshall presents awards to the participants of the Gunnedah Challenge Disability Services Annual Swimming Carnival. Challenge Disability Services provide over 600 client services for people with a disability across the North West, Central West and Hunter regions of NSW and have established residential, day programs, respite and employment services in these areas. BHP Billiton has been pleased to provide \$4,800 in financial support for the swimming carnival over the past three years and congratulate the service provided by the organisation and their carers in providing this wonderful support for local people with a disability.

RIGHT: Allan Saxon is keen to be “part of the action” at the swimming carnival. Allan has been with Challenge Disability Services for 28 years and is employed through Challenge Services as a Timber Assistant at the Timber Products enterprise in Tamworth.



THE GUNNEDAH GYMNASTICS CENTRE

The Gunnedah Gymnastics Centre hosted a regional competition at the Lyle & Griffith Centre with the BHP Billiton Gymnastics Challenge taking place, testing the gymnasts' skills on the vault, bar, beams and floor against other teams from Tamworth, Dubbo, Orange and Armidale. BHP Billiton recently contributed \$5,000 to assist the Centre in purchasing the expensive new landing mats required for the gymnasts' safety.

Photo: Community Relations Co-ordinator (BHP Billiton) Tania McShane, back left, with Gunnedah grade 1-3 silver winners Alex Jones (8), Monica Andren (9) and Claire Martin (14) and, front, grade 4-6 gold winners, Ally Heath (11), Camille White (11) and Lacey Davis (13).

Photo courtesy of Vanessa Brown, Namoi Valley Independent.



DOROTHEA MACKELLAR POETRY AWARDS

The CCP is pleased to have supported the Dorothea Mackellar Poetry Awards for the past three years and congratulate the Dorothea Mackellar Memorial Society Inc. in celebrating their 25th Anniversary. The theme for 2009 was "Searching for the Stars".



First place in the Upper Primary section was Robin Allsopp from Chapel Hill State School with her poem, Sodden Dreams.

Pictured after the Awards ceremony are: Back row, from left, judges Robert Kimber (Adelaide) and Sue Gough (Brisbane), Dorothea Mackellar Poetry Awards President Phillippa Murray, Tania McShane, representing sponsor BHP Billiton and guest speaker Professor Fred Watson (Coonabarabran). Middle row: Robin Allsopp (Chapel Hill), Raaisa Islam (Burwood), Sophie Clark, (Hobart). Front: Charlie Kairaitis (Beecroft).

THE GUNNEDAH APEX 3 KLM BHP BILLITON FUN RUN



Jackson Ludlow was the first male across the 3km line at 9 mins and 41 secs.



Megan Isbester is all smiles as she crosses the 3km finish line as 1st placed female at 9 mins and 43 secs.

GUNNEDAH LITTLE ATHLETICS - PRESENTATION DAY

New safety equipment for the Athletics Club was funded by the Caroon Coal Project.



COMMUNITY SPONSORSHIP continued



INDIGENOUS GIRLS CAMP – LAKE KEEPIT

The Deadly Sista's Indigenous Girls Youth Mentorship Camp – Lake Keepit – was designed to promote teamwork and confidence building among local girls, in conjunction with learning about a range of health-related topics. The camp, which was funded \$1,580 by the CCP, also provided an opportunity to familiarise young Aboriginal girls with the Aboriginal Health staff and the services available at community health – and to be provided a role model for the girls.

(From top left)

Krystal Young, Megan Outerbridge, Kiara Johnson, Belinda Peach, Jill Anderson

(Bottom left)

Felicity Sampson and the camp leader, Stewart.

WALLABADAH ART AND ALL THAT JAZZ

Art and All That Jazz has become a flagship event for the township of Wallabadah. The program features a number of workshops including oil, watercolour, pastels, drawing, cartooning, drumming, animation, singing, spinning and drama. The program was wrapped up with a cheese and wine Art Exhibition featuring Roshani Priddis (pictured below left) from Australian Idol.



The winners for each of the art prize categories –

BACK ROW: John Wilson (Arts Competition Judge), Trisha Greer, Amy Robertson, Lindy Currie, Alice Hartigan, Tania McShane (BHP Billiton sponsor).

2ND ROW: Tania Hartigan, Abbey Lobsey, Emma Sherwood, Tom Robertson, Gloria Pullman.

FRONT: Sam Clark.

IF YOU WOULD LIKE FURTHER INFORMATION ON ANY ASPECT OF THE BHP BILLITON CAROONA COAL PROJECT, PLEASE CONTACT THE PROJECT TEAM.

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