Caroona Coal Project
Community Consultative Committee
7 July 2009

Answers to Questions received from Sandy Blomfield via email from Garry West.

Note: The establishment of monitoring sites is an ongoing process, information provided here is current as at June 30, 2009.

1. How many water monitoring sites has BHP completed within the "target area"?

The Caroona Coal Project (CCP) has established seventeen new groundwater monitoring sites within the area covered by EL6505. Nine of these are located within what was defined as the "Target Area" in August 2008 Interim Report to Stakeholders.

At fifteen of the seventeen sites CCP has installed twenty monitoring bores (standpipe piezometers), eleven in the alluvium, two in coal seams, two in the Clare Sandstone and five in regolith. In additional there are fifty nine vibrating wire piezometers installed at nine of the seventeen sites monitoring various coal seam aquifers and the interburden.

A further three groundwater monitoring sites are currently under construction.

Three other sites have all necessary approvals and will be constructed in the next few months.

Four other sites are awaiting final approval from the Department of Water & Energy (DWE) which is anticipated to be received shortly.

Access to another two water monitoring sites was granted by the Arbitrator in January 2009. The landholders appealed the arbitrators' decision to the Wardens' Court. A final decision from the Mining Warden on this matter is still pending.

2. Where are they located?

Groundwater monitoring sites are located across the area covered by EL6505. Initial site locations were determined by the project hydrogeologist and reviewed by Dr Wendy Timms. Dr Timms report was presented to the Community Consultative Committee in April 2007. Since then additional sites have been identified and constructed.

The sites are located on both public and private lands. Unfortunately, due to instances of vandalism to the monitoring equipment and in the interests of privacy for the landholders, CCP has not published the exact location of all sites however BHP Billiton also commits to making this information along with the raw data available to the independent water study when it is established, on the understanding that the exact locations of the boreholes will not be publicly disclosed.

3. Which ones are capable of water quality monitoring?

CCP is routinely collecting groundwater samples from twenty three sites (seventeen CCP and six (DWE). CCP collects groundwater samples from the twenty monitoring bores at the seventeen CCP sites and from thirteen monitoring bores at the six DWE sites, which is a total of thirty three groundwater samples. This number will increase as more sites are established and also it does not include groundwater samples collected and analysed from more than thirty one private bores. These groundwater bores are sampled before and after exploration drilling in the area.

4. Was water quality tested prior to contamination by drilling fluids and contaminates released from the deep strata during drilling?

CCP does not accept that groundwater has or is being contaminated by drilling fluids or from the "deep strata" due to the exploration program that it is carrying out.

Independent expert assessment by Government experts and other specialists has not found any evidence to support the allegation of contamination by drilling fluids. The Department of Primary Industries; the independent hydrogeologist engaged by the Caroona Consultative Committee; and expert witnesses appearing before the Mining Warden have all drawn this conclusion based on their reviews of the drilling practices.

Water quality samples are taken and tested before and after drilling from landholder bores within 100 metres of an exploration drill site. To date, no change in water quality has been detected, as predicted by independent hydrogeologists. The water quality data is provided to the bore owners (see answer to question 5 below).

Drilling has been undertaken in the Caroona region for more than 100 years by farmers, the DPI and mining companies with a total of more than 500 holes having been drilled for a range of purposes. At least 220 holes have been drilled through bedrock (mostly exploration holes from State Government agencies and CCP's exploration work) and there are more than 370 drill holes on the floodplain, mostly irrigation bores drilled by landholders.

5. Are the test results available and if not why not?

CCP routinely provide copies of the raw data collected from water monitoring sites to the landholder if requested, eg each Council is being provided with the data for water

monitoring sites established on land they control. It is then up to the Council to decide what they do with this information.

EL 6505 Clause 57 states: "The licence holder shall make data relating to completed hydrological studies carried out during the exploration and feasibility stage available through the Community Consultative Committee" As data must be collected over an extended period of time, CCP is still perhaps a year or so away from having a completed hydrological study to share with the CCC.

We recognise that the CCC and the community are interested in the results of the water testing. We are arranging an interim progress report to be prepared by environmental and hydrogeological specialists and presented in a way that gives people the opportunity to understand the information and ask questions.

6. How many holes in the target area have been "in situ" permeability tested in non alluvial aquifers?

Eight boreholes within the "target area" have been tested yielding a total of one hundred and sixty nine in-situ permeability tests. These tests were undertaken in the coal seams, clare sandstone, and overburden and interburden material.

7. Are the results of water monitoring tests available and if not why not?

Refer answer to question 5.

8. If aquifers are sealed during drilling, how are they unsealed or flushed to undertake accurate in situ horizontal or vertical permeability testing?

If the stratum is to be permanently cased as in the case of drilling through alluvium, then the required tests and logging of that section of strata are completed before the casing is installed. Where the strata is sealed with drillers mud during the normal process of drilling then the drillers mud is flushed out in accordance with the manufacturers recommendations with a weak solution of water and bleach (sodium hypochlorite) before the permeability test.

9. Where are all the dust collectors and monitors located ?

CCP currently has eight dust gauges located within EL 6505 including two high volume samplers. These gauges are collecting baseline data of the Caroona area. The locations were chosen by Holmes Air Sciences who specialize in air monitoring design and data analysis. The sites are located on both public and private lands. Again, unfortunately due to instances of vandalism and in the interest of privacy for

the landholders, CCP has not published the exact location of all sites. This will be published as part of the Environmental Assessment report.

10. Where are all the noise loggers located?

CCP has not installed any fixed noise loggers. This will occur later in the Project and the information will be shared and discussed with the CCC when it is available.

11. How many sites in the drill hole plan have BHP's Environmental Consultants (Umwelt) physically examined prior to commencement of drilling?

100% of sites drilled have been inspected by Umwelt before drilling.

12. How many sites have the DPI actually visited? (Question to DPI)
13. How many drill sites and how many in the target area have been audited and what were the dates of the audits? (Question to DPI)
14. How many of the audits were done without prior notice? (Question to DPI)
15. What is actually checked during the audits and are the results available? (Question to DPI)

16. Are drill site pre-start "check boxes" available? (Question to BHP)

If this question is referring to the "Pre Exploration Checklist" utilised by the project? If so, an example of this is included as appendix 2 in the Exploration Environmental Management Plan (the EEMP can be viewed on the Caroona Community Consultative Committee website). The Pre-Exploration Checklists are part of the quality assurance process for exploration drilling. They are internal documents and are not publicly available.

17. At what stage is the licence requirement to investigate the potential of a regional independent power plant?

Further sampling and analysis of coal cores is required to fully determine if the coal within EL6505 is suitable for domestic and/or export markets. CCP will not be investigating the specific merits of a local coal fired power station.

BHP Billiton is not in the business of operating coal fired power stations.

18. Where are the early options for power line routes for bringing high voltage power to the target area?

At this stage power requirements have not been determined. Power requirements will be one of many important considerations as we progress with our assessments. We recognize that community members will be interested in these aspects and we'll discuss the information further with the CCC as it develops.

19. Will BHP make a commitment that it will not mine under the black soil plains?

A simple YES or NO

In our August 2008 Interim Report to Stakeholders, BHP Billiton stated:

- is not considering long wall mining underneath the deep alluvial irrigation aquifers;
- is not considering long wall mining underneath the floodplain;
- is not considering open cut mining anywhere in the Caroona Exploration Licence Area.

There has been no change in this position.

20. Will BHP make a commitment that it will not open cut anywhere in EL6505? A simple YES or NO

In our August 2008 Interim Report to Stakeholders, BHP Billiton stated:

- is not considering long wall mining underneath the deep alluvial irrigation aquifers;
- is not considering long wall mining underneath the floodplain;
- is not considering open cut mining anywhere in the Caroona Exploration Licence Area.

There has been no change in this position.

21. Will BHP make a commitment that it will not propose a mine plan until the results of the independent water study are released? A simple YES or NO

We see the water study as important and we are pleased that detailed planning for the study is now progressing. We welcome the recent announcement by Minister Macdonald of the appointment of Mr Mal Peters, former President of the NSW Farmers Association, as the independent chair of the Ministerial Oversight Committee for the initial Namoi Water Catchment Study.

When we have more detail on how the water study will be approached, its content and the timing, we will evaluate this information, continue discussions with a range of stakeholders, and share our views further with the CCC and the broader community. Until that time we feel it is too early for us to make further comments.