

BOWEN BASIN COAL PTY LTD

(ACN 065 321 440)

Level 7, 12 Creek Street, Brisbane Qld 4000, Australia
GPO Box 374, Brisbane, Qld 4001, Australia
Telephone: +61 (0) 7 3877 6700 • Fax: +61 (0) 7 3221 7119

VERMONT COAL PROJECT

APPLICATION TO SUBMIT A VOLUNTARY EIS

GENERAL PROJECT DESCRIPTION

INITIAL ADVICE STATEMENT

27 AUGUST 2003

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1.0 INTRODUCTION

The Vermont coal deposit is situated northeast of the township of Dysart in Central Queensland. Subject to a review of the geological model which will include new exploration data, the resource contains approximately 275Mt in situ coal of which 78Mt occurs at less than 60m of overburden.

The location of the project is indicated in Figure 1.

The Vermont area has been held under Exploration Permit for Coal (EPC) 549 and latterly partly as Mineral Development Licence (MDL) 303. The EPC was granted to Queensland Coal Mine Management Pty Ltd (QCMM) in February 1994. In July 1995, QCMM formally assigned all of its interests in EPC 549 to Bowen Basin Coal Pty Ltd (BBCL) which is a privately owned company with its head office in Brisbane, Queensland. The company was formed in August 1994 as the management company for the Vermont project. BBCL's companion company, QCMM Pty Ltd, is the manager of Jellinbah Mine in Central Queensland where it demonstrates effective environmental management at the Jellinbah Mine.

The Vermont coal resource identified as part of this project is held currently under MDL 303 granted to BBCL on 31 August 2000. The proposed project mining lease will be approximately 6,000ha and located in the southwestern area of MDL 303.

1.1 Vermont Project Summary

- The identified mining area will support a mine with a planned production rate of 2.5Mtpa run-of-mine (ROM) coal for at least 15 years. The resource identified at this stage is 53.5Mt at a strip ratio of less than 7:1.
- The coal will be exported through the Dalrymple Bay Coal Terminal (DBCT).
- The proposed products will be exported to steel makers as a coking coal or as a PCI coal.
- A coal preparation plant will be constructed on site to ensure that product specifications are achieved.
- The mine will be developed as a strip mining operation using loaders and dump trucks for overburden removal and for coal mining.
- A 14km rail spur line is to be constructed from the main area coal haulage line to the mine to provide rail transport to DBCT.

- The proposed operation will have a water demand, subject to a detailed feasibility study, of approximately 1,000ML per year for dust suppression and coal washing. The water supply, currently the subject of a detailed study and subject to statutory approvals, is likely to be sourced from either Phillips Creek or the Isaac River or a combination of both.

2.0 LOCATION AND LAND TENURE

The Vermont coal deposit is located in Central Queensland 15km northeast of Dysart and is approximately 245km by rail to the Dalrymple Bay coal loading port to the northeast. Dysart is a small town approximately 76km northeast of Capella and 120km northeast of Emerald.

The area is an established mining, grazing and farming region and is wholly within the Broadsound Shire in Central Queensland. The Saraji opencut coal mine nearby, to the west of Vermont, is owned by the BHP Billiton Mitsubishi Alliance. Established rail links to the coal loading port at Dalrymple Bay near Mackay and RG Tanna Coal Terminal near Gladstone already exist. Vermont coal can therefore be exported through these two major Queensland ports.

The proposed mining lease will be located in the southwestern corner of MDL 303. The rail spur and the access road will be located partly in areas not covered by the MDL. It is anticipated that alternative tenure for the land required for infrastructure facilities will be sought at the same time as the MLA. Figure 2 gives cadastral details and land ownership for MDL 303 and surrounding areas including transport routes. The land within the project area is currently held privately as freehold land as shown in Table 2.1.

TABLE 2.1
LAND TENURE

| Tenure Description | Landowner | Area (ha) | Current Land Use |
|---------------------------|--|---|--|
| Lot 1 RP813169 Freehold | Queensland Coal Mine Management Pty Ltd and others | 2,932 | Cattle production, limited cultivation |
| Lot 5 SP147344 Freehold | RW and LW Berry and KJ, J, RB and K Parkinson | 2,669 | Cattle production, limited cultivation |
| Lot 4 CNS382 Freehold | | 14,181 | Cattle production, limited cultivation |
| Lot 7 SP147344 Freehold | AI and ET Murphy | 2,858 | Cattle production, limited cultivation |
| Lot 8 CNS303 Freehold | | Large property, small area affected by the proposal | Cattle production, limited cultivation |
| Lot 2 RP813170 Freehold | BE and CE Semple | 3,321 | Cattle production, limited cultivation |
| Lot 7 CNS53 Freehold | BL and JC Pownall | 10,805 | Cattle production, limited cultivation |

3.0 GEOLOGY

3.1 General

MDL 303 lies on the western limb of the Permian-Triassic Bowen Basin, in the southeastern corner of the Collinsville Shelf. Structurally it is included in the eastern flank of the easterly dipping sediments of the Collinsville Shelf. The regional geology is dominated by the older Fort Cooper Coal Measures and Moranbah Coal Measures which subcrop to the west of the MDL. The MDL is dissected by the Isaac Fault, which is a reverse fault, trending approximately north-northwest to south-southeast with a vertical displacement of approximately 100m.

3.2 Stratigraphy and Geological Formations

Geological formations in the Vermont area are outlined in Table 3.1.

**TABLE 3.1
GEOLOGICAL FORMATIONS IN THE VERMONT AREA**

| Age | Group | Formation | Coal Seams |
|-----------|------------------|---------------------------|---|
| Cainozoic | Undifferentiated | | |
| Triassic | Rewan Group | | |
| Permian | Blackwater Group | Rangal Coal Measures | Phillips Seam Leichhardt Seam Vermont Seam Vermont Upper Vermont Lower 1 Vermont Lower 2 |
| | | Fort Cooper Coal Measures | Girrah Seam Undifferentiated seams |

The main economic coal seams which subcrop along the western side of the MDL belong to the Rangal Coal Measures. The eastern part of the area, east of the Isaac Fault, is characterised by numerous uplifted fault blocks with consequent repetition of the Rangal subcrops.

3.2.1 Fort Cooper Coal Measures

Fort Cooper Coal Measures were intersected in boreholes in the western part of the MDL. Lithological units in the Fort Cooper Coal Measures include grey siltstone, grey mudstone and light grey, very fine to fine grained sandstone. The rock types typically exhibit a slight greenish coloration that distinguishes Fort Cooper strata from the Rangals.

Apart from the above rock types, carbonaceous mudstones and subeconomic coal seams with numerous mudstone partings are also present. The Girrah Seam is the only identifiable coal horizon in the Fort Cooper Coal Measures. The seam is approximately 30m in thickness with numerous stone bands and lies 40m to 50m below the Vermont Seam of the Rangal group.

3.2.2 Rangal Coal Measures

The Rangals overlie the Late Permian Fort Cooper Coal Measures and are overlain by the Triassic Rewan Group. The Rangals are strongly influenced by the Isaac Fault as evidenced by the subcrop pattern. The Rangal subcrop is generally continuous west of the Isaac Fault, but is discontinuous east of the fault.

The Rangal Coal Measures are separated from the underlying Fort Coopers Coal Measures by a tuffaceous mudstone band about 1m thick, tentatively correlated with the Yarrabee Tuff Member.

The predominant rock types of the Rangal Coal Measures are mudstone, siltstone, sandstone and coal. The formation ranges in thickness from 67m in the south to 82m in the north.

In descending stratigraphic order, three coal seam intervals exist within the Rangal Coal Measures:

1. Phillips
2. Leichhardt
3. Vermont.

3.2.3 Rewan Group

Sediments of the Rewan Group are predominantly siltstone, mudstone and sandstone. Weathering has destroyed the typical green coloration of the Rewan Group sediments which is therefore not distinguishable from the Rangal Coal Measures sediments.

3.2.4 Cainozoic Sediments

Cainozoic sediments are common over the entire Vermont area. These sediments are in excess of 20m in thickness in the southern portion of the MDL. The Cainozoic sediments are mainly composed of poorly consolidated clay and fine-grained quartzose sand.

3.2.5 Depth of Weathering

The depth of weathering in the proposed mine area is highly variable. The maximum depth of weathering is 50m in the central part and the average depth is 30m.

3.3 Geological Structure Within Proposed Mine Area

The geological structure of the Vermont area conforms to its tectonic setting, adjacent to the major regional structural elements. Coal seams subcropping along the western margin of the area have shallow dips of 5° to 6° in the south, becoming steeper towards the northern end.

Closely spaced drilling in the proposed mining area has identified a number of high angle reverse faults. The faults were interpreted from borehole data in the proposed mining area. These faults trend northwest to southeast parallel to the major structural elements and have displacements varying between a few metres and 28m.

3.4 Coal Seam Geology

3.4.1 Coal Intervals

Phillips Seam (PH)

The uppermost coal interval is the Phillips Seam (PH) a coaly interval less than 500mm in thickness, discontinuous in nature and of no economic value.

Leichhardt Seam (LH)

The Leichhardt Seam subcrops at about 25m below the surface within the proposed mining area and reaches depths of about 60m with an average thickness of 3m. The seam is generally free from stone bands.

Vermont Seam (VEM)

The Vermont Seam subcrops at depths of about 25m and reaches approximately 100m depth within the proposed mine area. The interval between the Leichhardt and the Vermont Seam varies between 28m and 38m. The seam averages about 5.5m in thickness, being thicker in the central part of the area. Minor siltstone, claystone and mudstone bands exist within the seam. Two of the bands thicken to the southeast and split the seam into Vermont Upper, Vermont Lower #1 and Vermont Lower #2. A minimum parting of 200mm has been considered in designating the splitting.

The thickness range of the various splits is shown in Table 3.2.

TABLE 3.2
THICKNESS RANGES OF VERMONT SEAM SPLITS

| Split Name | | Thickness (m) | | |
|------------------------|--------|------------------|---------|---------|
| | | Minimum | Maximum | Average |
| Vermont Upper Lower #1 | (VUL1) | 3.78 | 4.20 | 4.00 |
| Vermont Upper | (VU) | 1.12 | 2.10 | 1.80 |
| Vermont Lower #1 | (VL1) | 1.01 | 2.50 | 2.20 |
| Vermont Lower #2 | (VL2) | 1.30 | 1.86 | 1.50 |

4.0 PROPOSED OPERATIONAL DESCRIPTION

Currently a feasibility study is being undertaken which will incorporate new geological data to improve the definition of the coal resource in terms of in situ reserves and quality. The results of the feasibility study could change the operational description.

It is intended that the results of the feasibility study will be included in the EIS when submitted.

Figure 3 indicates a nominal mine layout, a proposed mining footprint and the proposed mining lease application area. These parameters could change as a result of the current feasibility study.

4.1 Mine Design Concept

Initial production of 2.5Mtpa ROM coal is envisaged and, subject to the feasibility study, this production rate could be increased.

A more detailed evaluation of the early production years is part of the current feasibility study. This will increase the accuracy of production schedules and more closely define the position of the initial excavation.

4.2 Mining Development Plan

Mining operations will commence at the centre of the target area, where overburden thickness and strip ratio are at a minimum.

4.2.1 Clearing/Topsoil Removal

Prior to overburden removal from a mining area, trees and vegetation will be dozed into piles and burnt under permit from the local fire warden with usable timber being recovered by the contractor. The topsoil will be removed and either placed into long term stockpiles or placed directly onto final contoured overburden dumps. Deep ripping of the placed topsoil prior to grass seeding will be undertaken.

4.2.2 Initial Boxcut

A boxcut will be excavated initially along the strike of the Vermont Seam where the full seam is not affected by weathering. This part of the operation will be carried out by the overburden removal fleet. All waste material will be transported from the boxcut to a dump area on the lowwall of the pit and suitable material used for construction of site infrastructure such as the raw water dam. In-pit disposal of waste material will commence on the second strip.

Mining will commence in the centre of the deposit and proceed eastward in a series of strips of nominal 50m width generally in line with the subcrop.

4.2.3 Overburden Removal

Overburden will be removed in horizontal benches, the details of which are yet to be determined. Blasting of overburden strata is anticipated and will be part of the mine plan.

Overburden will be hauled to external or in-pit dumps according to the available in-pit dumping capacity. Initial overburden from the upper benches will be hauled via highwall ramps to the surface and subsequently to external dumps. Bridges across previously mined areas may be established to reduce haul distances for overburden cartage. Where possible, overburden from lower benches will be hauled to in-pit dumps.

4.2.4 Coal Mining and Parting Removal

Coal production operations in the coal preparation plant may be scheduled initially on a five day week basis throughout the year. Coal mining however will be continuous, planned at this stage to operate 24 hours per day, seven days per week.

Coal mining and removal of interburden and parting materials will be carried out by an excavator or front end loader and rear dump trucks. These units will be supported by large bulldozers used in both overburden and coal operations.

Coal will be excavated directly without the need for blasting. Coal loaded by the front end loader will generally require minor ripping by a bulldozer. Thin bands of waste material where they occur will be handled separately from the coal and dumped in-pit.

The coal haulage fleet will have the capacity to deliver in excess of 2.5Mtpa of ROM coal to the coal preparation plant. The trucks in this fleet will also be used to supplement waste removal operations during peak production periods.

4.3 Coal Preparation

It is envisaged that the coal preparation plant will be a standard system sized for a minimum coal throughput of 2.5Mtpa. The waste streams will be coarse rejects, coal tailings and water. Water recycling will be given a high priority whilst tailings will be disposed of in a conventional tailings dam and rejects will be buried in the overburden and incorporated into the final rehabilitated landform.

Initial power will be supplied from a portable diesel plant and the permanent power supply will be provided by the Ergon/Energex infrastructure present in the local area.

All rainfall runoff from the plant and stockpile areas will be directed to settlement dams and reused on site.

The product coal will be stockpiled at the minesite for loading on to coal trains at the rail loop adjacent to the coal preparation plant.

4.4 Summary of Activities

The main activities during mining are summarised below:

- Vegetation will be cleared in advance of mining
- Topsoil selectively will be stripped, stockpiled and vegetated (if a long term stockpile) for use in rehabilitation
- Drilling and blasting of the overburden material will be required
- Overburden will be removed in horizontal benches with haulage of overburden along highwall and lowwall ramps to available emplacement areas
- Overburden will be initially transported out-of-pit for construction purposes. Excess spoil will be placed in an out-of-pit spoil dump located clear of the coal resource. After the initial excavation has been completed most of the overburden will be placed back into the previously mined out strips

- Overburden and coal removal will be carried out by a fleet of mobile equipment consisting of excavators, front end loaders and multi trailer trucks together with associated ancillary equipment
- Selective mining of the coal seams and coal plies
- Coal will be extracted without blasting
- ROM coal will be screened, crushed and washed at an average rate of 2.5Mtpa in a centrally located coal preparation plant
- Reshaping of spoil dumps, replacement of topsoil and revegetation of the mined out and backfilled area will be carried out progressively.

In addition the operation will involve:

- Utilisation of support facilities external to the mine including domestic waste disposal, power supply and potable water
- A total regular workforce including contractors will be approximately 100 personnel with flow on employment through the provision of goods and services.

5.0 AFFECTED AND INTERESTED PERSONS

5.1 Affected Persons

1. The land upon which the Vermont Project will be developed is held as freehold and as such Native Title has been extinguished. All land which, at this stage, has been identified as being the subject of a future mining lease application and all land which may be utilised for infrastructure purposes is free of Native Title. During preparation of the EIS a final legal review of Native Title will be undertaken.
2. The local government affected is the Broadsound Shire Council.
3. The mine will be developed on possibly five properties subject to the results of the feasibility study.

5.2 Interested Persons

A systematic process of identification of interested persons has not as yet taken place and will be undertaken in the formulation of the Project Community Consultation Program.

6.0 PROPOSED CONSULTATION PROGRAM

The detailed consultation program has not at this stage been developed by the proponents of the Vermont Project. The consultants advising BBCL have been involved in the development of a number of coal projects in the area and have developed close contacts with the local communities. A detailed consultation strategy will be built on these relationships and will follow generally the standard consultation program employed on previous coal mine projects.

In summary, the objectives of the consultation program will be to:

- Conduct an open and broad consultation program
- Ensure that those affected by the proposal understand the EIS process and their opportunities for input
- Facilitate feedback from all stakeholders; and
- Ensure that consultation activities are integrated with the general mine design.

The methodology for the consultation strategy will be designed to inform and incorporate the views of the following groups in the community:

- Referral bodies
- Other government agencies
- Elected representatives
- Landholders
- Special interest and community groups.

The proposed consultation strategy may involve the following activities.

Referral Bodies

Site visits, where appropriate, will be held for the referral bodies and will include presentations and discussions on all issues relevant to the proposal followed by field inspections.

Other Government and Semi-Government Bodies

The proposal will be discussed with these groups to impart a general awareness of the proposal and comments and feedback will be incorporated into the project design wherever practical.

Representative Bodies

Individual meetings will be held with the State Government representative of the Fitzroy electorate. Other State and Federal representatives will be consulted as necessary.

Landholders and Neighbours

The landholders and near neighbours are aware of the project proposal and further discussions will be conducted individually with the landholders during the development of the EIS. Landholders concerns will be taken into account in the design and construction of the project.

Local Community Groups

The community group with a specific interest identified at this time is the local Landcare Group. Discussions will be held with Landcare representatives to obtain comments which will be incorporated into the design wherever practical.

The Dysart community has a number of community groups who will be contacted during the consultation program. Contact numbers and addresses will be provided so that if local people would like further information they can make contact with project personnel.

Aboriginal Representative Bodies

Discussions will be held with local Aboriginal people concerning the Vermont project and it is expected that discussions will continue during the EIS preparation. Discussions will focus on the impacts of the Project on cultural heritage, materials and values.

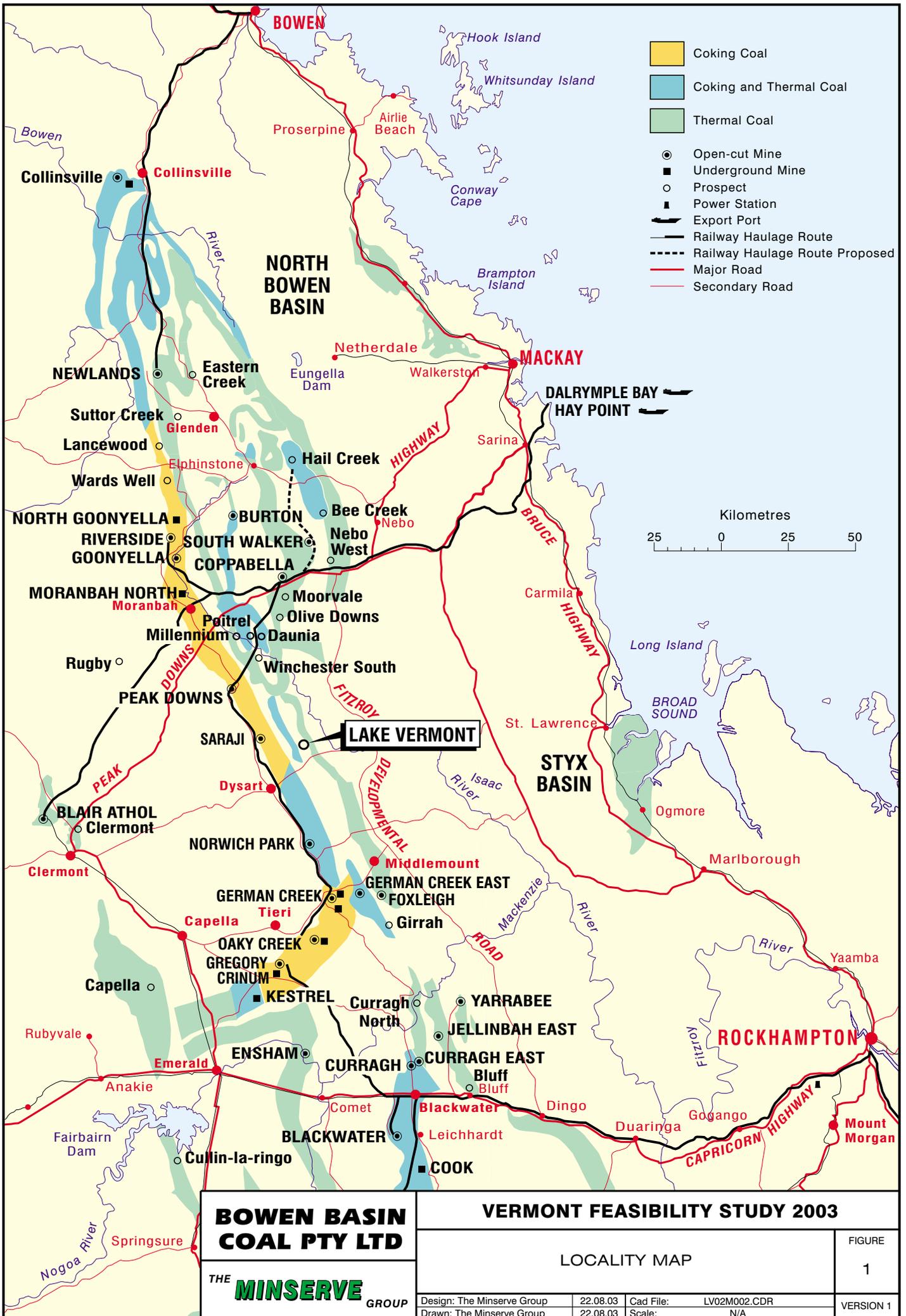
7.0 PROPOSED POST MINING LAND USE

Pre mining land use is cattle grazing and cropping on the areas of better soils. The site has been previously extensively cleared. The land use of areas surrounding the proposed mining lease is generally similar although the area to the west of the proposed development is used for coal production (Saraji Mine).

The proposed post mining beneficial land use for the Vermont coal project will allow natural development of the area for native plants and animals. Establishment of native bushland is defined as the establishment of vegetation that allows colonisation by surrounding non-weed species such that vegetation will progress towards native bushland with no designated agricultural or grazing use.

The area disturbed by infrastructure operations will be revegetated using pasture grasses with trees and shrubs used to create diversity. Post mining grazing may be the main post mine land use. Alternative beneficial land uses will be investigated and considered as mining proceeds and the company will seek to optimise the post mining land use within the natural limitations of the area.

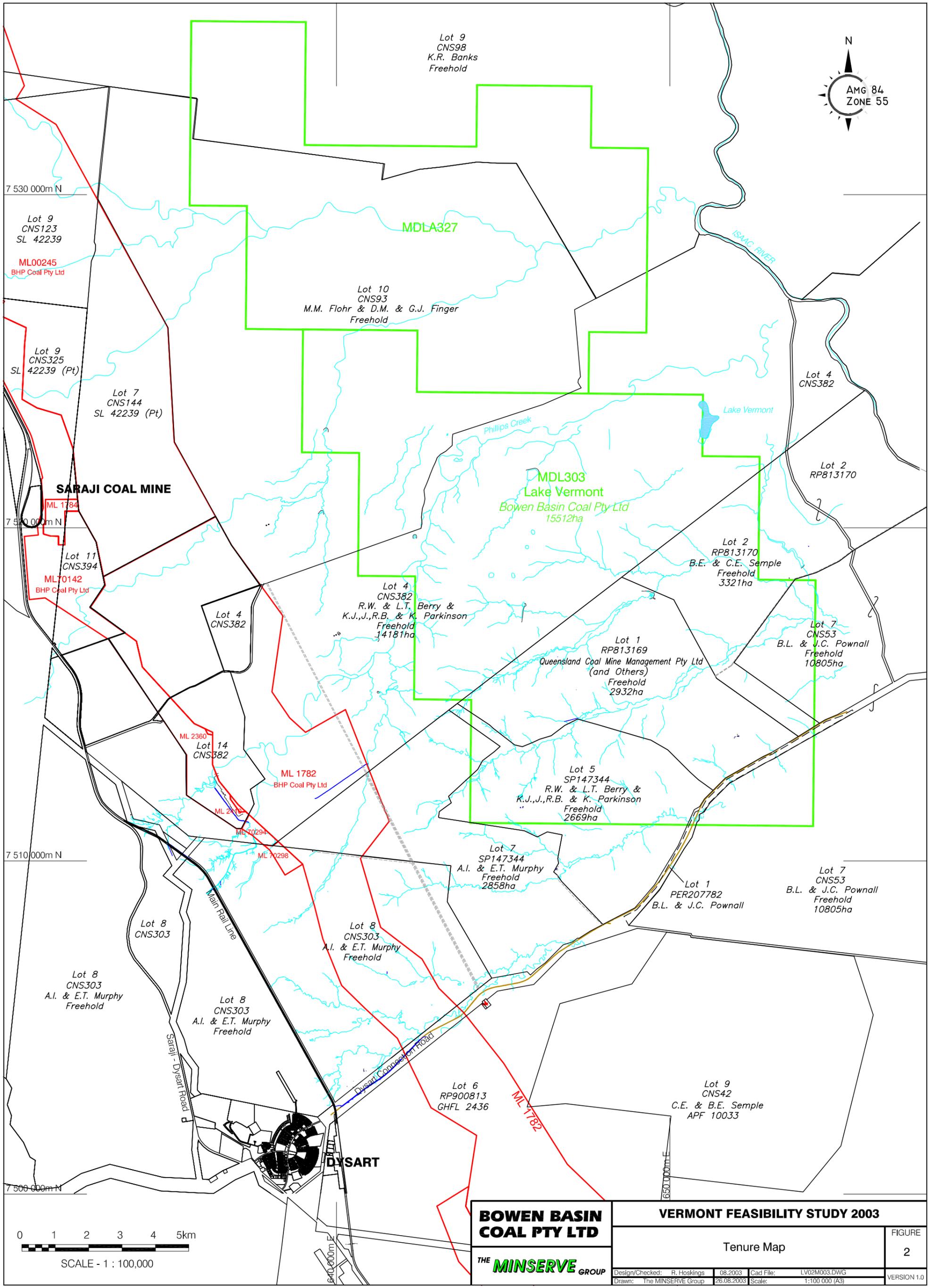
The proposed rehabilitation plan will ensure that the disturbed area does not adversely affect land outside the proposed mining area. The establishment of pasture grasses, native trees and shrubs and the proposed land form will allow subsequent land owners or the community the opportunity to select future uses for the site as long as the proposed uses or intensity of use do not result in degradation of the landscape.



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| | | |
|---------------------------------------|----------|------------------------|
| VERMONT FEASIBILITY STUDY 2003 | | |
| LOCALITY MAP | | FIGURE 1 |
| Design: The Minserve Group | 22.08.03 | Cad File: LV02M002.CDR |
| Drawn: The Minserve Group | 22.08.03 | Scale: N/A |
| | | VERSION 1 |

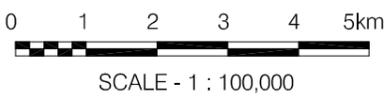


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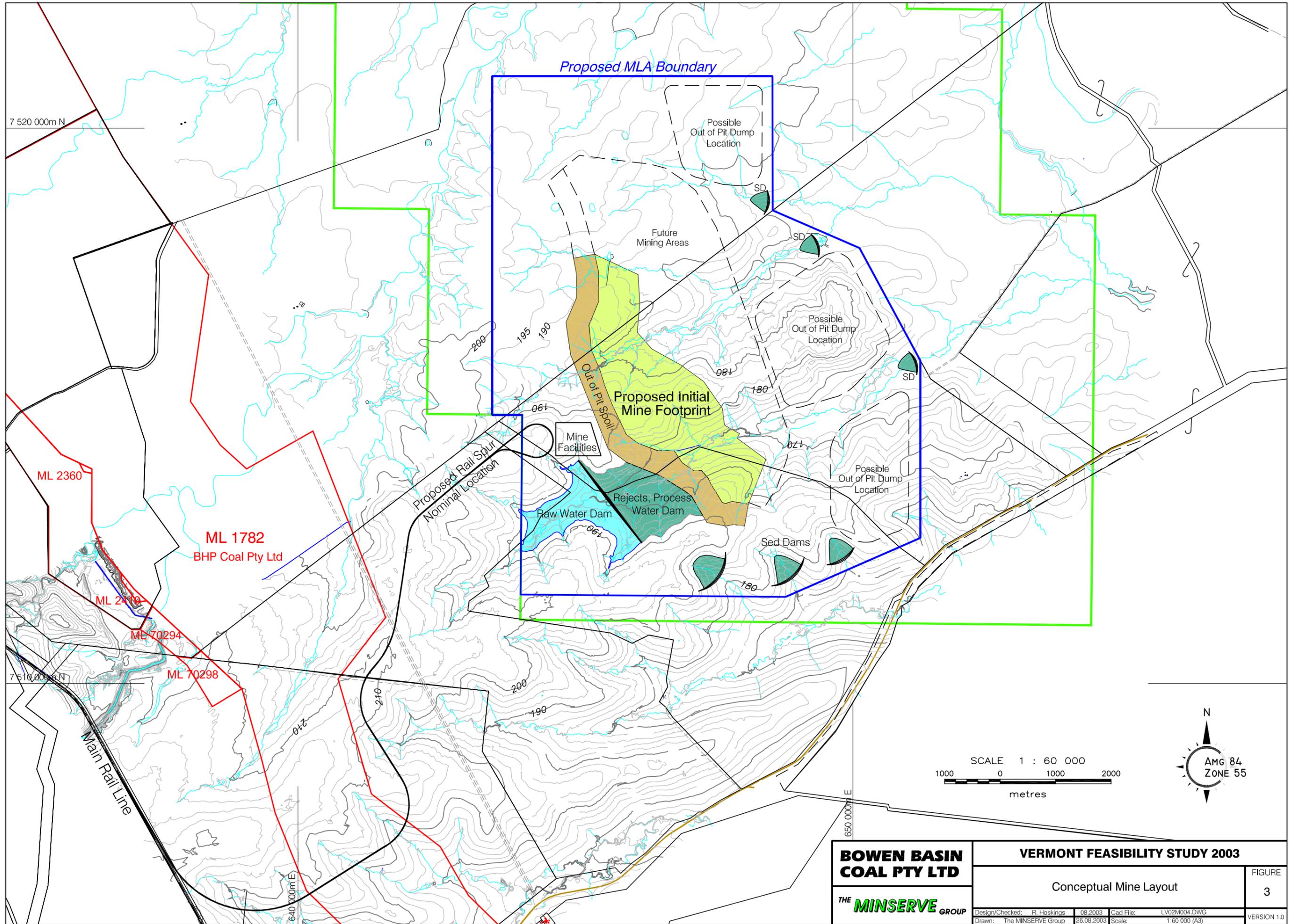
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| BOWEN BASIN COAL PTY LTD | VERMONT FEASIBILITY STUDY 2003 | | | FIGURE 2 |
| | Tenure Map | | | |
| THE MINSERVE GROUP | Design/Checked: R. Hoskings | 08.2003 | Cad File: LV02M003.DWG | VERSION 1.0 |
| | Drawn: The MINSERVE Group | 26.08.2003 | Scale: 1:100 000 (A3) | |



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| VERMONT FEASIBILITY STUDY 2003 | | FIGURE 3 |
| Conceptual Mine Layout | | |
| Design/Checked: R. Hoshings 08.2003 | Cad File: LV02M004.DWG | VERSION 1.0 |
| Drawn: The MINSERVE Group 26.08.2003 | Scale: 1:60 000 (A3) | |