



BHP Billiton Mitsubishi Alliance

SUSTAINABLE DEVELOPMENT

Covering health, safety, environmental and community performance
for the year ended 30 June 2008

Cover: Lexie Frankham,
Goonyella Riverside Mine

This page: Stuart Davison,
South Walker Creek Mine

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note from marcelo bastos

Welcome to BHP Billiton Mitsubishi Alliance's (BMA) 2008 Sustainable Development Report.

This report details the progress we have made over the past year, our current sustainable development priorities and objectives, and how we work to manage and govern our sustainability activities.

We were greatly encouraged by the feedback from our 2007 report. We are proud of the progress we have made, but we also acknowledge many areas for further improvement.

Our commitment to the health and safety of our people is absolute, and our impacts on the environment and community also must not be compromised.

The nature of our business means it takes a strong team effort to realise these commitments, and I greatly value the support of all our operations.

Our ongoing focus on the health and safety of our employees was demonstrated through our improved reporting statistics and in the reduction in our Reportable Injury Frequency Rate from FY07.

However, despite this improvement, we are a long way off what we need to achieve and we must keep safety at the forefront of everything we do, at work and at home.

During FY08, climate change was a key focus area for BMA. Our new growth projects have enabled us to take a 'best practice' approach to reducing and mitigating our greenhouse gas emissions through a number of avenues including energy efficiency.

Our Energy Excellence program, which aims at ensuring behavioural change, innovation and technological progress, is a key element of our overarching climate change approach.

Needless to say, the biggest environmental and social impact during FY08 was the devastating Central Queensland floods, affecting all our mine sites.

As detailed further in this report, our employees not only supported our communities, but showed enormous commitment and team work in managing the release of water and restoration of our operations.

I encourage you to provide feedback on our performance and this report. Please share your views by filling out the feedback form at the end of this report. We look forward to hearing from you.

Marcelo Bastos
Chief Executive Officer

We are proud of the progress we have made, but we also acknowledge many areas for further improvement.

[Marcelo Bastos,
Chief Executive Officer]

introduction

BHP Billiton Mitsubishi Alliance (BMA) is Australia's largest exporter of seaborne metallurgical coal. Our mines have a combined production capacity of more than 58 million tonnes per year, and almost all of the coal produced is used overseas in steel making.

BMA was formed in 2001, as a partnership between BHP Billiton and Mitsubishi Development Pty Ltd under which the two companies share equal ownership and management of seven Bowen

Basin coal mines – Blackwater, Broadmeadow, Goonyella Riverside, Peak Downs, Saraji, Norwich Park and Gregory Crinum – and the Hay Point coal export terminal near Mackay.

In addition, BMA manages two mines – Poitrel and South Walker Creek – on behalf of BHP Mitsui Coal Pty Ltd, which is owned by BHP Billiton (80 per cent) and Mitsui and Co (20 per cent).

Zero Harm: Our aspirational goal that reflects our continual drive to minimise harm to people, our host communities and the environment from our activities.

| 2008 SCORECARD (Year ended 30 June 2008) | |
|---|---|
| 12.2 | Recordable Injury Frequency Rate |
| 4.0 | BHP Billiton HSEC Performance Rating (Av)* |
| 3.0 | Environmental Protection Agency Performance Rating (Av)** |
| 50.7 | Production (million tonnes) |
| 53.1 | Shipments (million tonnes) |

*Range 1-5 (5 is best)
**Range 1-5 (1 is best)

02



LEGEND

- BMA open-cut mine
- BHP Mitsui open-cut mine
- BMA underground mine
- ▲ BMA proposed mine
- BMA export port

NORTH

0 20 40 60 80
Kilometres



health and safety

The health and safety of our employees is the first priority of our company. We are committed to creating a workplace that is injury, illness and incident free, and seek to achieve this by creating a mindset and an environment where people believe these objectives are possible.

It starts with leaders demonstrating an overriding commitment to everyone's care and wellbeing, and ends with a safety culture where every person shows a genuine desire to assist and support each other in the pursuit of Zero Harm.

We acknowledge that injury reduction programs alone will not prevent fatalities, so we are increasingly focused on eliminating fatal risks. BMA's compliance with BHP Billiton's Fatal Risk Control Protocols (FRCPs) form an integral part of this focused effort.

The FRCPs were developed after a rigorous, internal analysis of significant past incidents and fatalities. Our sites are regularly audited by BHP Billiton, and review their own compliance through self-assessments and the BMA Equipment Compliance inspection process.

Furthermore, BMA has established targets to stretch our proactive reporting of potentially significant

incidents. This is emphasised by our desire to eliminate Zero Barrier incidents, improve the quality of significant incident investigations, incorporate hard controls wherever possible, and take lessons learnt from past safety incidents and implement corrective actions across the business to ensure they don't occur again.

Our 'One BMA' projects are focussed on addressing our key risks and include:

- the installation of an in-vehicle management system in all of our light vehicles,
- the introduction of collision avoidance technology,
- a behavioural based peer-on-peer observation program,
- ZIP safety education program,
- Optalert fatigue assessment and early warning technology, and
- the evaluation of the single and multiple fatality exposures across all sites.

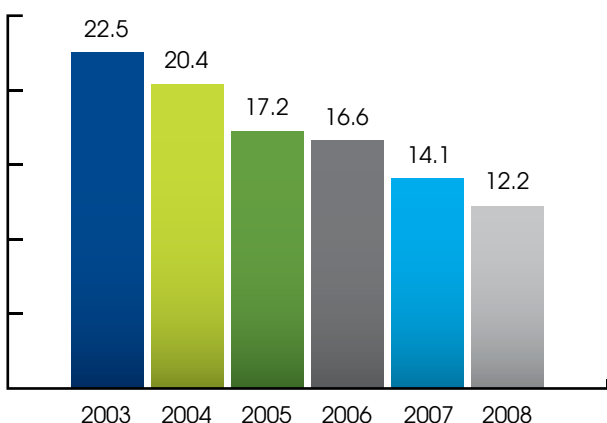
Our focus was demonstrated during Safety Week, a company-wide initiative to refocus all employees' attention on safety and prevent fatalities. The week included workshops and feedback sessions aimed at providing supervisors with additional safety leadership skills.

In addition, BMA has also:

- Commenced the Training and Access Management System project (TAMS) to standardise mine and port entrance points and business processes
- Held Contractor Management Forums to foster alignment with BMA programs and goals
- Introduced an equipment compliance program to ensure all vehicles entering sites are compliant with BHP Billiton Fatal Risk Control Protocols and Standard Operating Procedures
- Developed a BMA change management standard, training package and templates. Roll-out commenced at Broadmeadow and Goonyella Riverside mines
- Developed a BMA supervisor Competency Course to meet Queensland coal legislation
- Implemented a new BMA Safety Observation Program to replace the DuPont process previously used
- Undertaken an analysis of injuries over the past five years to determine causes and trends as part of the injury reduction program
- Analysed and documented the physical demands of all tasks at BMA in the JobFit System for use in rehabilitation programs
- Implemented a standardised health and occupational hygiene record system, making BMA one of the first BHP Billiton businesses globally to implement such a system
- Commenced a hygiene monitoring and support services program which started with a survey conducted at each site to direct future noise and air quality exposure monitoring programs.

BMA's overriding commitment to health and safety is embedded in the BHP Billiton Sustainable Development Policy. This means we will not compromise our safety values, and we will identify, assess and manage risks to employees, contractors, the environment and our communities.

HOW WE PERFORMED (Year ending June):
Recordable Injury Frequency Rate



We improved our Recordable Injury Frequency Rate (RIFR) for the 2008 financial year from 14.1 to 12.2, but missed our target of 11.3.

04

key safety initiatives

DOZER BLADE LIFT CYLINDER LIGHT BRACKET MODIFICATION GOONYELLA RIVERSIDE MINE



A new method for accessing and repairing lights on dozers was developed by Goonyella Riverside Mine's mobile maintenance group, saving time and significantly reducing the safety hazards associated with the task.

Repairing lights on dozers has historically been a high risk job, as lights usually break down when the dozer is operating in the field.

The Dozer Blade Lift Cylinder Light Bracket Modification was designed by Brendan Buckton, Kevin Dalton and Dennis O'Flanagan to provide safe access (in any location) by eliminating the need to work at heights.

Instead, the operator lowers the light bracket using a rope until it is securely in place. This allows maintenance to be carried out below the working at heights threshold of 1.8 metres.

For a task that is undertaken up to three times per night, the benefits of this modification will be substantial.

SHOVEL UNDERBODY CLEANING BLACKWATER MINE

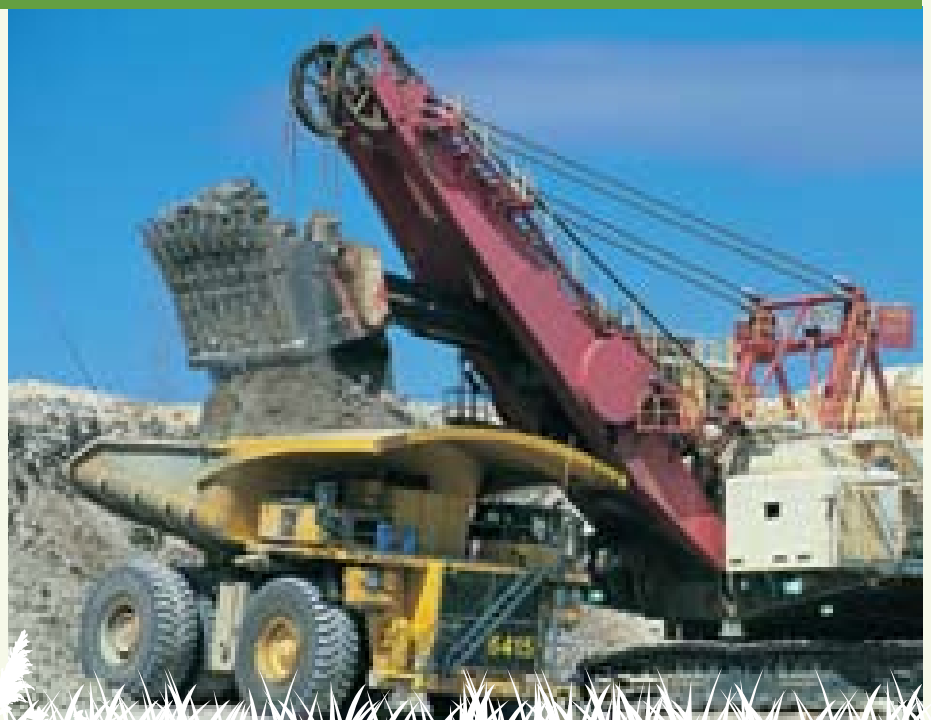
Employees at Blackwater Mine have developed an innovative method to remove the unstable and hardened material that frequently forms on the underbody of a shovel.

The previous techniques, which saw employees climbing under the shovel, were called into question following an incident where a shovel was bogged, and the process of cleaning the mud raised a number of safety hazards and risks.

Blackwater Mine employees, Deon Howells, David Byrne, Greg Hinchliffe and Ronald Hochmuth, developed a solution that allowed the underbody to be cleaned without anyone in the immediate working area.

Coordinated via remote control, the cleaning vessel is mounted on a movable platform ensuring all personnel are away from the dozer's risk zones.

BMA will replicate these and other key initiatives across all our sites.



supporting our communities

BMA believes that supporting the townships where our employees live involves more than just providing financial support; it is about working in partnership with the communities to create positive outcomes and long-term benefits.

We recognise that services in regional communities are not always on a par with bigger centres, so we aim to improve the quality of life for our employees and their families by helping to upgrade town facilities and working with Government to improve regional living.

We facilitate this through our Community Investment Program, through which we invested over \$22 million in FY08. The Program includes regional infrastructure support, our well established Community Partnerships Program, 'Landmark' projects, local site initiatives, and our Skills for Growth program. These are explained further on page 6.

We actively seek community and employee input into these programs, and endeavour to establish regular and open communication through a variety of activities.

These include consulting with groups who have specific interests (such as environmental management), engagement through community reference groups, site tours, information sessions for Government including local Council, public open days, stakeholder forums, complaints tracking and management, perception surveys, magazines and newsletters as well as formal reporting.

BMA's community engagement on future Bowen Basin projects is detailed on page 15.

BMA was a key initiator and leader in the development of the Sustainable Resource Communities Agreement, signed in 2008.

The agreement aims to strengthen partnerships between government, industry and local communities, and will be backed by a \$100 million funding program from the Queensland Government over three years for economic and social infrastructure, such as healthcare and schooling in regional mining communities.



REGIONAL INFRASTRUCTURE SUPPORT

\$14.8 million per annum

BMA provides long-standing regional infrastructure support through local councils and government where BMA townships are established. This includes:

- funding through Council rates and special levies; and
- subsidies and allocations including maintenance of local roads and airports and other council infrastructure, facilities and water.

COMMUNITY PARTNERSHIPS PROGRAM (CPP)

\$1 million per annum

We work with our communities to develop partnerships that create sustainable value for all. We supported 23 regional community programs in FY08 under the following categories:

- Youth Development;
- Economic Development/ Business Skills Training;
- Community Development and Welfare;
- Community Safety, Sport, Wellbeing and Recreation;

- Arts, Entertainment and Cultural Development; and
- Environment and Sustainable Development.

Programs supported through the CPP included: Learning Network Queensland, CQ Youth Workers, Be More Active – Moranbah, Salvation Army Moneycare, Sustainable Landscapes and Musica Viva. For more information on the CPP, refer to the case study on page 7.

LANDMARK PROJECTS

\$3.25 million over FY07 and FY08

In response to the specific needs of our communities, we are investing in significant, or 'landmark' projects to further improve the towns in which our people live and work.

BMA's Landmark projects are coordinated in conjunction with the Queensland and Commonwealth Governments, local Councils and in some cases, other coal companies and industry bodies.

Projects underway include:

- the Blackwater International Coal Centre (opened in August 2008); and

- the Dysart Multi-purpose Sports Centre (proceeding shortly to detailed design following approved Commonwealth funding).

LOCAL SITE INITIATIVES

\$4.7 million per annum

Each BMA site and office take pride in playing an active role within the community and supporting local initiatives and projects. We also support our employees' initiatives and involvement with local community groups and events.

Sites contribute to a range of community support activities, covering areas such as local business development, community health, environment and sport and recreation.

In addition to this, significant donations in FY08 were made to the Emerald and Mackay flood relief programs, and the Queensland Cancer Foundation.

SKILLS FOR GROWTH

\$925,000 per annum (plus wages and salaries)

BMA has taken a wide ranging approach to attracting and retaining skills in key areas of mining. Initiatives include:

- engineering partnerships with The University of Queensland and Central Queensland University;
- graduate scholarships, a Cadetship Program and an Engineering Extension Program; and
- support for industry initiatives through the Queensland Minerals and Energy Academy.

In addition to these initiatives, many BMA employees contribute to their community through volunteering, fundraising for community organisations, or making donations to charity.

Through the BHP Billiton Matched Giving Program, the company financially doubles this contribution by 'matching' the amount provided to local organisations.



case study

COMMUNITY PARTNERSHIPS PROGRAM – CONTINUOUS IMPROVEMENT



Moranbah Library

As part of our commitment to continuous improvement in our communities, BMA commissioned an independent expert review into the performance of its Community Partnerships Program (CPP) in FY08.

Formed in 2002, the CPP was established to address social needs by developing partnerships that focus on creating sustainable value. BMA allocated \$1 million to 23 projects operational during FY2008. Projects supported fall into one of six CPP categories (see page 4).

Reviewers from The University of Queensland's Centre for Social Responsibility in Mining spoke to CPP project partners throughout the Bowen Basin about the program's operation, effectiveness and measures of success.

Overall, the reviewers found that the CPP was highly valued by its partners and that it had been effective

"The relationship with BMA has been good – it has given us new skills and broadened the knowledge base."

"BMA do community engagement well, they are sincere about it and the Community Partnerships Program."

in leveraging matched funding from government departments and local councils. Project partners identified the CPP's focus on local community needs, as identified by the community, as a "great strength" of the program.

The review also highlighted some of the difficulties faced by partners in managing cross-institutional projects and how regular reporting processes could be further improved.

The reviewers made a number of recommendations to improve the operation of the CPP and to ensure the CPP maintains its relevance within the local region.

The review recommendations will be discussed with project partners to determine what needs to be done to strengthen the CPP and ensure it continues to deliver positive and sustainable outcomes for the communities of the Bowen Basin.

2008 CENTRAL QUEENSLAND FLOODS

During January and February this year, Central Queensland experienced severe flooding. While the floods impacted on our operations they also caused havoc and a challenging clean up in the communities where our employees and their families live.

Many of our employees, particularly those from Gregory Crinum Mine and Hay Point Coal Terminal, volunteered their time to evacuation support, providing emergency housing and ensuring that houses were safe from electrical risks before people returned to their homes.

As a company, BMA provided financial support through the Premier's Appeal Fund and also through local donation programs for community groups established in both areas.

In both Emerald and Mackay, we worked in partnership with the

Salvation Army and local community recovery groups, allocating \$110,000 to more than 20 community and sporting groups.

A key recipient of the funding in Emerald was the Central Highlands Development Corporation who looked at the economic impacts the floods had on local businesses and industry.

The impact on a number of our sites was significant, with many isolated for up to seven days, and some parts of our mines inaccessible for almost two months.

With access restored, initial responses included the coordination of supplies (such as fuel), and the release of water.

BMA has been working closely with the Environmental Protection Agency to maintain water quality in downstream creeks.

While dewatering continues only at Goonyella Riverside Mine, a number of sites still have significant water volumes in pits, and mud removal continues at all mines.

The impact on the business has been considerable, with *Force Majeure* on sales to customers announced on 24 January and lifted on 5 June, with expected losses reaching eight million tonnes.

To ensure that such impacts are minimised in the future, we have improved our preparation for the next wet season by increasing water storage and upgrading water management systems and monitoring capability.

Flooding severely impacted the town of Emerald in January 2008



Photo courtesy of Central Queensland News.

environment

BMA operations are centred on long term sustainability to provide a platform for growth.

This means that while the company grows in economic importance, we simultaneously progress our sustainability performance in environmental management.

This performance is not only critical to maintain our licence to operate, but also for our own goal of Zero Harm.

We pursue a range of programs to improve our performance toward this goal, and have set specific targets in areas such as land, water, energy use and air emissions.

In FY08, we focussed on a number of key areas to improve performance:

- Many sites are commissioning water management models to test impacts of various rainfall events. This will minimise disruption to operations and ensure compliance with water release conditions.
- Closure concepts are now integrated into site landform planning. This will reduce the number of ramps and ensure the material is available for spoil dumping. Longer term mine planning takes into account the final rehabilitated landform.
- We are working with the relevant authorities to secure environmental approvals for growth projects. While some projects can be covered through amendments to existing approvals, we must prepare Environmental Impact Statements for significant new projects.
- Biodiversity management plans are being developed for all sites to conserve biodiversity values and to allow integration of unmined areas into closure plans.

Figure 1: BMA LAND USE

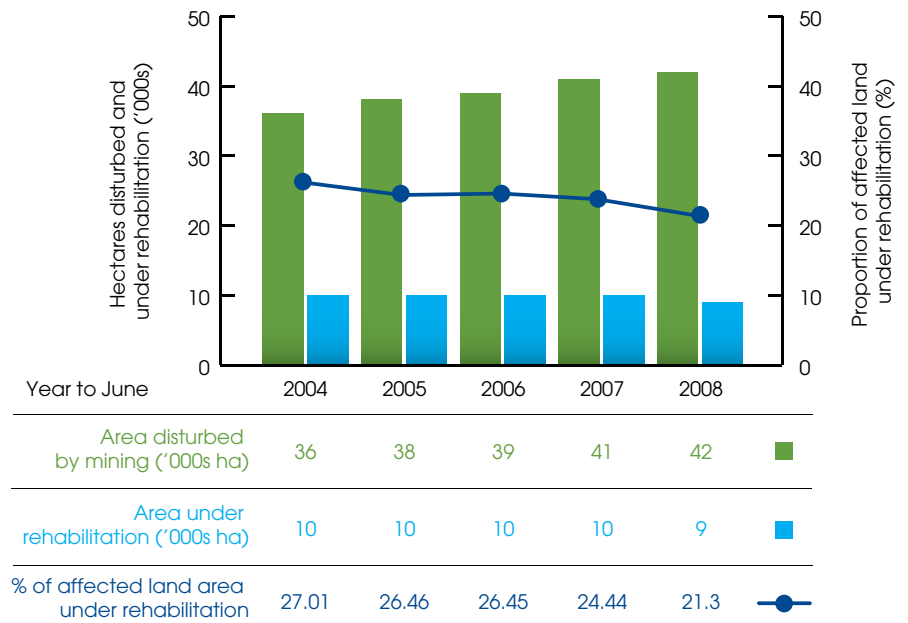
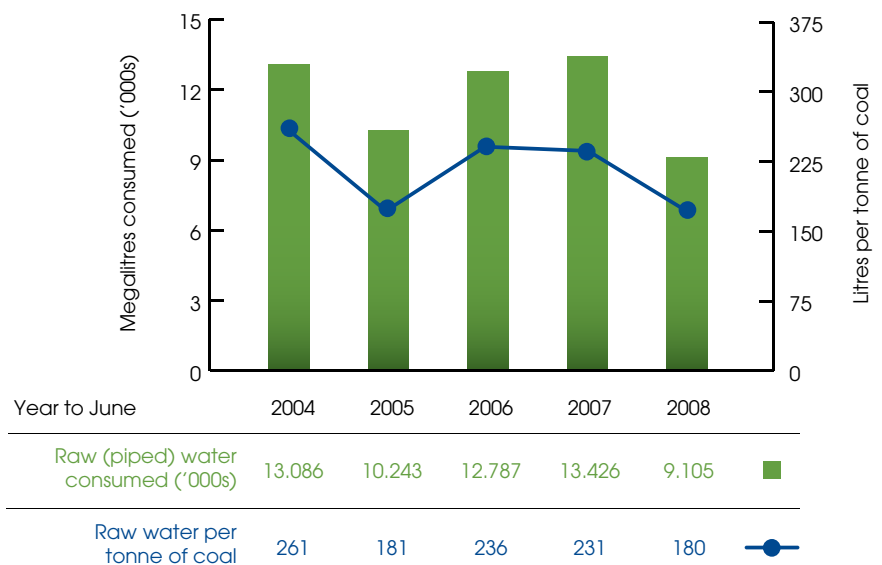


Figure 2: HIGH QUALITY (PIPELINE) WATER CONSUMPTION



Over the past year our key achievements included:

- Norwich Park Mine regained the Environmental Protection Agency's (EPA) Performance Category 1. This is a great achievement, with very few mines qualifying for such a rating.
- BMA adopted an electronic data management system, EnviroSys, to ensure managers are notified of potential non-compliance in relation to water, noise and air quality.
- As part of our ongoing program of developing Indigenous cultural heritage awareness, the Traditional Owners (Barada Barna Kabalbara & Yetimarla) established a garden to exhibit artefacts at Goonyella Riverside Mine.
- BMA secured a new single Environmental Authority for Norwich Park Mine which includes the new East Pit area.
- Following the floods, the EPA allowed mines to release water into flowing creeks at a rate greater than normally allowed, under strict downstream water quality criteria. These arrangements assisted considerably in site recovery from the floods.

LAND MANAGEMENT

The area disturbed by mining over the past year increased by 1,000ha to 42,000ha, a steady upward trend aligned to our planned mining activities.

The area of land under rehabilitation fell slightly to 9,000ha for two reasons. Firstly, a number of the sites have stockpiled spoil on rehabilitated areas due to existing stockpiles reaching capacity. This situation is not ideal, and is being reviewed in future mine planning.

Secondly, areas to be rehabilitated are on such a large scale that it is more economical to undertake one large rehabilitation project than do small sections each year.

These larger projects are planned as part of our mine life planning, which identifies post-mining landforms as well as future rehabilitation areas to fit in with current and future mining activities.

WATER MANAGEMENT

In the past year, BMA has reduced consumption of high quality (pipeline) water by a significant 32 per cent.

This decrease, due partly to the water saving techniques implemented by our sites, also relates to the increase in use of on-site water.

Due to the flooding earlier this year, our on-site storage has increased, allowing sites to draw large amounts of stored water for activities such as washing and coal processing that have relied on pipeline water in recent drought years.

BMA worked closely with the EPA following the flooding to ensure water release flowing into creeks met strict water quality criteria.

Our ongoing water supply activities during the year included pumping almost 15,000Ml of water to the BMA and BHP Mitsui sites, three towns, two non-BMA sites (German Creek and Kestrel Mines) and 350 stock and domestic consumers through 600km of pipelines and 36 pumping stations.



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OUR CLIMATE CHANGE JOURNEY

BMA acknowledges the risks posed by climate change and understands that the only realistic way to combat that change is by reducing greenhouse gas emissions.

As we continue to grow our business, we also resolve to improve the energy efficiency of our new and existing operations and minimise the growth in our emissions.

BMA plans to manage our energy use and greenhouse gas emissions through two key measures:

- We are investigating the feasibility of harnessing some of the methane released to the atmosphere during mining. Possible uses include supplying gas to the domestic market and on-site power generation – these and other options will be considered.
- BMA's Energy Excellence (EEx) program is identifying and trialling potential energy efficiency improvement projects at selected sites. Successful

projects will be progressively rolled out company-wide (see case study, page 13).

We also continue to fund a variety of climate change mitigation initiatives, such as the Australian Cooperative Research Centre for Greenhouse Gas Technologies, through the Australian Coal Association's Research Program that undertakes leading research into the development of technologies for carbon dioxide capture and geological storage.

BMA is a major driver and financial contributor to the Australian Coal Association's COAL21 initiative, raising an estimated \$1 billion over the next 10 years for the research, development and demonstration of clean coal technologies aimed at combating climate change.

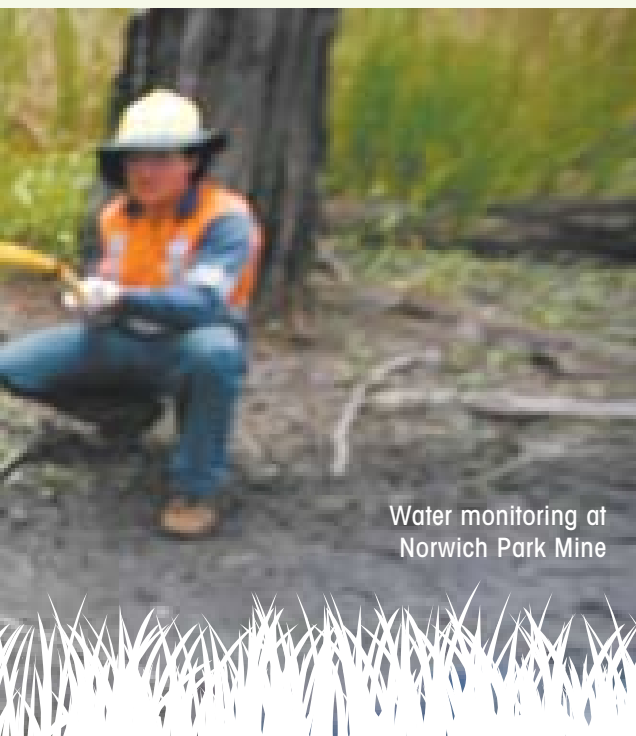
Through this fund BMA supports new low emission demonstration projects, including the Callide Oxyfuel project in Central Queensland, the Munmorah Post Combustion Capture project in New

South Wales and a feasibility study into the proposed ZeroGen integrated gasification combined cycle project in Central Queensland.

Further to this, mapping studies are underway in Queensland and New South Wales to better assess carbon storage potential as a key supporting element for both pre and post combustion demonstration technologies.

BMA places equal importance on the need to raise awareness amongst our employees and communities about climate change issues and responsible energy use.

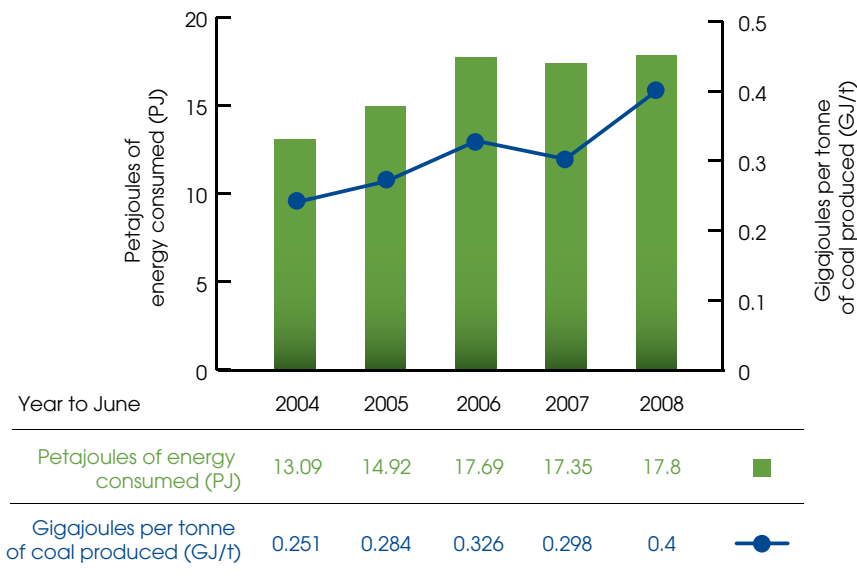
Tackling climate change is a shared responsibility, and we aim to give our employees the right tools to make a contribution at work and home.



Water monitoring at
Norwich Park Mine

BMA places equal importance on the need to raise awareness amongst our employees and communities about climate change issues and responsible energy use.

Figure 3: ENERGY USE and INTENSITY



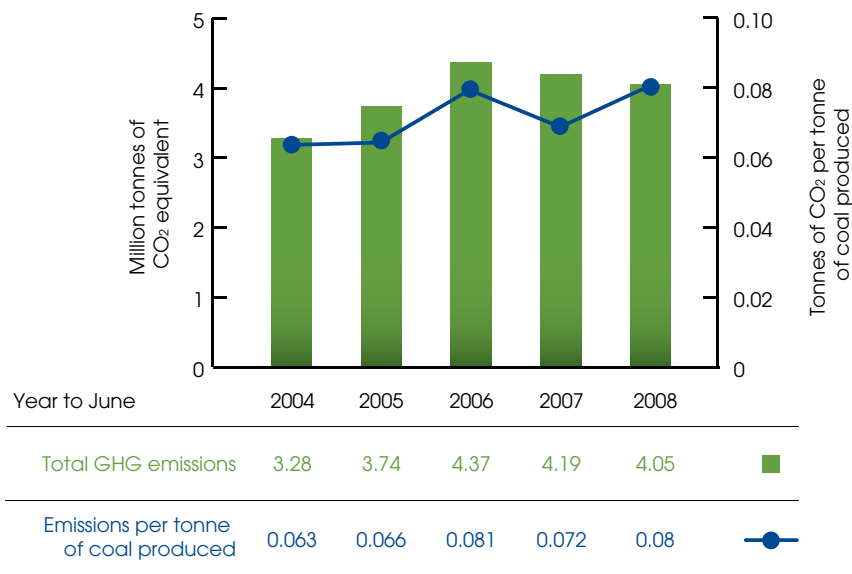
ENERGY MANAGEMENT

BMA's use of energy increased over the past year both in total energy consumption and energy intensity (per tonne of coal produced) (see Figure 3).

After a slight drop in intensity in 2007, our energy consumption and energy intensity in 2008 continued the upward trend that has been evident since 2001.

Our increasing energy intensity is related to the maturity and depths of our operations. With our trucks and other mobile equipment having to work harder and travel further for every cubic metre of earth moved, and our draglines and shovels having to excavate greater volumes of overburden for every tonne of coal exposed for mining, our use of diesel and electricity per tonne of final product has risen over time.

Figure 4: GREENHOUSE GAS EMISSIONS and INTENSITY



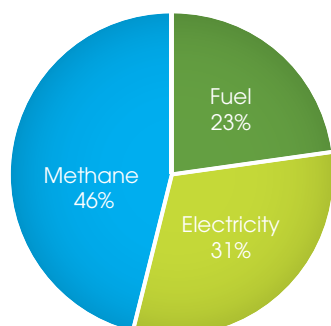
GREENHOUSE GAS MANAGEMENT

BMA's emission of greenhouse gases is based on our consumption of energy (electricity and diesel fuel) and our estimated emission of coal seam methane during production (see Figure 5).

As these factors increase due to the age, scale and depth of open cut mining, BMA's energy and greenhouse emissions per tonne of coal have increased over the past year (see Figure 4).

Despite this intensity increase, our total greenhouse gas emissions actually dropped 3 per cent to 4.05 million tonnes (of CO2 equivalent), a reduction due mainly to our reduced production in the second half of the year with the widespread flooding.

Figure 5: GREENHOUSE GAS EMISSIONS BY SOURCE (FY08)



DRAGLINE BUCKET EFFICIENCY SOUTH WALKER CREEK MINE

BMA is committed to environmental responsibility and sustainable development, and through the Energy Excellence Program (EEx), we aim to reduce energy and greenhouse intensity across our operations.

Through steering committees and site ownership of the EEx Program, BMA has identified a number of projects to reduce energy consumption. One of these initiatives, dragline bucket efficiency, is already showing significant results, with energy reductions of 20 per cent when filling the bucket.

Estimated electricity savings are in the order of 630 megawatt hours (MWh), equal to turning off power to approximately 500 homes for one year.

The project stemmed from BMA's dragline fleet upgrade study (at South Walker Creek Mine) aimed at increasing the payload capacity of each bucket by 25 per cent.

To increase the new bucket's weight (or payload) capacity by this level, to the desired 125 per cent of the dragline's 'rated suspended load', the shape of the bucket was altered to obtain the optimal relationship between bucket mass, height and width for filling efficiency.

Ordinarily, a bigger and wider bucket would mean the dragline suspends a heavier payload and uses more energy; however, it was a key goal to not only increase the bucket's load but also maintain, or reduce, the energy required to fill the bucket.

Following the studies, designs were approved for the development of a light-weight bucket, with a more streamlined design to improve removal of spoil when in operation. The redesigned bucket and rigging weighs 62 tonnes, and can carry up to 109 tonnes per load.

Now in full operation at South Walker Creek Mine, the energy required to fill the bucket has reduced by 20 per cent. Similar bucket efficiency designs are being replicated at BMA's Blackwater, Peak Downs and Goonyella Riverside Mines.



South Walker Creek Mine's
energy efficient dragline bucket

Energy Excellence is our way of improving our energy efficiency at each site and reducing our greenhouse gas intensity to ensure a cleaner future for our business and our community.

case study

indigenous relations

BMA is committed to creating sustainable benefits for the communities in which we operate, including the Bowen Basin's regional Indigenous community.

We aim to continue our contribution to the protection and conservation of Indigenous cultural heritage, and maintain our relationships with claimant groups by working in partnership with custodians, traditional owners and representative bodies.

Each operation has a site-specific cultural heritage management plan (CHMP) signed in agreement with the Traditional Owner groups. This allows each site to develop relationships with the group, and covers negotiation on a site basis specific to cultural heritage.

Sites also engage the services of Indigenous contractor groups for land management and agistment, and planning has begun for specific biodiversity projects to offset land disturbance. Poitrel Mine will trial the first biodiversity project in FY09.

BMA's relationship with Barada Barna Kabalbara and Yetimarla (BBKY) was strengthened during FY08 with the opening of a cultural heritage garden at Goonyella Riverside Mine.

The garden, landscaped with interpretative signs and sandstone pathways, features stone artefacts collected during cultural heritage surveys, and a replica sandstone shelter and campfire. The garden will help create awareness and understanding and respect for the traditions of the Indigenous people.

A Cultural Heritage survey being undertaken by BBKY



case study

GROWING BMA SUSTAINABLY

BMA continues to build upon its strong position within the coal sector. Our growth options include the expansion of existing operations and the development of new mines, with up to 11 projects planned for Central Queensland in the coming years. Daunia and Caval Ridge Mines are our first two proposed operations, both located in the Moranbah region.

Our commitment to sustainable development has been integrated into growth processes from the mine planning stage of these projects. This has resulted in BMA taking a 'best-practice' approach to community consultation and sustainable operations.

Internal workshops were conducted to review and determine areas of opportunity and risk within the sustainability framework. This covered aspects of social, economic and environmental sustainability, including:

- Energy efficiency
- Greenhouse Gas reduction and mitigation
- Protecting endangered regional ecosystems
- Water management
- Community engagement
- Regional investment
- Sourcing a workforce for construction and operation, and
- Indigenous relations.

Sustainable Development: development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Feedback from these workshops is being incorporated into the design and planning of the projects.

To ensure community and government were fully engaged in our growth strategy, BMA worked to provide the community with accurate and current information, through an open and transparent consultative process, and to align with local and regional councils and key influencers.

BMA conducted nine community displays during May and June 2008. Around 760 people had the opportunity to ask questions and provide comments about the proposed

mines and potential regional impacts. Key areas of interest included employment opportunities, accommodation for new employees, environmental concerns, local facilities and impacts on local lifestyles.

BMA established a community reference group to discuss key issues and to work with BMA to determine appropriate mitigation strategies, supported by ongoing meetings with the Isaac Regional Council to minimise our impacts on both the community and the local environment.



BMA's community display offering information on proposed growth projects

economic

The economic contribution we make to Queensland, and to Australia, is large and diverse on any standard, and includes the value that flows from the broader contributions of our operations, such as payments to our employees and suppliers, and taxes and royalties to governments.

THE MARKET FOR OUR COAL

BMA worked closely with its customers throughout the year to ensure we met their needs and expectations. While the declaration of *Force Majeure* due to flooding during the year posed a challenge for our customers we kept them updated on our progress in recovery and the delivery of product.

During FY08, we supplied coal to 77 customers in 24 countries, including some domestic customers in Australia. Our global marketing network includes regional offices with local representatives and a strong technical support team to work with customers and marketers on our range of products.

The market for seaborne metallurgical coal continued to tighten throughout the year with high prices achieved for our products and by our competitors. This growth was sourced in traditional markets as well as the strongly developing markets of India, China and Brazil.

The growth in these countries, particularly India, is well known and all three continue to increase their steel-making capacity with new blast furnaces. Growth of this magnitude has a wide-reaching impact and metallurgical coal has a key role to play, long term, in fuelling this growth.

The long term demand outlook for BMA's range of products is strong. While the early 2008 weather conditions have impacted Australia's supply of product, the outlook is for strong growth in the sector. Australian producers, including BMA, have an enormous opportunity to meet this demand due to our resource base and close proximity to key markets. BMA is positioning its growth projects to seize this opportunity.

ECONOMIC CONTRIBUTION IN FY08

9,800

Number of employees
(including contractors)

\$1,341M

Equipment, Goods & Services from
CQ Regional Business

8.6%

Female employees

\$1,131M

Equipment, Goods & Services from other
Queensland Business

\$651M

Wages and salaries

\$1,007M

Equipment, Goods & Services from other
Australian Business

\$396M

Coal Royalties

\$290M

Queensland Rail
freight charges

THROUGH OUR SKILLS FOR GROWTH PROGRAM WE SUPPORT:

153

Apprentices

75

Vacation students

59

Graduates

33

Trainees

33

University Scholarships

32

Cadets

3

Engineering Extension
Program participants



