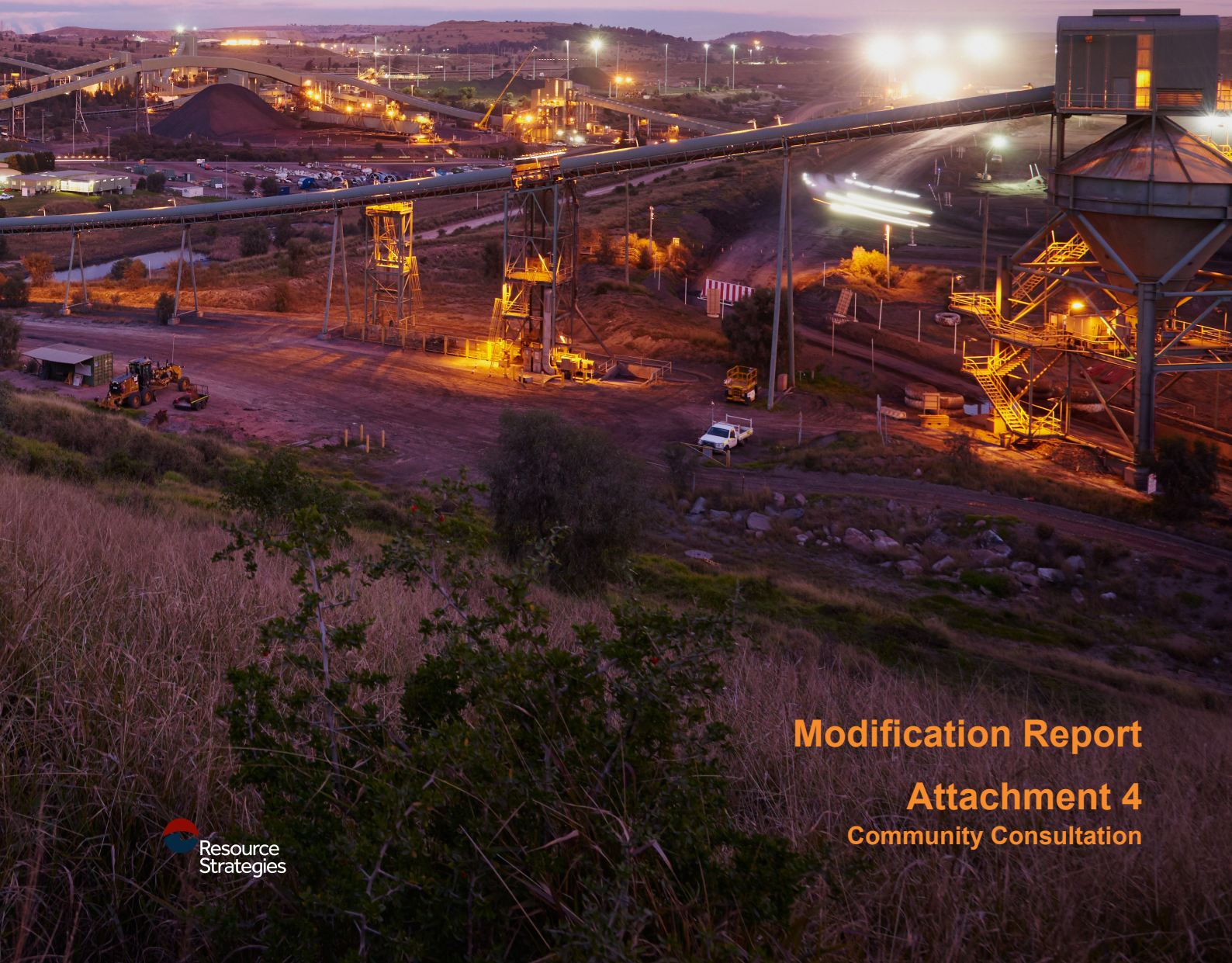




# MT ARTHUR COAL MINE MODIFICATION 2



**Modification Report**

**Attachment 4**

**Community Consultation**





# Mt Arthur Coal Mine Modification 2 Modification Report

## Attachment 4 – Community Consultation

| Consultation Item                                                                                           | Date Distributed            | Distribution Details                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Document 1a – “Mt Arthur Coal the way forward” (factsheet)                                                  | 16 June 2022                | Distributed hard copies to the approximate 2,200 FTE workforce.<br><br>Electronic copies provided to key stakeholders.<br><br>The BHP website was also updated with a dedicated Pathway to 2030 page, that included videos on the closure decision, as well as extensive local media engagement to ensure a wide local audience was aware of the decision. |
| Document 1b – “An important announcement to our workforce their families and residents in the Upper Hunter” |                             |                                                                                                                                                                                                                                                                                                                                                            |
| Document 2 – Open Letter to the Community                                                                   | 17 June 2022                | Distributed via the Newcastle Herald                                                                                                                                                                                                                                                                                                                       |
| Document 3 – Mt Arthur Coal: Modification Project (MOD 2030) (factsheet)                                    | Finalised 30 September 2022 | Hard copies were provided to stakeholders participating in face-to-face engagements as part of the Social Impact Assessment during October and November 2022.<br><br>Electronic copies were also issued via email to stakeholders participating in virtual engagements as part of the Social Impact Assessment.                                            |
| Document 4 – Pathway to 2030: Mt Arthur Coal Modification 2 Project (factsheet)                             | Finalised 19 September 2023 | Will be uploaded to the Mt Arthur Coal Pathway to 2030 website and provided to interested stakeholders as part of the Modification Consultation process.                                                                                                                                                                                                   |

# BHP

## Mt Arthur Coal the way forward

**BHP has made a decision to retain Mt Arthur Coal in its portfolio. Relevant approvals will be sought to continue mining beyond the current mining consent (which expires in 2026) as part of a responsible process to cease mining in 2030.**

### Providing certainty

This decision provides certainty and something definite for all of us to work towards, together as we approach 2030.

### Every option explored

We undertook an extensive divestment review process which explored all options for Mt Arthur Coal, including a demerger and trade sale.

### Unique considerations

Mt Arthur Coal's historical financial performance and complex geology, known as the monocline, would have meant a new owner faced many challenges.

### Working together

Over the next eight years, we will work together with the community to undertake a comprehensive and equitable pathway to 2030 which will prioritise, above all else, building a forward plan for our Mt Arthur Coal team and surrounding communities.



### BHP to retain Mt Arthur Coal

Relevant approvals will be sought to continue mining beyond current consent.



### Responsible pathway to 2030

Mining operations to cease in June 2030.



### Eight years to work together

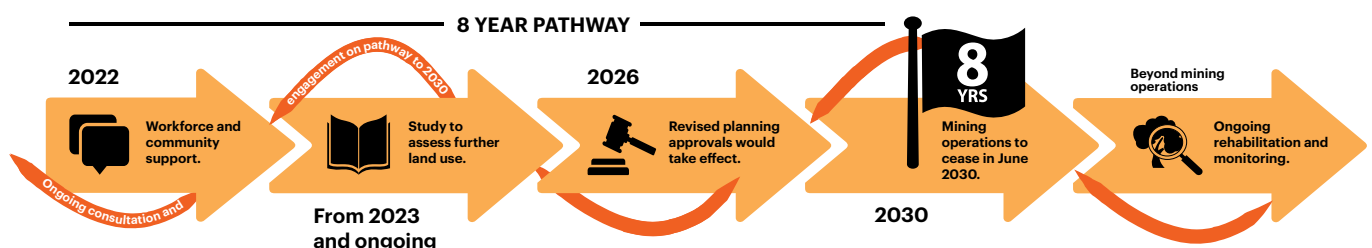
Nothing is changing right now.



### Rehabilitation and future land use

Our ambition is to collaborate on world class rehabilitation and future land use that supports the needs of the Upper Hunter.

**Generations of people, whether they're employees, community members, traditional owners, business owners or investors, have benefited from Mt Arthur Coal's operation. Ensuring its next phase is well managed and conducted in the community's best interests will be crucial.**



[bhp.com/pathway-2030](https://bhp.com/pathway-2030)

**To our workforce,  
their families, businesses  
and residents in the  
Upper Hunter,**

Following an extensive two-year review process, BHP has made the decision to retain Mt Arthur Coal in its portfolio.

At the same time, we will seek consent to continue mining beyond 2026, and proceed with a responsible process to cease mining by the end of the 2030 financial year and prepare for closure.

Mt Arthur Coal's greatest asset has always been its people - whether they're employees, community members, traditional owners, partners or investors.

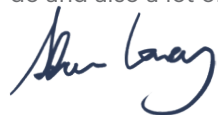
That's why we're committing to a long term approach, one where we can prioritise people and build a new future for our workforce and communities across the Upper Hunter.

Importantly, nothing is changing right now. We will continue to safely operate the site - as BHP has done since 2001.

This leaflet has been designed to address some of the more immediate questions you may have.

Inevitably, more questions will arise and we'll endeavour to answer and communicate these in good time.

Meanwhile, there is still a lot of work for everyone to do and also a lot of time for everyone to plan.



Vice President,  
NSW Energy Coal



## Mt Arthur Coal Key Facts:



### **BHP to retain Mt Arthur Coal**

Relevant approvals will be sought to continue mining beyond current consent.



### **Responsible pathway to 2030**

Mining operations to cease in June 2030.



### **Eight years to work together**

Nothing is changing right now.



### **Rehabilitation and future land use**

Our ambition is to collaborate on world class rehabilitation and future land use that supports the needs of the Upper Hunter.

# BHP

**An important  
announcement  
to our workforce,  
their families and  
residents in the  
Upper Hunter.**



# Q&A

## **What is the background of the Divestment Review?**

In August 2020, we began reviewing options to exit lower grade metallurgical coal in Queensland and thermal coal in New South Wales and Colombia. This was expected to take up to two years. During this time we have explored a range of options, including demerging the assets or selling them to third parties. We have made previous announcements around our Cerrejon and BMC assets.

## **What has BHP decided to do with Mt Arthur Coal?**

We have made a decision to retain Mt Arthur Coal and cease mining operations in June 2030, pending relevant government approvals. We believe BHP is in the best position to undertake a comprehensive pathway to closure program as we have operated the site since 2001.

## **What is the immediate impact?**

Importantly, nothing is changing right now. BHP will continue to safely operate the site as it has done since 2001. We will commence working with our key stakeholders on this decision and commence the approval process to secure mining approval until 2030.

## **What commercial considerations informed this decision?**

In reaching this outcome, we assessed a wide variety of considerations including offers received through the Divestment Review, mine life planning and resource quality as well as financial performance. We concluded Mt Arthur Coal's commercial viability was limited beyond the 2030s. Or certainly not secure enough to warrant the significant capital investment and effort that would be required in the near term for mining beyond 2030.

## **Was there anything else at play that influenced the outcome?**

In making this decision, we balanced our corporate strategy, our responsibility to shareholders and understanding their expectations, along with broader societal expectations and commitments, including those of the local communities in which Mt Arthur Coal operates. This outcome was the best financial outcome and best addressed all concerns while aligning with our portfolio strategy.

## **Why is Mt Arthur Coal closing in 2030 and not earlier?**

We evaluated a range of timelines and believe that around 2030 will allow us with enough time to undertake a responsible pathway to closure with a focus on workforce and community empowerment.

## **Why won't BHP sell the operation to someone else who will continue to operate the mine beyond 2030?**

A thorough bidder engagement process was executed to identify parties who satisfied our joint objectives of realising shareholder value and demonstrating a robust commitment to the community, environment and progressive rehabilitation. Unfortunately, this did not eventuate in a viable offer and when taking all factors into consideration, BHP's continued ownership and operation of this site across the next 8 years was a better and more certain outcome for everyone.

## **Why didn't you just sell the mine to someone for \$1?**

The short answer is because that's not in our team or the wider community's best interests. Mt Arthur Coal sits at the very heart of Muswellbrook, it is the largest coal mine in the region and plays an important role right across the Hunter Valley. We owe it to you to be certain that this site continues to be operated safely and responsibly from an environmental, community and social value perspective.

## **Where does this decision fit in the bigger picture for BHP?**

We have made this decision based on the value of Mt Arthur Coal post 2030. This decision takes into consideration a range of financial and economic factors. It also fully aligns with our corporate strategy, responsibility to shareholders and their expectations, along with broader societal expectations and commitments, including those of the local communities in which Mt Arthur Coal operates.

## **What is the future of coal at BHP?**

As previously communicated we are concentrating our coal portfolio on higher grade coking coals. We have made this decision based on the value of Mt Arthur Coal post 2030. This decision takes into consideration a range of financial and economic factors. It also fully aligns with our corporate strategy, responsibility to shareholders and their expectations, along with broader societal expectations and commitments, including those of the local communities in which Mt Arthur Coal operates.

## **Is it possible you could have kept Mt Arthur Coal running for longer to see how things played out in the market?**

Alongside ongoing price volatility, our longer-term outlook on the fundamental financial viability of Mt Arthur Coal led us to conclude it was in the best interests of all stakeholders to undertake an extended and considered pathway to closure instead of risking a sudden and unexpected closure in the future. We also think it is preferable to provide certainty to our people and our communities after many years of speculation.

## **Didn't BHP apply for approval through to 2045? Will you be stopping the approval until you figure out what you're doing with the mine or continuing the approval?**

BHP undertook a range of initial steps to prepare an application to seek approval to mine until 2045 – which included consultation with many stakeholders. However, no formal

application was ever made for this Approval.

## **When will I know what it means for me?**

Importantly, nothing is changing right now. BHP will continue to safely operate the site as it has done since 2001. As soon as the details of the pathway are finalised, we will communicate further so that you can better understand what it means for you. For now, it's business as usual and our shared objective is continuing to run our operation safely until around 2030.

## **Will the company pay for me to reskill and support me in learning another trade?**

We will be working through what support mechanisms will be put in place as the closure date approaches. Once a decision has been made we will share this with you.

## **There's currently a significant hole in the ground. What will happen with the mine void?**

This decision highlights how seriously we take our closure and rehabilitation obligations. BHP will work with the stakeholders, including the NSW Government, to develop final closure landforms through the planning process.

## **What will the site become after it is closed?**

Over the next few years, we will work closely with key external stakeholders and the community, Muswellbrook Shire Council in particular, to determine the most appropriate land use after mining operations have ceased.

## **BHP is making massive profits. Why can't you just keep running the mine?**

Mt Arthur Coal reported operating losses in FY2020 and 2021. While the coal price is strong right now, we know how cyclical the industry is. No business is able to justify prolonged performance of this nature or be dependent on external factors to make a profit. The performance of each of our assets is assessed individually, as though each mine is a standalone business.

## **Were the relevant unions consulted as part of this process?**

Direct communication with our employees and representatives is our top priority as part of this announcement and throughout the pathway to closure process. We will be consulting with employees and their representatives every step of the way.

## **What if the coal price falls over the next eight years? Will you close us early?**

We are committed to delivering a responsible mine closure that balances the needs of our people, community, local businesses and government over the next eight years. We know the cyclical nature of our industry all too well and how important it is to focus on what we can control – safe productivity. We are committed to doing the right thing and working with everyone to co-create a shared vision for the future of the region.





**To our workforce, families, businesses and residents in the Upper Hunter**

To the people of the Mt Arthur Coal mine, their families, our suppliers, local businesses, community leaders and residents of the Upper Hunter.

As you know, for the past two years BHP has been reviewing options for the future of Mt Arthur Coal.

We have completed that process and, as a result, a decision has been taken to seek the relevant approvals to enable mining to continue to 2030, an additional four years beyond our current consent. After that time, we will wind down mining operations and rehabilitate the site – a process that will take a further 10 to 15 years.

We know this is significant news for many, especially those in and around Muswellbrook, and comes at a time when many of us are thinking about the future for our region.

**Why are we making this decision?**

Mt Arthur Coal has been economically challenged for a number of years and despite a recent price strengthening, we know it is a complex pit to operate. New approvals and significant capital investment to develop into new areas would be required to keep the mine running beyond 2030.

That's why, after two years of extensive work and looking at all options, it has been determined that operating to 2030 and then moving to long-term rehabilitation is the best option from an economic, community and rehabilitation perspective.

Seeking approvals to enable mining to continue to 2030 means we seek to extend Mt Arthur Coal beyond 2026, when our current consent ends, and provides certainty for our people and the community about the future for the mine. It also gives us eight years to work together on a plan that contributes to helping the region diversify and strengthen its economy.

**What's next?**

Nothing is changing right now. BHP will continue to safely operate Mt Arthur Coal, as we have been doing since 2001.

Starting in the coming weeks, we will commence a program of broad consultation with our people, local suppliers and businesses, Indigenous groups, governments and community leaders. Through this process, we will develop a plan together on the most appropriate post-mining land use, and how we can help further strengthen and diversify the local economy.

We will also commence the regulatory process with the New South Wales and Australian governments to seek relevant planning approvals to allow the mine to operate through to 2030.

Our commitment to you, the people of Mt Arthur Coal and the Upper Hunter, is that we will work with you to get this right and create a positive legacy for the region.

We invite you to learn more by visiting our website [bhp.com/pathway-2030](http://bhp.com/pathway-2030) or contacting us on our community information line **1800 882 044**.

**Adam Lancey,**  
Vice President NSW Energy Coal





BHP is seeking a modification to Mt Arthur Coal's planning approval for an additional four (4) years, as part of a responsible process to cease mining in 2030.

## Overview

Mt Arthur Coal is an open-cut energy coal mine in the Hunter Valley region of New South Wales. Mining at the Mt Arthur Coal complex has occurred since the 1960's. Mt Arthur Coal is located approximately five kilometres south of the township of Muswellbrook and engages a workforce of around 2,000 people.

Following an extensive two-year divestment review process, BHP announced that it will retain the Mt Arthur Coal mine in its portfolio and proceed with a managed process to cease mining by the end of the 2030 financial year. The plan to continue operating until 2030 is subject to obtaining a Modification to the current Planning Approval (PA 09\_0062), which currently expires on 30 June 2026.

The four year consent life extension provides sufficient time to work with our people, local business partners, Traditional Owners and local and state governments to operate safely and productively, prepare for closure and sustainable rehabilitation of the site, and ensure the pathway to closure is managed in a way that meets community and regulatory expectations.

## About the Modification Project

Key aspects of the Mt Arthur Coal Modification Project (MOD 2030) include:

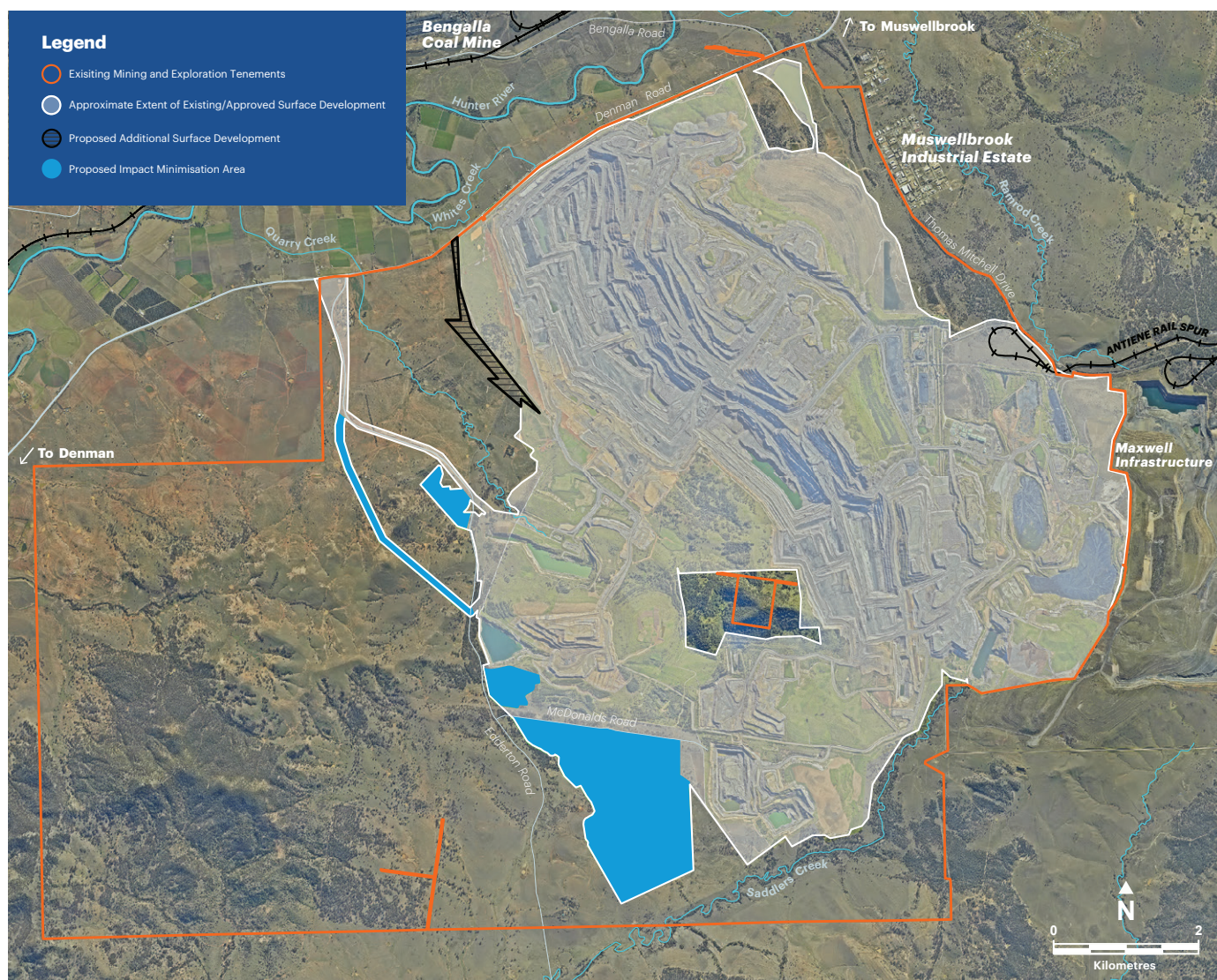
- ✓ Four year extension of mining consent to 30 June 2030;
- ✓ Reduction in the approved mining rate from 32 Mtpa ROM to a max of 25 Mtpa ROM (similar to actual production);
- ✓ Reduction in maximum total coal rail transportation from 27 Mtpa to 20 Mtpa, and a reduction in train movements from 30 to 20 movements per day (similar to actual rail movements);
- ✓ Mining to occur within existing Mining Leases, no new mining tenure is required (refer to map on the following page);
- ✓ Continued progressive rehabilitation of landforms to contemporary standards using the latest technology in landform and hydrogeological modelling;
- ✓ An overall reduction in approved disturbance, as some previously approved disturbance areas are no longer required (refer to map on the following page);
- ✓ An overall reduction in height of the final landform; and
- ✓ Revised void configuration.

The Modification Project will not require changes to existing approved hours of operation.





## Map showing Mt Arthur Coal's proposed open cut Modification Project (MOD 2030)





## Benefits of the Modification Project

The Mt Arthur Coal complex has operated as part of the local community since the 1960s. Benefits associated with the Modification Project and pathway to closure include:

- ✓ Continuation of employment for a further four years from 30 June 2026, for the existing workforce who predominantly live and work in the region;
- ✓ A suitable timeframe for the workforce and community to be involved in the transition planning;
- ✓ Additional royalties to New South Wales from the coal resource that will be mined for a further four years; and
- ✓ An opportunity for the local community to work together with BHP and other agencies to identify economic transformation pathways for the local economy.

## Modification Project progress

A Modification Report will be prepared to accompany the Development Application for a 'modification' in accordance with section 4.55(2) of the *NSW Environmental Planning and Assessment Act 1979*.

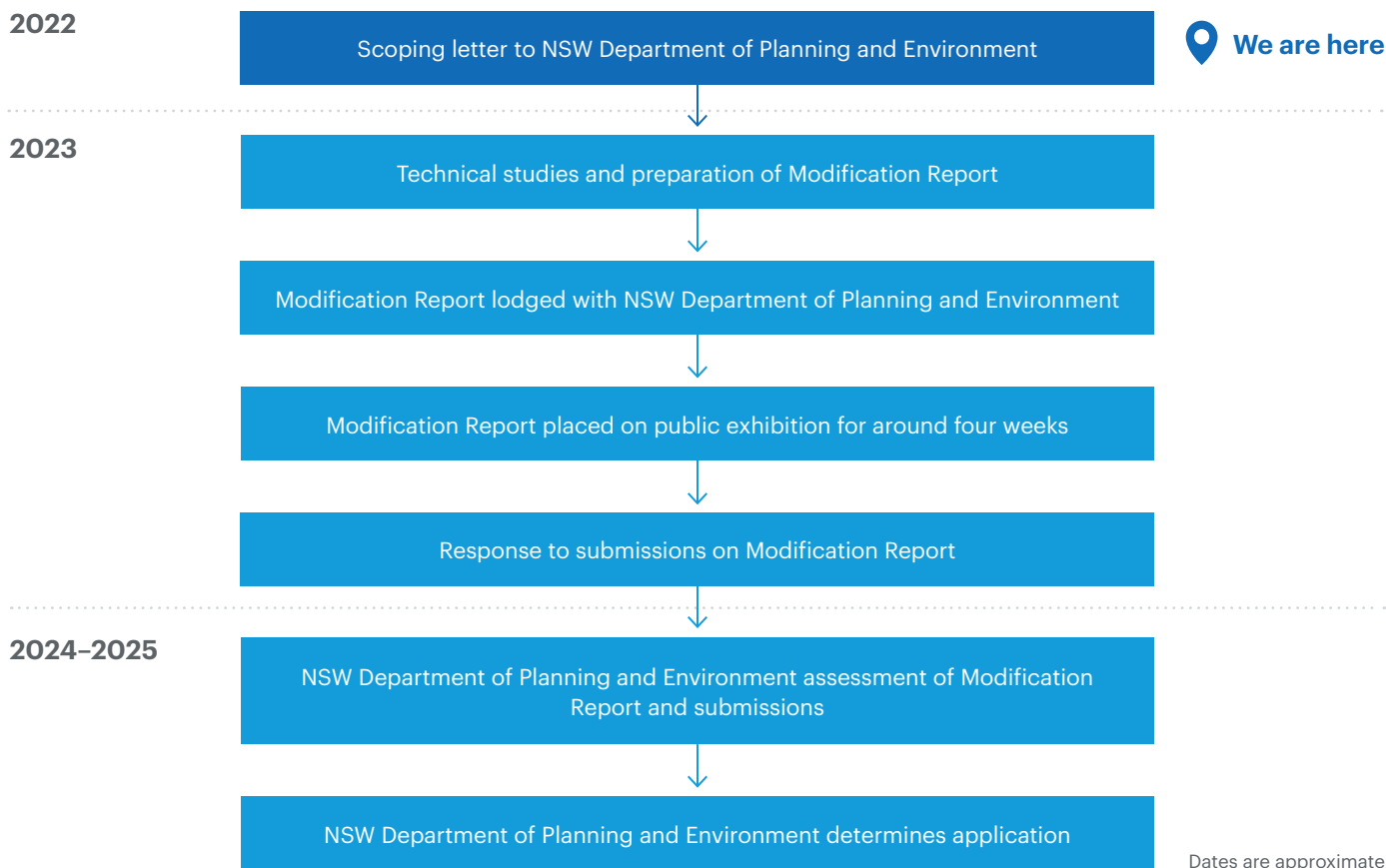
The Modification Report will involve the completion of a number of specialist studies to assess the potential impacts of the Modification Project, and to identify impact mitigation measures.

Feedback from the local community and key stakeholders will also inform preparation of the Modification Report.

A summary of the approval process including key milestones for the Modification Project is outlined on the following page.



## Project milestones



## Community involvement

Community and key stakeholder involvement is an essential part of the Modification Project. Mt Arthur Coal is commencing a comprehensive engagement program to ensure our community and stakeholders are consulted and can provide feedback on the proposal.

Over the coming weeks and months, Mt Arthur Coal will continue to meet with interested stakeholders including neighbours of our operation, community members and business representatives to conduct meaningful consultation on the Modification Project.

During this process, potential social impacts associated with the proposal will be identified and where possible addressed through mitigation measures.

Public feedback received will be considered in the Modification Report associated with the 'modification' application which is expected to be lodged with the State Government in the second half of 2023.

If you would like further information on the Project or to arrange a meeting, please call Mt Arthur Coal's Community Response Line on **1800 882 044** or email [NSWEC.Community@bhp.com](mailto:NSWEC.Community@bhp.com)



## Pathway to 2030: Mt Arthur Coal Modification 2 Project



BHP is seeking approval for a modification to Mt Arthur Coal's planning approval for an additional four years until 2030, providing time to plan and prepare a pathway to closure of the operation.

### Overview

The Mt Arthur Coal Mine (MAC) is an open-cut thermal coal mine in the Hunter Valley region of New South Wales. MAC is located approximately five kilometres south-west of Muswellbrook and engages a workforce of around 2,200 people.

In 2022, BHP announced a decision to cease mining activities at MAC in 2030, as part of a plan to provide a pathway to closure of the operation. Accordingly, BHP is seeking a modification to the current Project Approval (MP 09\_0062) to enable a four-year extension to 30 June 2030 (the Modification 2 Project).

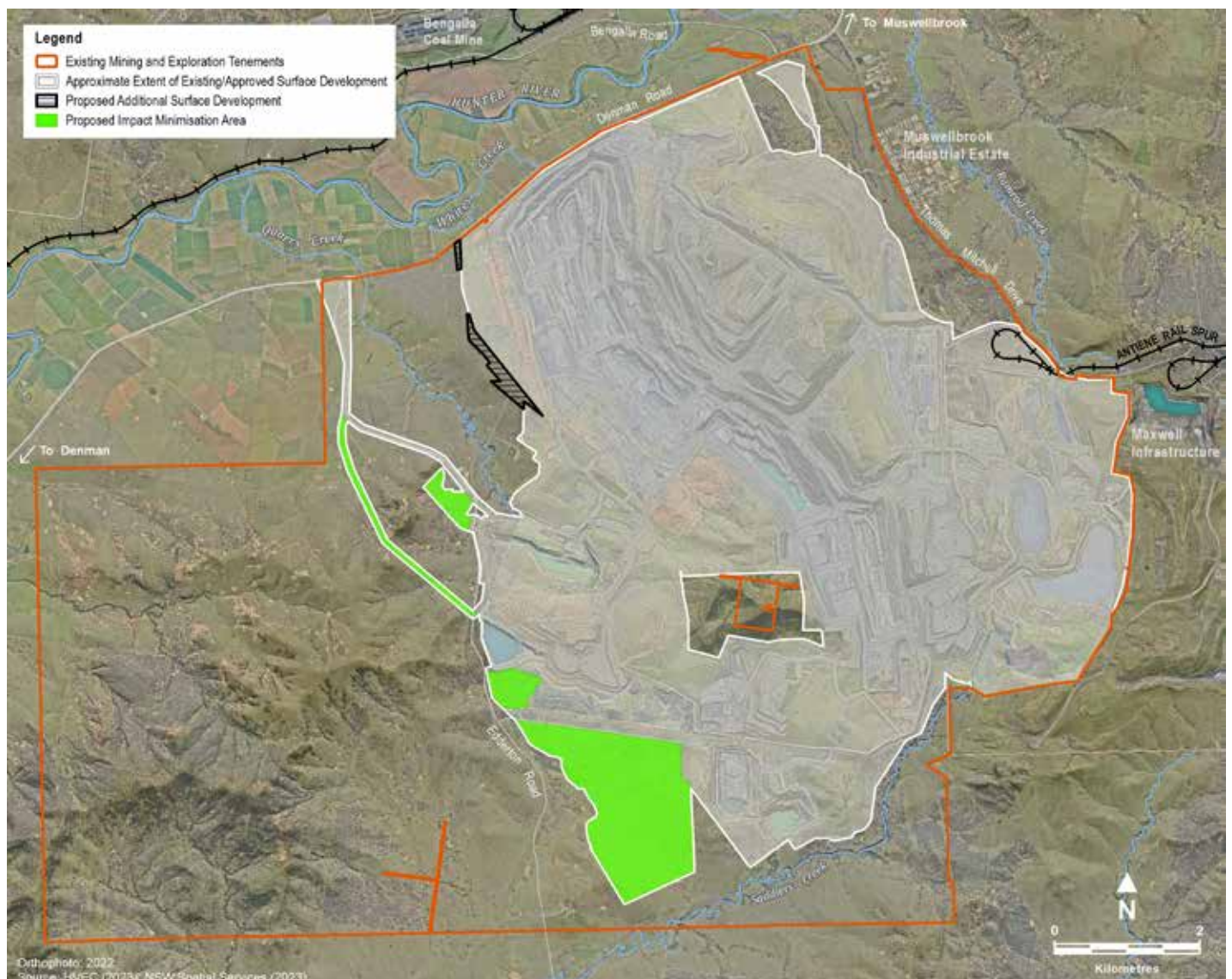
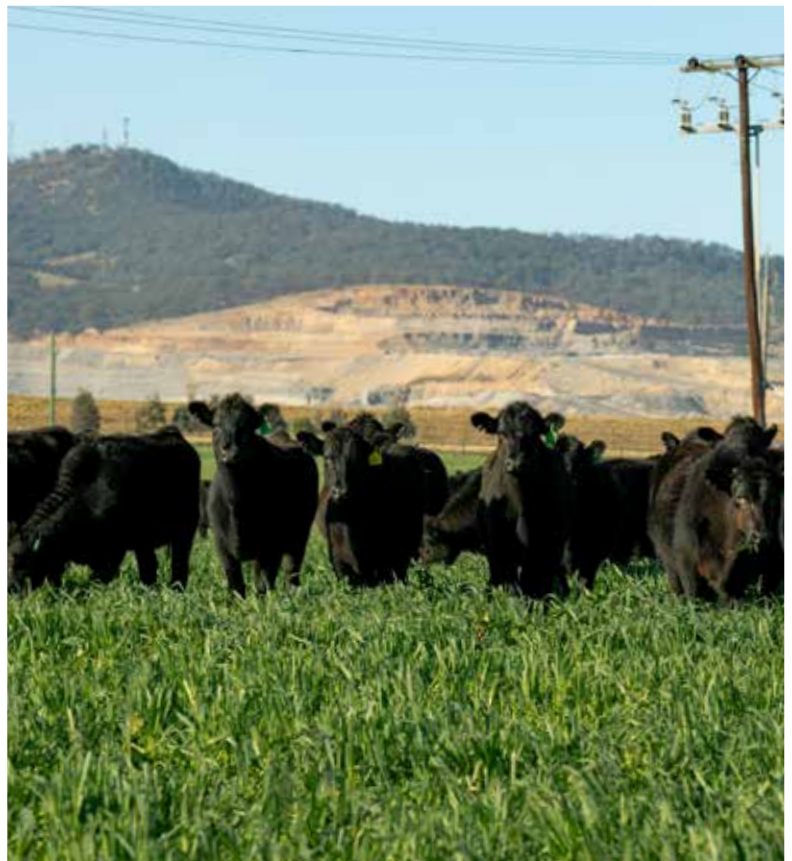


## Key elements of the Modification 2 Project

- Four-year extension of mining activities to 30 June 2030.
- Reduction in the approved mining rate from 32 Million Tonnes Per Annum (Mtpa) of run-of-mine (ROM) coal to a maximum of 25 Mtpa (similar to actual production).
- A minor extension (25 hectares) of the approved disturbance area, however an overall reduction (387 hectares) in approved disturbance, as some previously approved disturbance areas are no longer required (refer to Proposed Impact Minimisation Area within map below).
- A revised final landform and final void configuration, including an overall reduction in the approved height of overburden emplacement areas.

The Modification 2 Project would not change existing mining tenements, workforce or approved hours of operation.

↓ Map showing Mt Arthur Coal's proposed Modification 2 Project





# Key environmental considerations

BHP is in the advanced stages of preparing a Modification Report. As part of the Modification Report, several environmental assessments have been undertaken to assess the potential impacts of the Modification and identify impact mitigation measures. This includes consideration of the key environmental aspects detailed in the table below.



| ASPECT                                   | KEY OUTCOMES                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Noise and Blasting                       | <ul style="list-style-type: none"><li>– No new noise and/or blasting exceedances at privately owned dwellings that are not already subject to acquisition and mitigation-upon-request conditions.</li></ul>                                                                                                                                                                                                                                                       |
| Air Quality and Greenhouse Gas Emissions | <ul style="list-style-type: none"><li>– No new air quality exceedances at privately owned dwellings.</li><li>– Continuation of existing greenhouse gas emissions for a further four years.</li></ul>                                                                                                                                                                                                                                                              |
| Social                                   | <ul style="list-style-type: none"><li>– The overwhelming response from the community is that the Modification 2 Project provides the opportunity to plan and prepare for cessation of mining and commencement of the closure process.</li><li>– The Modification 2 Project would allow for continued socio economic benefits associated with MAC including an additional four years of employment for the existing workforce.</li></ul>                           |
| Biodiversity                             | <ul style="list-style-type: none"><li>– 25 hectares of vegetation clearance, which would be offset by BHP.</li></ul>                                                                                                                                                                                                                                                                                                                                              |
| Aboriginal Cultural Heritage             | <ul style="list-style-type: none"><li>– Comprehensive assessment and engagement with Registered Aboriginal Parties.</li><li>– Direct disturbance to three Aboriginal cultural heritage sites comprised of two artefact scatters and one isolated find, which are agreed to be of low archaeological significance.</li></ul>                                                                                                                                       |
| Visual Amenity                           | <ul style="list-style-type: none"><li>– The Modification 2 Project would result in a negligible change in visual impacts from MAC.</li><li>– Continuation of night lighting for an additional four years.</li></ul>                                                                                                                                                                                                                                               |
| Surface Water                            | <ul style="list-style-type: none"><li>– Minor changes to the site water management system.</li><li>– No material changes to on and off-site surface water impacts from the Modification 2 Project (compared to current Project Approval).</li></ul>                                                                                                                                                                                                               |
| Groundwater                              | <ul style="list-style-type: none"><li>– Minimal incremental groundwater drawdown compared to current Project Approval.</li></ul>                                                                                                                                                                                                                                                                                                                                  |
| Road Transport                           | <ul style="list-style-type: none"><li>– No change required to existing road network which will accommodate future traffic demands associated with the Modification 2 Project.</li></ul>                                                                                                                                                                                                                                                                           |
| Economics                                | <ul style="list-style-type: none"><li>– Approximately \$350 million in net present value (NPV) terms in royalties to NSW.</li><li>– Approximately \$200 million in NPV terms disposable income payments to the MAC workforce.</li><li>– Overall net benefit of approximately \$900 million in NPV terms to NSW.</li><li>– <i>It is noted these are external estimates calculated for the Economic Assessment. These are not BHP reported estimates.</i></li></ul> |



## Key milestones in the approval process

2022

Scoping letter to NSW Department of Planning and Environment



COMPLETE

2023

Environmental studies and preparation of Modification Report

WE ARE HERE

Modification Report lodged with NSW Department of Planning and Environment

Modification Report placed on public exhibition — *Opportunity for public submissions* —

2024–2025

Response to submissions on Modification Report

NSW Department of Planning and Environment Assessment of Modification Report and submissions

NSW Department of Planning and Environment determines application

Please note: Dates are approximate.

## Community involvement

Community involvement and stakeholder engagement is an essential part of the Modification 2 Project. To date, BHP has consulted with a number of key stakeholders and the overwhelming response from nearly all stakeholders was that the four-year extension will provide additional and necessary time to plan for the cessation of mining in 2030.

Over the coming weeks, BHP will engage with interested stakeholders including Government agencies, community members and business representatives to conduct further consultation pre-lodgement of the Modification Report.

Public feedback received will be considered in the Modification Report which is expected to be lodged with the Department of Planning and Environment in September 2023. The Modification Report will then be placed on public exhibition, providing an opportunity for submissions to be made by all stakeholders.

If you would like further information on the Modification 2 Project or to arrange a meeting, please call Mt Arthur Coal's Community Response Line on 1800 882 044 or email [NSWEC.Community@bhp.com](mailto:NSWEC.Community@bhp.com)

# BHP