

**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.