

Update on the Peabody Energy and Glencore Hunter Valley Joint Venture Project

What is the purpose of this Newsletter?

This newsletter provides details about the JV's plans for future operations at Wambo and United. It will provide a general overview of the Project, including an outline of the proposal, the associated planning and assessment process and importantly, how the local community can remain informed and involved in this process.

To ensure that environmental and social issues are appropriately considered in the planning process, we have engaged Umwelt Australia, an environmental and social consultancy firm, to undertake an environmental and social impact assessment program and develop an Environmental Impact Statement (EIS) for the Project.

This integrated assessment program will ensure that all environmental and social impacts associated with the Project are clearly documented and assessed and that appropriate management and enhancement strategies are clearly detailed to address important project and community issues.

The Project

In November 2014, Glencore and Peabody Energy announced the establishment of a 50:50 Joint Venture (JV) project combining the existing open cut operations at Wambo Coal (Peabody) and the adjacent coal reserves at United Collieries (Glencore 95% and CFMEU 5%) in the Hunter Valley, NSW. Glencore will manage the combined opencut mining operations utilising Wambo Mine's existing infrastructure. Peabody will continue to operate the Wambo Underground Operations, the Coal Handling and Preparation Plant (CHPP) and rail facilities.

The United and Wambo operations are located north west of Warkworth off the Golden Highway. Currently a number of lease boundaries and stratified leases restrict access to coal reserves within the footprint of the existing operations. To optimise resource extraction, the JV will combine management of the following leases:

- Consolidated Coal Lease CCL775 held by United
- Mining Lease ML1572 held by Wambo
- Coal Lease CL374 held by Wambo

- Authorisation A444 - a stratified lease jointly held by United and Wambo
- Exploration Lease EL7211 held by Wambo

The immediate focus for the JV is to gain approval for a State Significant Development Project which includes the development of a new open cut pit within CCL775 (United Open Cut Pit) and mining deeper into A444 within the existing approved ML1572 (Montrose Open Cut Pit) (the Project). Operations in the two mining areas are expected to have a mine life of approximately 20 years with the JV anticipated to deliver approximately 6 million tonnes per annum of saleable coal. The Project is expected to commence in 2017, subject to relevant State and Federal development approvals for implementation of the Project.

Consultation process commences

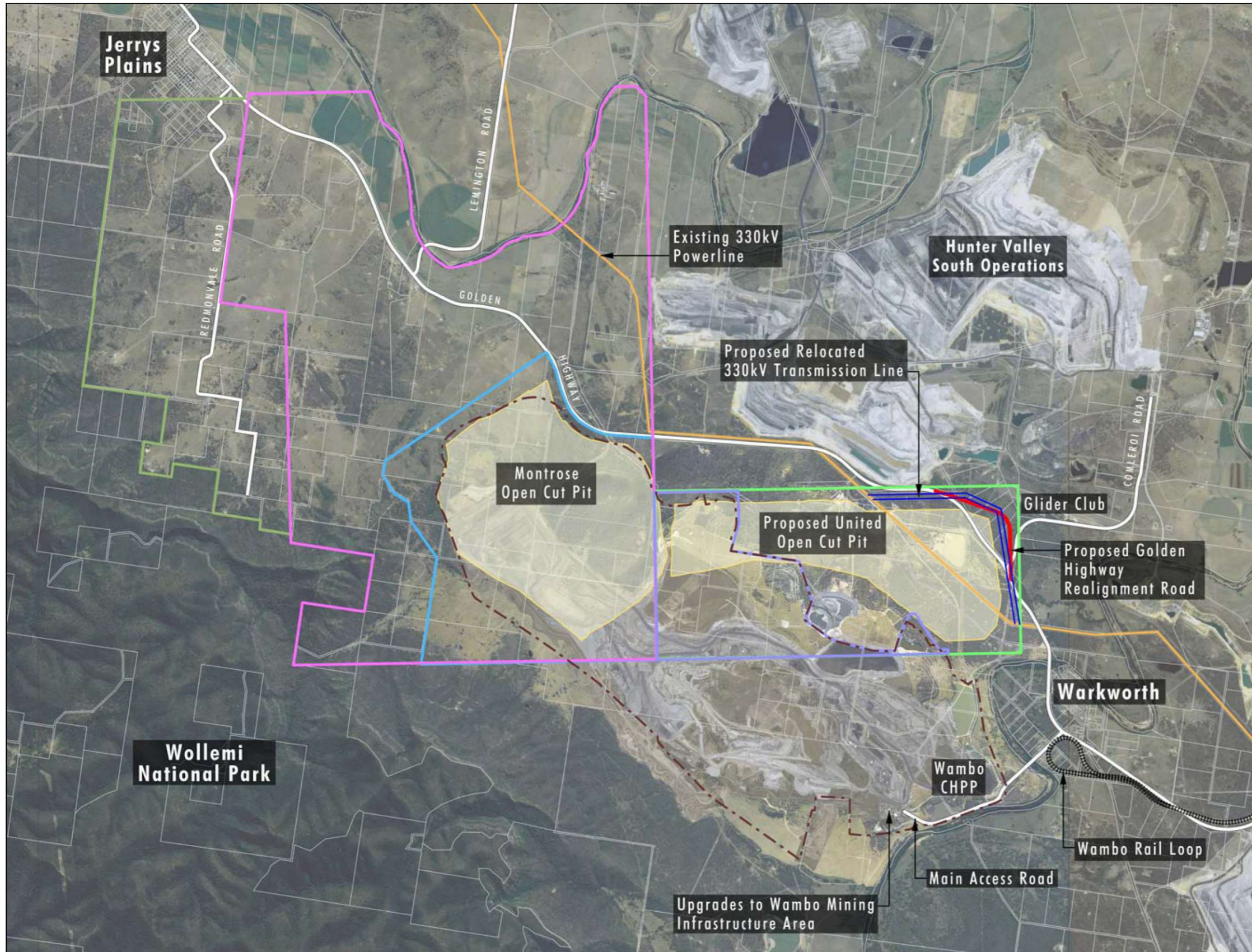
The first round of consultation with local landholders in proximity to the Project commenced in late April and will continue throughout June. The consultation involves Glencore and Umwelt representatives meeting with landholders to discuss the key features of the Project and the associated government planning and assessment process. Any issues or concerns are documented and will form part of the overall Social Opportunities and Impact Assessment for the Project. We are still seeking contact with some landholders in proximity to the Project, so if you haven't yet heard from us and would like to make a time to meet, please contact us, our contact details are on the back page.

While the first round of consultation is expected to be completed by the end of June 2015, further rounds of consultation will follow later in the year to:

- Provide details of the outputs of environmental and social studies;
- Answer any questions; and
- Discuss any concerns the community may have on the proposal.

Thank you to all those residents who have given up their time to meet with us already, and for those we have not yet been able to meet, we look forward to meeting with you and receiving your input and feedback as the Project progresses.

United and Wambo Project



What is the Project?

The key features of the Project are:

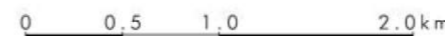
- The Joint Venture will commence upon approval of the Project, which is anticipated to occur in 2017. Until then, Wambo will continue to manage their existing approved open cut, underground, CHPP and rail facilities;
- Glencore will operate the Project when approved, which will use available capacity in Wambo's CHPP and rail facilities. Wambo will continue to operate its underground operations, CHPP and rail facilities;
- The Project will provide ongoing employment for Wambo's open cut workforce and it is anticipated that additional mine worker positions will be created as the new mine operation is developed within CCL775; and
- There will be upgrades and installation of new facilities at the Wambo Mine Infrastructure Area (MIA) to accommodate the proposed fleet and increased workforce numbers, the United MIA will be decommissioned as the United Open Cut Pit develops.

The key changes as a result of the Project are:

- A new open cut mining pit (United Open Cut Pit) and realignment to the approved Wambo Open Cut mining pit (Montrose Open Cut Pit);
- Mining within the Montrose Open Cut Pit will access deeper coal seams which are currently held by United. Mining production in the Montrose Open Cut Pit will be reduced from the current approved rate;
- The Project will include an increase in the height of the final landform for the approved Montrose Open Cut Pit;
- Relocation of an approximate 2 kilometre section of the Golden Highway and changes to the intersection of the Golden Highway and Comleroi Road;
- Relocation of a 330kV power line and other high voltage power lines; and
- The main entrance to the Project will be via the current entrance to Wambo Mine near Warkworth Village.

Legend

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| A444 | Wambo Approved Disturbance Boundary |
| CCL775 | Proposed Extent of Open Cut Mining |
| EL7211 | Existing 330kV Powerline |
| ML1572 | Proposed Golden Highway Realignment Road |
| CL374 | Proposed Relocated 330kV Transmission Line |



GLENCORE

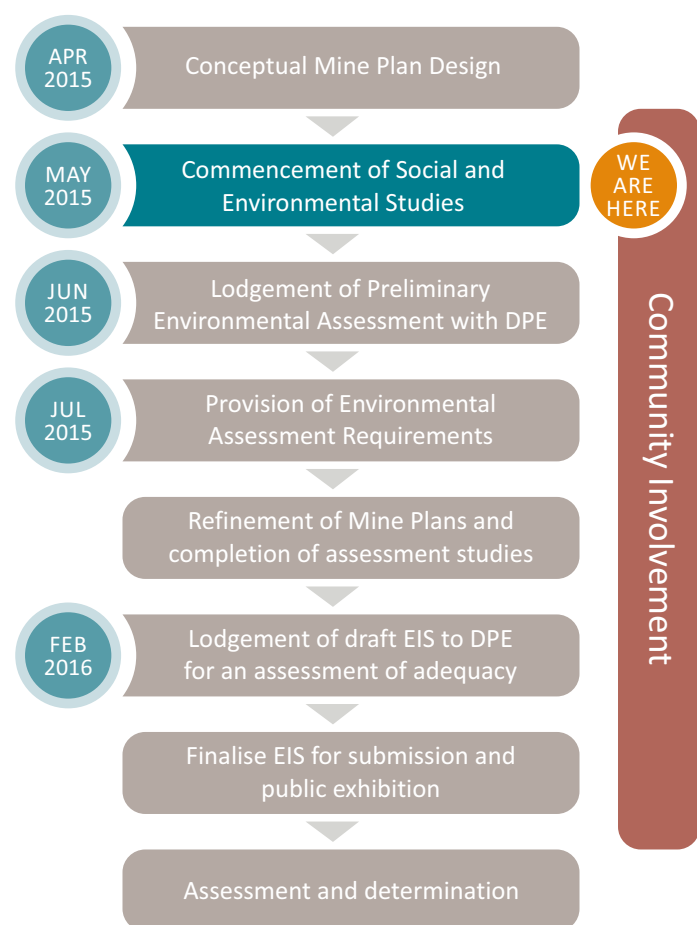
Peabody ENERGY

What is the process for assessment?

As the proposed Project is considered State Significant Development, approval under Part 4 of the NSW *Environmental Planning and Assessment Act 1979* will be required for the Project.

A Development Application will be made to the NSW Department of Planning and Environment (DPE), which will be supported by a comprehensive Environmental Impact Statement. Wambo's development consent will also require modification to allow for the proposed changes as part of the Project.

The following diagram provides an indication of the planning process and the steps that will need to be taken to finalise our Project submission to Government.



Environmental and Social Studies

Environmental and social studies have commenced for the Project, including:

- Extensive ecological surveys across the Project area;
- Water resources assessments with base-line studies and model setup;
- Historic Heritage survey and investigation;
- Commencement of the Social Impact Assessment within the consultation program;
- Aboriginal Cultural Heritage assessment including archaeological surveys with the Registered Aboriginal Parties; and
- Preliminary air and noise modelling is underway as part of an iterative project design to optimise mine planning to minimise impacts on the community.

How can you be involved?

Glencore believes that the best project outcomes are achieved through an integrated approach to social and environmental assessment.

Over the next nine months, the community will have an opportunity to engage and work with Glencore and its consultants to ensure that potential Project impacts are identified, assessed and any possible mitigation strategies are incorporated into the planning process.

The community will be invited to have input to the Project across its various phases. This consultation has been designed to:

- Identify key Project issues at the beginning of the process;
- Provide the opportunity to better understand and discuss the outcomes of the various assessment studies e.g. noise, dust, water, social, economic etc; and
- Develop and review potential management and enhancement strategies to address Project issues and impacts.

The community will continue to be informed through:

- One on one meetings;
- Project information sessions; and
- Community newsletters.

Would you like more information?

If you would like to be involved in the consultation program, or have any questions about the Project, please contact:

Aislinn Farnon

Approvals Manager – United Project
Glencore
T (02) 6578 9506 or 0429 306 208
E Aislinn.Farnon@glencore.com.au

Gary Wills

Project Manager – United Project
Glencore
T (02) 6578 9403
E Gary.Wills@glencore.com.au

If you have any questions or concerns regarding the current approved Wambo Mine please contact:

Steve Peart

Environment and Community
Manager
Wambo Mine
T (02) 6570 2209
E speart@peabodyenergy.com

We look forward to working with the local community and other key stakeholders as we move forward with the Project, and welcome your participation and feedback.