



## Donkin Export Coking Coal Project Information Sheet



Xstrata Coal Donkin Management (XCDM) proposes to construct and operate an underground coal mine at the site of the existing Donkin Mine located on the Donkin Peninsula within the Cape Breton Regional Municipality (CBRM), Nova Scotia.

XCDM proposes a multi-continuous miner underground operation producing approximately 3.6 million tonnes per annum (Mtpa) of raw coal. The coal is subsequently processed to provide approximately 2.75 Mtpa of product coal that is transported to customers principally via a marine-based option (barge load-out with transshipment). This coal is primarily destined for coking coal markets but, dependent on prevailing market conditions, may also supply thermal coal markets.

It is estimated that the Project will invest approximately half a billion Canadian dollars in capital expenditure and over \$100M annually during its operating life, anticipated to be at least 30 years. At full production the Project is expected to employ 280 full time employees.

There are three phases of the Donkin Mine Project—the current phase of care and maintenance of the mine site; the development phase previously approved in 2008 by the Nova Scotia Government; and the operational phase, the Export Coking Coal Project. XCDM is currently seeking regulatory approval for the operational phase of the Export Coking Coal Project (Figure 1).



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### Current Status and Proposed Phases of the Donkin Mine



FIG 1: Current Status and Proposed Phases of the Donkin Mine



Xstrata Coal is the world's largest exporter of thermal coal and a significant producer of premium quality hard coking coal and semi-soft coal.



## About Xstrata Coal Donkin Management

The ownership of all phases of the Donkin Mine, including the undertaking of this Export Coking Coal Project, is through a joint venture of two subsidiary companies that form the Donkin Joint Venture. These companies are Xstrata Coal Canada Limited, with a 75% controlling interest, and Erdene Resource Development Inc. with a 25% balancing interest. Xstrata Coal Donkin Management Limited, a subsidiary of Xstrata Coal, is the Project Manager for the Donkin Mine Project.

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## Project Components and Activities

The Donkin Export Coking Coal Project will involve the mining, processing, and transportation of coal from the Harbour and Hub coal seams within the Donkin Resource Block. The following text describes the key Project components and activities.

### Underground Coal Mine

The mining operation will utilize continuous miner sections each primarily consisting of a continuous miner, a mobile roof bolter and three shuttle cars. At full production, a total of four sections are planned, with two sections generally operating in the Harbour and Hub seams respectively. A new (third) access tunnel will be required to accommodate ventilation requirements as the mine develops.

### Coal Handling and Preparation Plant

Raw coal from the mine will be conveyed to a stockpile and sized before washing in an onsite Coal Handling and Preparation Plant. Rejects will be emplaced in a designated disposal area on site. Product coal will be temporarily stockpiled then reclaimed to an overland conveyor which will carry the product to a nearshore barge loading facility.

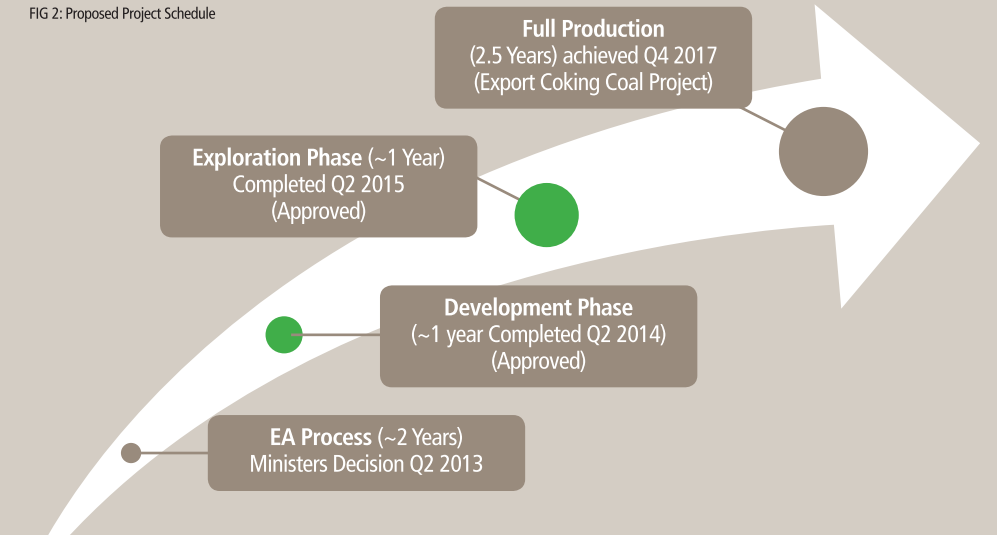
### Marine Loading and Transportation

A nearshore loading facility will be constructed to accommodate approximately 3,000 tonne coastal barges. The barges will then be moved approximately 4.5 nautical miles (8.3 km) to a deepwater transshipment area to be located southwest of Cape Morien. The coal will be loaded into ocean going vessels for shipment to international markets. There may be limited trucking to domestic customers and the Port of Sydney should marine transportation from site prove impractical at any time.

## Project Schedule

The proposed Project schedule is illustrated in Figure 2. Full production for this Project will be staged progressively over a period of 3 - 7 years. This operational production rate is expected to continue for 30 years or more depending on market demands. The Donkin Mine is expected to operate 361 days/year and produce coal 5 days/week. Generally weekend work will involve maintenance activities although on occasion, production may be conducted. Coal delivery and vessel loading schedules will primarily dictate whether these operations are carried out on weekends.

FIG 2: Proposed Project Schedule



## Environmental Assessment and Permitting

This Project requires federal and provincial approvals to proceed, including an environmental assessment. Under the provincial *Environment Act*, the Project requires registration as a Class I Undertaking. Authorizations under the *Nova Scotia Beaches Act* and amendment to XCDM's existing Industrial Approval will be required as well as a potential Water Approval if wetlands are to be altered as a result of Project activities.

As a result of various federal authorizations required under the *Fisheries Act*, the *Navigable Waters Protection Act* and *Explosives Act*, and requirements specified by the Comprehensive Study Regulations of the *Canadian Environmental Assessment Act*, the federal government requires a comprehensive study level of environmental assessment. Federal and provincial departments and agencies are working together to reduce duplication in effort and coordinate a harmonized environmental assessment process for this Project. XCDM will submit an Environmental Impact Statement to satisfy Guidelines prepared by

the Canadian Environmental Assessment Agency which will include input from the provincial and federal government, the Mi'kmaq and the general public. Figure 3 illustrates the environmental assessment process, highlighting opportunities for public involvement.

XCDM has contracted consultants to undertake technical studies to support the design, planning and environmental assessment of the Project, including but not limited to engineering design and feasibility studies, biophysical studies and monitoring, socio-economic analyses, and a Mi'kmaq Ecological Knowledge Study.

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### The environmental assessment will focus on the following components:

Atmospheric Resources (Air, Noise, Greenhouse Gas)

Water Resources (Surface and Groundwater)

Birds and Other Wildlife

Marine Environment Wetlands

Commercial Fisheries

Vegetation and Rare Plants

Land Use

Freshwater Fish and Fish Habitat Archaeological and Heritage Resources

Current Use of Land and Resource Use by the Mi'kmaq for traditional purposes

### Environmental Assessment Schedule



FIG 3: Environmental Assessment Schedule



## Public and Stakeholder Engagement

XCDM and its consultants have been engaging stakeholders regarding their activities at the Donkin Mine since 2006. The purpose of the community engagement and consultation program is to inform stakeholders and the community about existing and proposed activities and to identify issues of concern raised by stakeholders during the planning and design of the Project and continuing into operation.

Building on past stakeholder engagement experience, XCDM is now focusing consultation efforts on the Export Coking Coal Project.

Formal opportunities for public consultation during the environmental assessment process are identified in Figure 3.

If you would like to provide input or receive more information on the Donkin Export Coking Coal Project, please contact:

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