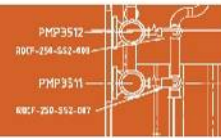


Coordinator-General's Change Report

Moranbah Ammonium Nitrate Project

Report evaluating proposed project change,
pursuant to Section 35I of the *State Development
and Public Works Organisation Act 1971* (Qld)

April 2008



Moranbah Ammonium Nitrate Project

Table of Contents

Coordinator-General's Change Report - Synopsis	3
1. Introduction	5
1.1 The Proponent	5
1.2 Background	5
1.3 Request for Evaluation of Project Change	7
2. Description of the Proposed Change	8
2.1 Construction Camp Usage	8
2.2 Development Approval	9
2.3 Reasons for Change	9
3. Public Notice/Consultation	9
4. Evaluation of Environmental Effects	10
4.1 Construction Camp Usage	10
5. Conclusion	11

Coordinator-General's Change Report - Synopsis

This report has been prepared pursuant to s.35I of the *State Development and Public Works Organisation Act 1971* (Qld) (SDPWO Act) and provides an evaluation of the environmental effects of a proposed change to the Moranbah Ammonium Nitrate project ("the Project"), which was the subject of an evaluation under the provisions the Act..

On 31 March 2006, the Project was declared to be a 'significant project' for which an Environmental Impact Statement (EIS) is required in accordance with Part 4 of the SDPWO Act. At the completion of the statutory EIS process, the then Coordinator-General determined that the Project could proceed, subject to specific conditions of development approval to manage potential adverse environmental impacts, as set down in the Coordinator-General's report dated 8 May 2007.

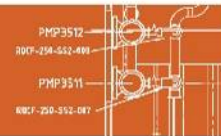
The Project proponent, Dyno Nobel Asia Pacific Limited, subsequently sought and was granted development approval by the former Belyando Shire Council on 28 June 2007 and commenced construction of the Project. However, work was suspended in December 2007, following a decision by the company to review the commercial feasibility of the Project. Work remains suspended, pending a decision on resumption of the Project by the proponent.

Dyno Nobel provided me with a written notice, dated 19 March 2008, informing me of a proposed change to the Project and requesting my evaluation of the environmental effects of the change, in accordance with section 35D of the SDPWO Act. The proposed change involves the use of the construction camp established at Moranbah for the Project, by third party personnel.

Dyno Nobel is seeking a relaxation of a specific condition set down in the Coordinator-General's Report that stated only workers directly involved in the construction, commissioning and maintenance of the Moranbah ammonium nitrate manufacturing facility could reside in the camp, to enable workers associated with the BHP Billiton Mitsubishi Alliance (BMA) coal mine flood recovery program to use the facilities for a short term.

The accommodation facilities are currently available, due to suspension of the Project construction activities and there is no other suitable accommodation available in Moranbah. BMA is seeking urgent access for up to 250 workers to use the 720-room facility for a maximum of six months. Dyno Nobel has advised me that such an arrangement would not interfere with any potential recommencement of construction of the Project.

I formed a view that, due to the relatively minor and temporary nature of the proposed change to the Project, it was not necessary to consult broadly with



the Advisory Agencies nor was it necessary to notify the public and seek formal comment. However, I have sought specific advice from the Isaac Regional Council, who support the proposed temporary accommodation arrangement.

In evaluating the likely environmental effects of the proposed change and its effects on the Project, I have considered the nature of the proposed change on the Project and the Project as evaluated under the Coordinator-General's Report of May 2007. I have determined that the proposed change would not result any material change in the potential impacts that were evaluated in that report and as such I state that there are no further conditions or requirements for the Project with respect to the proposed change.

I further state to the Assessment Manager for the development approval that the current condition 12(1), set down in the Coordinator-General's report, dated 8 May 2007, be amended to allow for the temporary use of the construction camp at Goonyella Road, Moranbah by BMA personnel as part of the flood recovery program.

In accordance with section 35J of the SDPWO Act, a copy of this report will be provided to the proponent and the Isaac Regional Council. The report will be made available to the other Agencies that participated in the original EIS process. This report will also be made publicly available on the Department of Infrastructure and Planning's website at: www.dip.qld.gov.au/eis.

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Damian Gould

Delegate of the Coordinator-General

Date: April 2008

1. Introduction

This Report has been prepared pursuant to section 35I of the *State Development and Public Works Organisation Act 1971* (SDPWO Act) and provides an evaluation of the environmental effects of a proposed change to the Moranbah Ammonium Nitrate Project (“the Project”), which was evaluated in the Coordinator-General’s Report dated 8 May 2007.

1.1 The Proponent

The proponent for the Moranbah Ammonium Nitrate Project is Dyno Nobel Asia Pacific Limited, a wholly-owned subsidiary of Dyno Nobel Limited (DNL), a company listed on the Australian Stock Exchange. DNL’s current market capitalisation is approximately A\$2 billion and for the December 2007 annual fiscal period, realised a net profit of approximately US\$102 million based upon revenues of US\$1.4 billion.

DNL’s principal activity is the manufacture and distribution of commercial explosives, initiation systems and related products and services to the mining, quarrying, tunnelling and construction industries in North America and Australia.

DNL is the market leader in North America, the largest explosives market in the world, and is the second largest supplier in Australia, which is the third largest explosives market in the world.

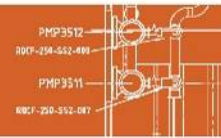
The company employs more than 3,300 people and has 36 manufacturing facilities in Australia, Canada, the US and Mexico.

1.2 Background

Dyno Nobel proposes to build and operate a 350,000 tonnes per annum (tpa) ammonium nitrate manufacturing facility (ANMF) capable of producing 260,000 tpa of ammonium nitrate prill and 90,000 tpa of ammonium nitrate emulsion, for use as explosives for open cut mining. It is proposed to locate the facility approximately 4.5 km west-north-west of the town of Moranbah on Goonyella Road in the Isaac Regional Council (formerly Belyando Shire) in Central Queensland.

The Project proposal includes four main operating components, each producing a separate product in the manufacturing process:

1. A plant to convert coal seam methane gas into ammonia.
2. A plant to convert ammonia and atmospheric air into nitric acid.
3. A plant to convert ammonia gas and nitric acid into ammonium nitrate solution and ammonium nitrate prill.



4. A plant to convert ammonium nitrate solution and process oils into ammonium nitrate emulsion.

The Project also includes:

- A number of tanks to store / stockpile product on site.
- Development of an on-site, gas-fired, electricity generation facility.
- A wastewater treatment facility.

The Project's location was selected for its suitability for the development of heavy industry, allows for adequate distance separation from Moranbah town, and has good access to mines in the northern section of the Bowen Basin. The Proponent has negotiated access to a reliable water supply from the Burdekin Pipeline, as well as coal seam gas from resources in the Bowen Basin. Both water and gas are primary raw materials in the ammonium nitrate manufacturing process. The Project site, now owned in freehold title by Dyno Nobel, is currently designated "rural grazing" in the former Belyando Shire Planning Scheme (a site location map is at Figure 1). The site is partially cleared open woodland that has been heavily grazed. It is mapped as a 'not of concern' regional ecosystem.


Most of the facility is expected to be constructed from materials sourced within Australia. Parts of the ammonium nitrate and nitric acid plants are being sourced from the United States. The construction period was estimated to be 22 months with a peak employment of approximately 550 staff accommodated in a construction camp located immediately northwest of the Project site.

The Project also requires upgrades to existing road infrastructure and the development of new road intersections to provide both adequate access to the Project site during construction and the safe transport of product during operation.

The estimated total capital cost of the Project is approximately \$520 million.

On 31 March 2006 the Project was declared to be a 'significant project' for which an Environmental Impact Statement (EIS) was required in accordance with Part 4 of the SDPWO Act.

Investigations conducted by the Proponent before and during this EIS process, found that there no matters of 'national environmental significance', protected under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), likely to be effected by the Project. Therefore, the Proponent decided not to make a referral under the EPBC Act to the then Department of Environment and Water Resources of the Australian Government. Consequently, no consideration of the applicability of the controlling provisions of the Act has been made and no environmental impact assessment under Australian Government legislation has been undertaken.



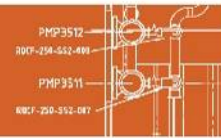
The EIS was advertised for public comment for a period of four weeks from 11 October 2006 until 10 November 2006 and 16 public and Advisory Agency submissions were received. The Proponent prepared a Supplementary Report to the EIS in January 2007 to address matters raised in submissions on the EIS.

On 8 May 2007, an evaluation of the EIS under section 35 of the SDPWO Act was completed and it was determined that the Project could proceed, subject to a number of conditions. It was concluded that the impacts described in the EIS and Supplementary Report to the EIS were able to be mitigated and managed effectively through implementation of the conditions set out in the Coordinator-General's Report. The Report and other key EIS documents can be viewed on the Department of Infrastructure and Planning's web site at www.dip.qld.gov.au/eis.

1.3 Request for Evaluation of Project Change

Part 4, Division 3A of the SDPWO Act provides that the Coordinator-General can evaluate changes made to a project by a proponent of a 'significant project' following completion of the Coordinator-General's Report evaluating the EIS. Section 35C of the SDPWO Act enables the Coordinator-General to evaluate the environmental effects of the proposed change, its effects on the project and any other related matters.

Dyno Nobel provided me with a written notice, dated 19 March 2008, informing me of a proposed change to the Project and requesting my evaluation of the environmental effects of the change, in accordance with section 35D of the SDPWO Act.



2. Description of the Proposed Change

Dyno Nobel has requested a change to the Project related to a temporary suspension of a condition set down in the Coordinator-General's Report. The particular condition, set down in section 4.7.6 of the report under the heading Future of the Construction Camp, states:

"Condition 12

Full development approval for the construction camp should be conditional upon:

(1) Only workers involved with the design, construction, commissioning or maintenance of the ANMF being permitted to be resident there."

The effect of the proposed change relates to the following matters:

2.1 Construction Camp Usage

The Proponent proposes to make provisions to temporarily allow accommodation for up to 250 persons at the Project construction camp who are not involved with the design, construction, commissioning or maintenance of the Project facilities. The estimated 250 persons are employees of BHP Billiton Mitsubishi Alliance (BMA) and require urgent accommodation to assist BMA with restoring operations at various of its coal mines for a period of up to six months.

The restoration and maintenance work required at BMA's mining operations is necessitated by the recent flooding in Central Queensland. The addition of a 250 person workforce in the Moranbah area requires access to accommodation that is already seriously constrained in the Moranbah area due to heightened coal mining and associated activities in the district in recent years. The Project construction camp offers the only readily available accommodation in the area for such a workforce.

The Proponent reports that construction of the Project is currently on hold and as a result the construction camp is vacant. The Project construction camp has a 720-room capacity with supporting infrastructure including kitchens, laundries and sewerage treatment. The 250 BMA employees would not have access to the Project site, being restricted to a dedicated safe access route to the construction camp.

BMA has stated in a letter to Dyno Nobel that it estimates it would need access to 250 rooms at the construction camp for approximately six months. BMA has also stated that all accommodation costs would be carried by it under an arrangement to be confirmed through a commercial agreement.

2.2 Development Approval

The Coordinator-General stated that Condition 12 be attached to a development approval for the Project made under the Integrated Planning Act 1997. The former Belyando Shire Council granted development approval for the Project on 28 June 2007. The approval included a 30-month operational works permit for the development and operation of a construction camp approximately 1,500 m northwest of the Project site on Goonyella Road, Moranbah.

The Isaac Regional Council is now the Assessment Manager for the Project and would consider any changes to the original development approval conditions. The Council will decide the length of time that BMA staff will be allowed to use the camp.

2.3 Reasons for Change

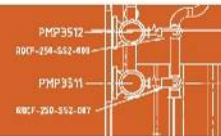
The Proponent has advised that the reasons for the proposed change to Condition 12(1) are:

5. Construction of the Project is currently suspended and the construction camp is vacant.
6. A request was received from BMA for temporary use of up to 250 rooms for approximately six months.
7. A lack of readily available accommodation for construction and maintenance activities in the Moranbah area.

3. Public Notice/Consultation

In view of the relatively minor and temporary change to the Project and the fact that there is likely to be negligible change to the potential environmental impacts already assessed in the Coordinator-General's Report, I have decided that public notification and formal comment on the proposed change is not required.

However, I sought advice from the Isaac Regional Council on the accommodation requirements in Moranbah and any consequences associated with the temporary use of the Project construction camp by third party personnel before completing my evaluation of the proposed change to the Project. Council has advised that it supports the proposed temporary use.



Formal advice of the temporary suspension of Condition 12(1) has been sent to relevant Advisory Agencies (see Appendix 1 for a list of Agencies informed).

4. Evaluation of Environmental Effects

Section 35H of the SDPWO Act identifies the matters that the Coordinator-General must consider in evaluating the environmental effects of the change, its effect on the Project and any other related matters. It is not intended that the effects of the entire Project are re-evaluated, rather only the effects of the change relative to the Project that was the subject of evaluation in the Coordinator-General's Report of May 2007.

In accordance with section 35H of the SDPWO Act, I have considered the following in evaluating the environmental effects of the proposed change and its effects on the Project:

- The nature of the proposed change and its effect on the Project.
- The Project, as evaluated in the Coordinator-General's report under section 35.
- The environmental effects of the proposed change.

I have also considered whether any of the Coordinator-General's conditions and recommendations included in the Coordinator-General's Report should be amended in accordance with section 35I(2) in order to effectively manage the impacts of the proposed change.

In making my evaluation, I have had regard to the following material:

- A letter from Dyno Noble Moranbah Pty Ltd, dated 19 March 2008 requesting a change to condition 12(1) of the Coordinator-General's Report (May 2007) for the Project.
- A letter from BMA to the Proponent requesting temporary use of up to 250 rooms at the Project construction camp for approximately six months.

4.1 Construction Camp Usage

The proposed change will not interfere with any potential re-commencement of construction of the Project in the near future. Additionally, there are no expected impacts on the environment. Any impacts on existing infrastructure in and around Moranbah are expected to be no greater than those assessed in relation to the original and intended use of the construction camp in the Coordinator-General's Report.

I am satisfied that the impacts of this change can be managed effectively through the application of the existing conditions set down in the Coordinator-General's Report of May 2007.

5. Conclusion

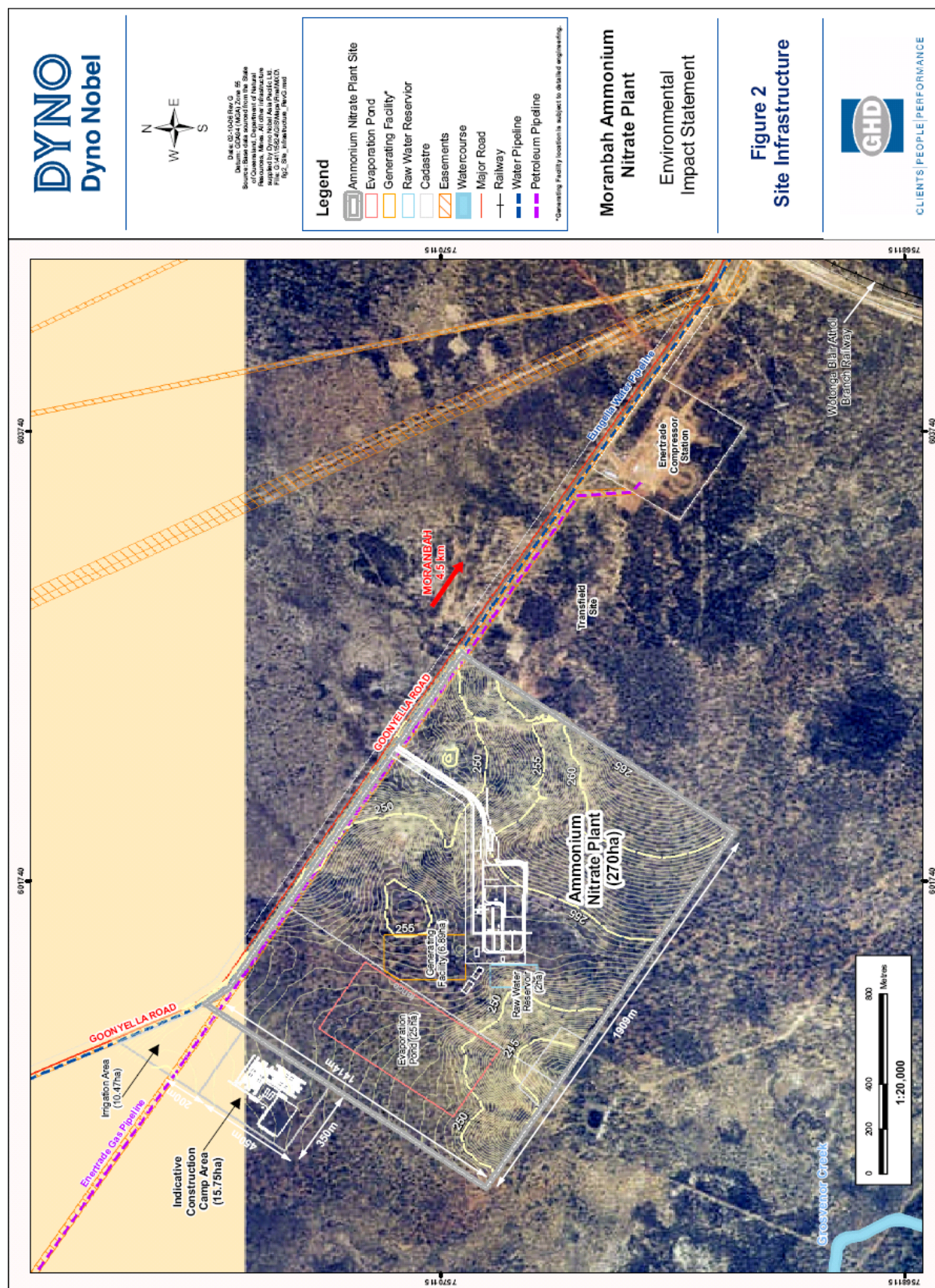
I have evaluated the environmental effects of the proposed change and its effects on the Moranbah Ammonium Nitrate Project according to Part 4 of the SDPWO Act. I have considered the matters in section 35H of the SDPWO Act and outlined my review in section 4.0 Evaluation of Environmental Effects.

I consider that the nature of impacts that may result from the proposed change to the Project are limited to the range of impacts as assessed in the Coordinator-General's Report of 8 May 2007. I have determined that the proposed change would not result any material change in the potential impacts that were evaluated in that report and as such I state that there are no further conditions or requirements for the Project with respect to the proposed change.

I further state to the Assessment Manager for the development approval that the current condition 12(1), set down in the Coordinator-General's report, dated 8 May 2007, be amended to allow for the temporary use of the construction camp at Goonyella Road, Moranbah by BMA personnel as part of the flood recovery program.

In accordance with section 35J of the SDPWO Act, a copy of this report will be provided to the Proponent. A copy of this report will also be provide to the Agencies listed in Appendix 1. This report will also be made publicly available on the Department of Infrastructure and Planning's website at: www.dip.qld.gov.au/eis.

Figure 1 – Site location



Appendix 1 – List of Advisory Agencies

- The Department of Communities
- The Department of Emergency Services, especially the Chemical Hazards and Emergency Management (CHEM) Services Unit
- The Department of Education, Training and the Arts
- The Department Main Roads
- The Department of Natural Resources and Water
- The Department of Mines and Energy, especially the Explosives Inspectorate;
- The Department of Housing
- The Department of Health
- The Department of Primary Industries and Fisheries
- The Department of the Premier and Cabinet
- Queensland Transport
- The Department of Tourism, Regional Development and Industry (formerly the Department of State Development)
- The Environmental Protection Agency
- Queensland Treasury.