

WATERMARK

COAL PROJECT

ENVIRONMENTAL IMPACT STATEMENT

February 2013

E Stakeholder Engagement





INTRODUCTION

In October 2008, Shenhua Watermark Coal Pty Limited (Shenhua Watermark) was granted Exploration Licence (EL) 7223. The Watermark Coal Project (the Project) is located approximately 35 km south-east of the township of Gunnedah and to the immediate west of the village of Breeza, within the Gunnedah Local Government Area (LGA).

Shenhua Watermark is in the advanced stages of project planning and has submitted a Major Projects Application to the NSW Department of Planning. This Community Information Sheet is the first in a series designed to provide the local community with up to date information in relation to the Project as it moves through the various stages of the environmental planning and assessment process.

Exploration Activities

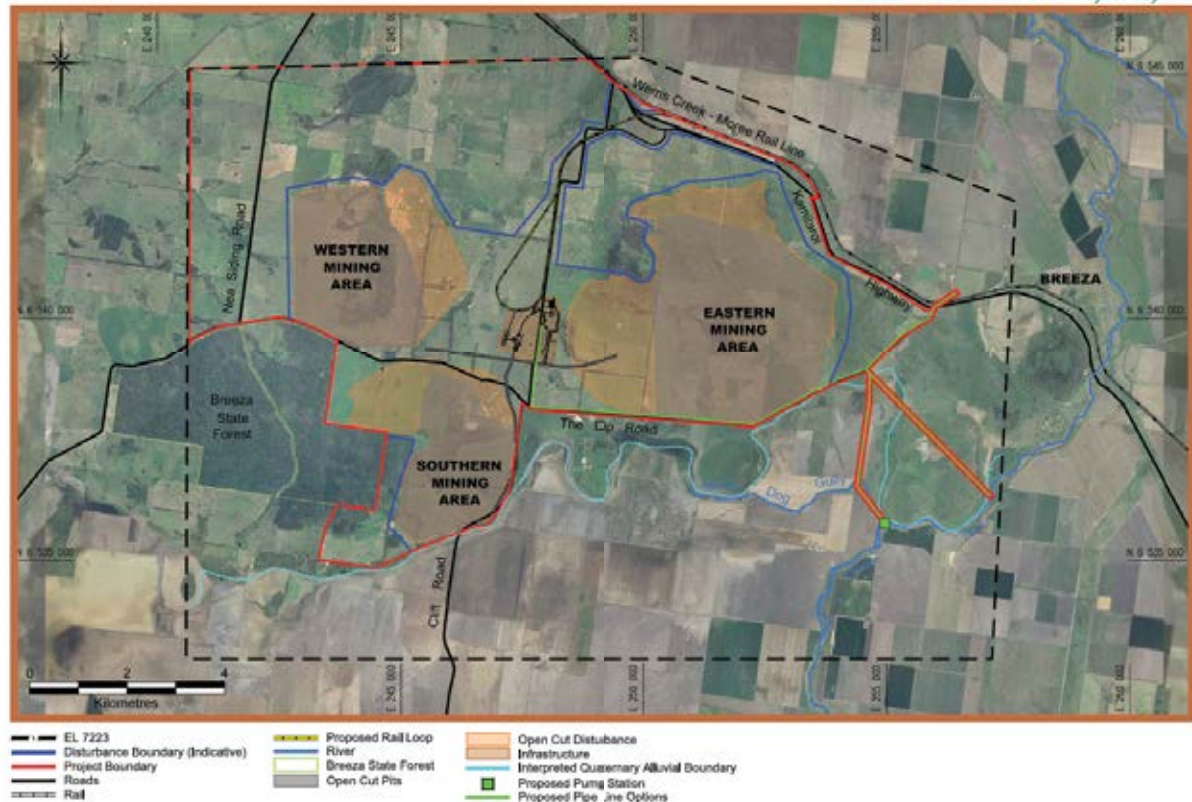
Since EL 7223 was granted, Shenhua Watermark has completed a comprehensive exploration program focused on defining the potential open cut coal resource in the non-Blacksoil plains areas of the EL. Exploration undertaken to date consists of a variety of methods including aerial surveys, geophysical surveys, hydrogeological studies and drilling. This has resulted in the development of a robust and environmentally sensitive mine plan for the Project.

The Project

The Project generally comprises:

- The construction and operation of an open cut mining operation extracting up to 10 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal for a 30 year period;
- The utilisation of an open cut mining fleet of excavators and shovels, supported by haul trucks, dozers, graders and water carts;
- Progressive rehabilitation of all disturbed areas;
- The construction and operation of:
 - Coal Handling and Preparation Plant to wash and process the raw coal;
 - Administration, workshop and related facilities;
 - Mine Access Road off the Kamilaroi Highway;

FIGURE 1: Watermark Coal Project Layout





- Rail spur and loop to transport the coal to the Port of Newcastle for export;
- Water management and reticulation infrastructure; and
- Communications and electricity infrastructure.
- A workforce of up to 600 full-time equivalent employees during construction and up to 600 full-time equivalent employees during the operation of the Project.

Open cut mining will not be undertaken within the Breeza State Forest or on the Blacksoil plains and Mt Watermark will remain intact. A general layout of the Project is illustrated in **Figure 1**.

Planning Approvals Process & Environmental Assessment

Shenhua Watermark is applying for Project Approval under Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act). In this regard, a Major Projects Application and supporting Preliminary Environmental Assessment (PEA) has been submitted to the NSW Department of Planning.

Shenhua Watermark is currently preparing a detailed Environmental Assessment (EA) to be submitted as part of its application for Project Approval. The EA is being prepared by Hansen Bailey, a specialist environmental consultancy firm based in Singleton. Specialist technical studies that are currently being undertaken for inclusion in the EA include:

- Ecology;
- Water Resources (surface & ground water);
- Soils & Land Capability;
- Social Impact Assessment;
- Aboriginal and Non-Aboriginal Heritage;
- Air Quality & Greenhouse Gas;
- Acoustics (noise & blasting);
- Geochemistry;
- Traffic & Transport;
- Visual & Lighting; and
- Economics.

Stakeholder Consultation

Shenhua Watermark is strongly committed to undertaking best-practice social assessment and ongoing stakeholder engagement activities for the Project. The stakeholder engagement strategy for the Project includes activities such as:

- Stakeholder meetings to discuss the Project and associated studies;
- Opportunities for stakeholders and community representatives to provide feedback for inclusion and consideration in the EA;
- Regular Community Information Sessions to be held in Breeza and Gunnedah providing updates on the Project and gaining community input;
- Regular Community Information Sheets distributed to surrounding landholders and others who register an interest in the Project;
- Regular website updates; and

- Community Reference Groups with interested members of the public to address key issues of concern in regard to the Project (i.e. water, koalas etc).

The analysis of community issues and responses will assist in informing project planning and developing strategies to address issues of importance to the community.

Shenhua Watermark has an established local office in Gunnedah, with a designated community contact available at all times on a free call Project Information telephone number.

Where to From Here

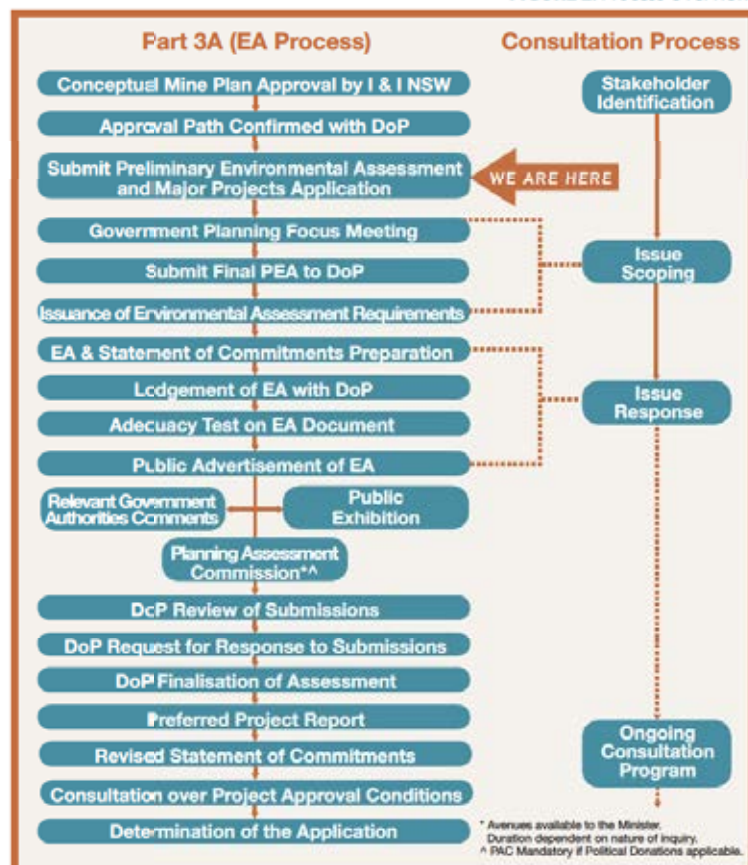
Shenhua Watermark will continue to progress its exploration program across EL 7223.

The preparation of the EA has commenced in parallel with exploration, monitoring and various community and environmental assessment activities. The specialist's EA technical studies are anticipated to continue throughout 2011, with plans in place to submit the EA to the Department of Planning in late 2011.

A flowchart showing the key consultation stages in relation to the EA is shown in **Figure 2**.

Hansen Bailey will contact surrounding landholders in mid March to commence briefings on the Project. If you would like to receive a briefing, please provide your details to either contact below.

FIGURE 2: Process Overview



FURTHER INFORMATION

If you have any questions regarding the Project or the EA, please visit Shenhua Watermark at their offices at 330 Conadilly Street Gunnedah, or contact:

Project Information Line: 1800 700 512
Website: <http://www.shenhua-watermark.com>

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Hansen Bailey
ENVIRONMENTAL CONSULTANTS



INTRODUCTION

This Community Information Sheet is the first in a series of newsletters designed to provide the local community with ongoing and current information in relation to the Watermark Coal Project and to explain the various stages of the environmental assessment process.

The Project

The Watermark Coal Project (the Project) is located within EL 7223, approximately 35 km south-east of the township of Gunnedah and to the immediate west of the village of Breeza.

The Project generally comprises:

- The construction and operation of an open cut coal mining operation extracting up to 10 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal for a 30 year period;
- The utilisation of an open cut mining fleet of excavators and rope shovels, supported by haul trucks, dozers, graders, drill rigs and water carts;
- Progressive rehabilitation of all disturbed areas;
- The construction and operation of:
 - Coal Handling and Preparation Plant to process the raw coal;
 - Administration building, workshop and related facilities;
 - Train loadout, rail spur and loop to connect to the rail line to Newcastle;

- Mine Access Road off the Kamilaroi Highway including an overpass of the rail spur;
 - Water management and reticulation infrastructure; and
 - Communications and electricity infrastructure.
- A workforce of up to 600 full-time equivalent employees during construction and an average of 425 full-time equivalent employees during the operation of the Project.

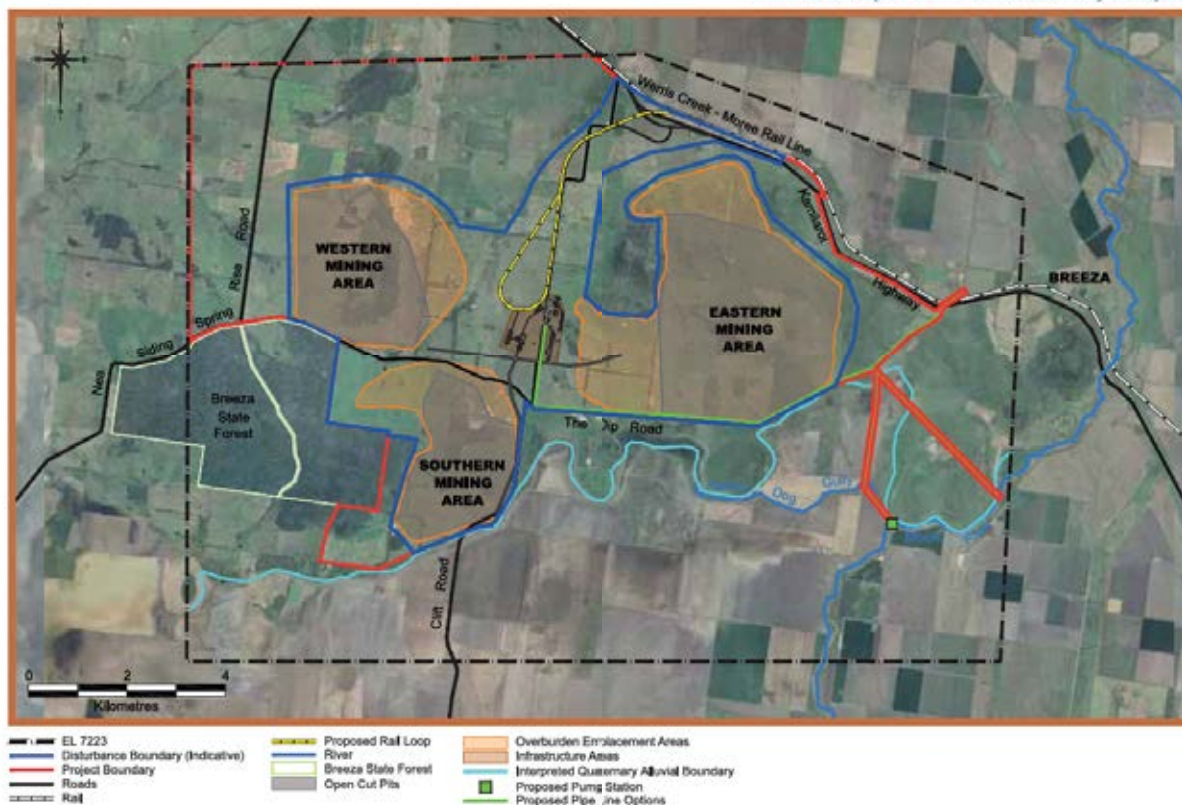
Open cut mining will not be undertaken within the Breeza State Forest or on the Blacksoil plains and Mt Watermark will remain intact. All of the land required for the Project is owned by Shenhua Watermark. A general layout of the Project is illustrated in Figure 1.

Project Update

Following the NSW state election in March 2011, the government repealed Part 3A of the *Environmental Planning & Assessment Act 1979* (EP&A Act) to assess major projects. On 1 October 2011, the NSW government commenced the *Environmental Planning and Assessment Amendment (Part 3A Repeal) Act 2011* to provide a replacement assessment system to Part 3A.

The NSW government has now confirmed that the Watermark Project will be assessed as State Significant Development under the new Part 4, Division 4.1 of the EP&A Act. The independent Planning Assessment Commission (PAC) will determine the application.

FIGURE 1: Proposed Watermark Coal Project Layout





Planning Approvals & Environmental Impact Statement

Shenhua Watermark is currently preparing a detailed Environmental Impact Statement (EIS) to be submitted as part of its application for State Significant Development Consent. The EIS is being prepared by Hansen Bailey. Specialist technical studies that are currently being undertaken for inclusion in the EIS include:

- Agricultural Impact Statement
- Social Impact Assessment
- Ecology
- Water Resources (surface & ground water)
- Soils & Land Capability
- Aboriginal and Non-Aboriginal Heritage
- Air Quality & Greenhouse Gas
- Acoustics (noise & blasting)
- Geochemistry
- Traffic & Transport
- Visual & Lighting
- Economics.

Stakeholder Consultation

Shenhua Watermark would like to meet with interested stakeholders to better understand their concerns and to identify the issues that should be considered in the EIS. All issues and concerns raised will be addressed in the EIS where practicable.

Shenhua Watermark is encouraging all community members to:

- Attend a Community Information Session in Breeza, Gunnedah, Quirindi or Tamworth;
- Send their comments on the attached reply-paid feedback form (no cost to sender);
- Call the free-call Project Information Line on 1800 700 512;
- Email their concerns or requests to communityinput@shenhuawatermark.com; or
- Visit the Shenhua Watermark Project Office (368 Conadilly St, Gunnedah) between 1 pm -5 pm every Monday.

Alternatively, if a community member would like a private meeting, please contact us and we will happily arrange a meeting at a time and location that is convenient to them.

Where To From Here?

The preparation of the EIS has commenced in parallel with exploration, monitoring and various community and environmental assessment activities. The specialist's EIS technical studies are anticipated to continue throughout 2012, with plans in place to submit the EIS to NSW Department of Planning & Infrastructure (DP&I) in mid 2012.

Additional community information sessions will be held during the preparation of the EIS.

A flowchart showing the key consultation stages in relation to the EIS is shown in Figure 2.

Community Information Session

Series One: Environmental Impact Statement Overview

Interested community members are invited to attend one of six Community Information Sessions to learn more about the Project and the Environmental Impact Statement (EIS).

This is the first of a series of sessions which the Watermark Project team and EIS team will run.

Shenhua has limited the number of attendees per session to 15 people to ensure everyone gets a chance to talk and ask questions.

The sessions will commence with a one hour presentation and conclude with two hours for questions and discussion. Each session will present the same content.

Representatives of the EIS team will be on hand to provide an overview of the EIS process and answer questions.

The Community Information Sessions will be held at:

Tamworth Community Centre (Darling St, Tamworth)

Tuesday 13th December 2011 – 11 am – 2 pm

Breeza Community Hall

Wednesday 14th December 2011 – 11 am – 2 pm

Wednesday 14th December 2011 – 4 pm – 7 pm

Gunnedah Civic Centre

Thursday 15th December 2011 – 11 am – 2 pm

Thursday 15th December 2011 – 4 pm – 7 pm

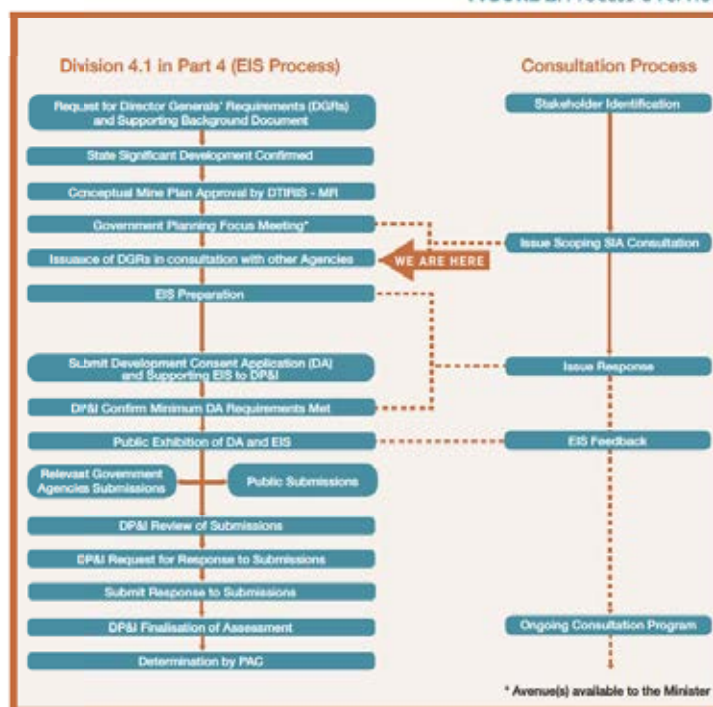
Quirindi Royal Theatre

Friday 16th December 2011 – 11 am – 2 pm

As numbers are limited, participants must RSVP with their preferred date by **Friday 9th December 2011 to:**

P: 6741 8800 or E: communityinput@shenhuawatermark.com

FIGURE 2: Process Overview



FURTHER INFORMATION

If you have any questions regarding the Project or the EIS, please either visit Shenhua Watermark at their offices at 368 Conadilly Street Gunnedah, or contact:

Project Information Line: 1800 700 512

Email: communityinput@shenhuawatermark.com

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FEEDBACK FORM

Name:

Address:

Telephone contact:

Mobile contact:

Email contact:

☐ I would like my details to be included in the stakeholder database to receive future project information (all information will remain confidential).

1. What interest do you have in the Watermark Project? (tick all that apply).

☐ I am a resident.

☐ I am a business owner.

What is your type of business and location?

☐ I represent a group or organisation
Which organisation?

☐ Another interest?
Please identify:

2. How long have you lived in the area?

☐ 0-5 years

☐ 5-15 years

☐ 15-30 years

☐ 30-50 years

☐ 50+ years

3. I would like to see the Watermark Project Environmental Impact Statement include:

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4. Other comments or questions:

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Fold the top panel first

PLEASE FOLD AS DIRECTED AND SEAL WITH A SMALL PIECE OF TAPE ALONG BOTTOM EDGE

Fold the bottom panel last so it appears on the outside

Delivery Address:
PO Box 1026
GUNNEDAH NSW 2380

No stamp required
if posted in Australia



Watermark Project
Reply Paid 8580€
GUNNEDAH NSW 2380



Introduction

This Community Information Sheet is the third in a series of information sheets designed to provide the local community with ongoing information in relation to the Project. This information sheet also aims to provide a summary of the findings from the stakeholder consultation process to date and Shenhua Watermark's response to these issues and questions.

The Project

Shenhua Watermark is seeking State Significant Development Consent under Division 4.1 of Part 4 of the Environmental Planning & Assessment Act 1979 (EP&A Act) for the Project. The Project (as shown on Figure 1) generally comprises:

- The construction and operation of an open cut coal mining operation extracting up to 10 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal for a 30 year period (6.15 Mtpa of product coal);
- The utilisation of an open cut mining fleet of excavators and rope shovels, supported by haul trucks, dozers, graders, blast hole drills and water carts;
- Progressive rehabilitation of all disturbed areas;
- The construction and operation of:
 - Coal Handling and Preparation Plant to process the raw coal;
 - Administration building, workshop and related facilities;

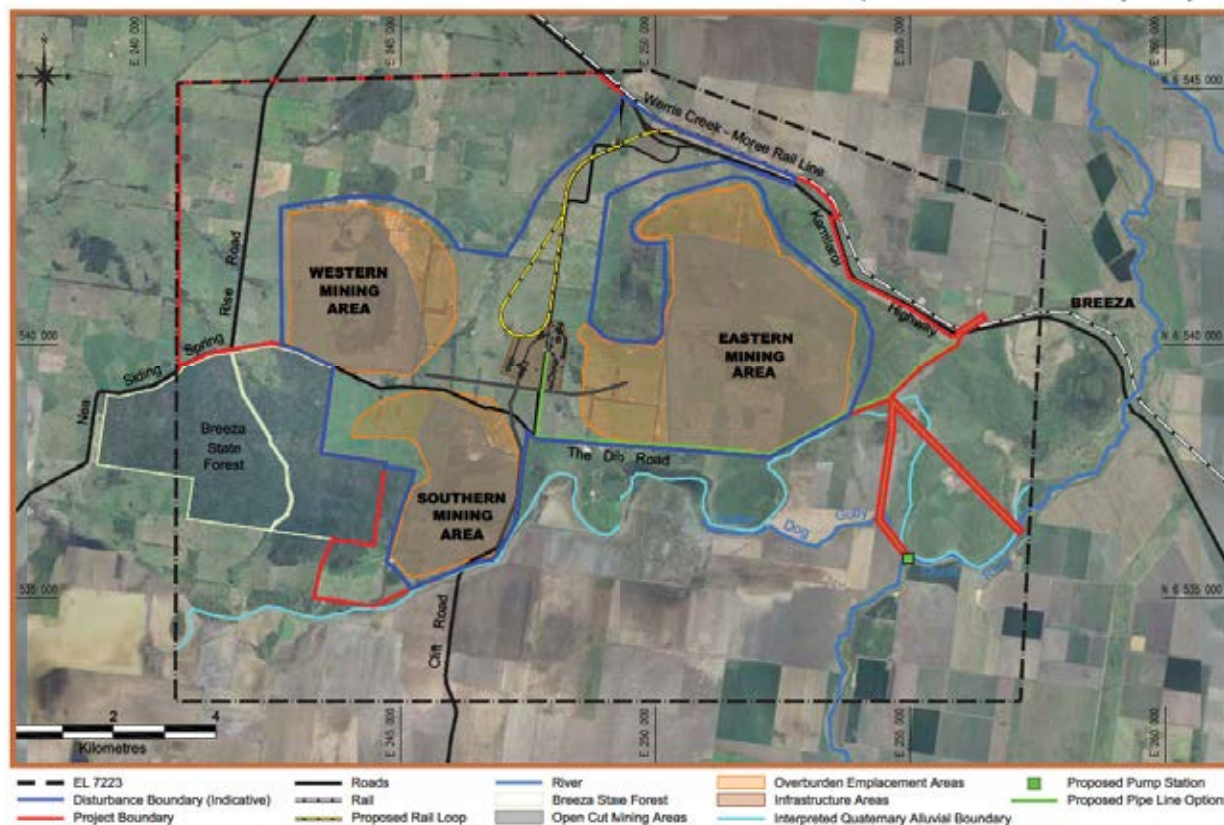
- Train loadout, rail spur and loop to connect to the rail line to Newcastle;
- Mine Access Road off the Kamilaroi Highway including an overpass of the rail spur;
- Water management and reticulation infrastructure; and
- Communications and electricity infrastructure.
- A workforce of up to 600 full-time equivalent employees during construction and an average of 425 full-time equivalent employees during the operation of the Project;
- The Project will contribute approx. \$100 Million in royalties per year to the NSW Government.

Project Update

The Director-General's Requirements (DGRs) for the Environmental Impact Statement (EIS) were issued on 19 April 2012 by the Department of Planning & Infrastructure. The DGRs were prepared in consultation with the relevant government agencies with input from the Watermark Community Consultative Committee (CCC) and NSW Farmers Association.

The DGRs provide an extensive list of requirements which the EIS must address. The DGRs also include a requirement for the EIS to address the draft Strategic Regional Land Use Plan (New England North West) and to consider the draft Aquifer Interference Policy. The DGRs can be viewed online at <http://www.shenhua-watermark.com>.

FIGURE 1: Proposed Watermark Coal Project Layout





Environmental Monitoring Update

Shenhua Watermark has conducted baseline environmental monitoring across the Project area and surrounds since 2009, and has installed:

- 19 x Air Quality monitors (including 13 Depositional Dust Gauges and 6 High Volume Air Samplers (Four PM10, One PM2.5, One Total Suspended Particulate sampler));
- 2 x Meteorological stations;
- 5 x Noise Monitoring sites;
- 12 x Surface Water Monitoring sites; and
- 93 x Groundwater Monitoring Sites.

Shenhua Watermark has more than two years baseline monitoring data to utilise in the EIS to ensure a robust assessment.



Shenhua Watermark has appointed Mr Paul Jackson as the company's new Project Manager. Paul brings more than 20 years experience in the construction and mining industries in both China and Australia. Prior to joining Shenhua, Paul was a Project Director at BHP.

Paul's role will ensure the Project meets best practice social and environmental standards and continues to develop a positive legacy for the community. Please join us in welcoming Paul to this position.



One of 131 environmental monitoring sites

Stakeholder Key Issues and Proposed Actions

A summary of some of the key issues raised by stakeholders is outlined below.

Social Impacts

Stakeholders were interested in workforce arrangements including where the workforce would be sourced from, how they would be accommodated, and employment opportunities for locals (especially young people) on the Project. Stakeholders expressed a desire to see Project related employment and training opportunities extended to the local community, a desire to attract families to local communities, and for shift arrangements that allow workers to participate in community life. Stakeholders also expressed concern about the demand on housing in the region and if the Project will contribute to an increased cost of living.



Justin Constable from NENW Group Training with Shenhua's Communications Manager Melanie Layton.

Response

Local residents will be given preference for employment where practicable, and training support incentives will also be implemented for local residences. However some skilled labour may need to be sourced from further away. It is anticipated that those workers who reside further away will drive or bus to site for each shift from within the region. The component of the construction workforce that is unable to be sourced locally is proposed to be temporarily accommodated in existing accommodation facilities in the region. The impacts of this, along with an assessment of housing availability and a labour force analysis will be examined and addressed in the Social Impact Assessment.

Air Quality

Stakeholders highlighted concern about the Project's potential impact on air quality, particularly in regard to health impacts and amenity. People were also concerned about the monitoring of air quality and how air quality during the coal's transport to the port at Newcastle will be managed.

Response

The EIS will include an assessment of the potential impacts of the Project on air quality, including potential cumulative impacts. The EIS will identify any necessary management measures to ensure potential Project impacts do not adversely affect health and residential amenity. Shenhua Watermark will assess the potential air quality impacts of coal transportation and identify appropriate management measures in the EIS. Shenhua Watermark has an extensive baseline air quality monitoring program which will be utilised in the EIS and maintained throughout the life of the Project.



A high volume air sampler

Stakeholder Engagement

Over the past three years Shenhua Watermark have directly engaged with stakeholders in a range of working group forums and meetings, including the Community Consultative Committee (CCC) and the establishment of Community Reference Groups (CRGs) to investigate environment, water and koala issues. Regular project briefings have also been provided to Gunnedah, Liverpool Plains and Tamworth council's, various State and Federal Government agencies, Non-Government organisations and interest groups.



Stakeholders have also provided feedback via the free-call Project Information Line (1800 700 512), by emailing communityinput@shenhua-watermark.com or visiting the Shenhua Watermark Project office in Gunnedah.

An Indigenous consultation program is also being carried out. This program involves more than 150 Aboriginal stakeholder's participating in workshops, meetings, presentations and site visits.

A community information sheet (No.2) was distributed in November 2011 to more than 6,800 households in Gunnedah, Curlewis, Caroon, Pine Ridge, Quirindi and Spring Ridge. A reply-paid feedback form was attached to that newsletter giving community members an opportunity to provide comments for consideration in the EIS. Since December 2011, 18 feedback forms have been received.

In December 2011, Shenhua ran five community information sessions for the community to learn more about the Project and the EIS. The sessions were held in Tamworth, Gunnedah, Breeza and Quirindi with approximately 40 stakeholders attending. Valuable feedback has been received throughout the consultation process which will assist in the preparation of the EIS.



Traffic & Transport

Stakeholders raised concerns about potential Project effects on traffic and transportation both locally and regionally. These included concerns that current road and rail infrastructure is near or at capacity, the potential for coal trains to disrupt passenger rail services, and the potential for coal train movements to interfere with the efficient movement of agricultural produce on both rail and road. A number of stakeholders indicated they would like to see harvest and seasonal traffic included in the Traffic Assessment and also ongoing monitoring of traffic impacts throughout the life of the Project.

Response

The EIS will include a detailed assessment of the Project's impacts on the local road and rail networks, including an assessment of cumulative impacts with the agricultural industry. Shenhua has and will continue to consult with local councils, ARTC and NSW Roads and Maritime Services to address potential project impacts and identify appropriate mitigation measures for inclusion in the EIS.

Water

Stakeholders were concerned about potential impacts on local water resources, including:

- Potential water discharge and on-site water management;
- Disturbance to groundwater and surface water quality and quantity; and
- Flood management.

Stakeholders also expressed concern about the need for reliable quality water monitoring data in the EIS and requested ongoing monitoring of water quality upstream and downstream of the Project.

Response

The EIS will include a detailed Groundwater Impact Assessment, Surface Water Impact Assessment, Geomorphology Impact Assessment and Flood Assessment to identify



Routine water sampling

any potential impacts to water resources and proposed mitigation or management measures. Shenhua Watermark has an extensive baseline water monitoring program which will be utilised in the EIS and maintained throughout the life of the Project.

Agriculture

Many stakeholders were concerned about the Project's impact on the economic viability of the region's agricultural economy, including:

- Competition for quality surface and ground water;
- Devaluation of surrounding properties;
- Impacts on agricultural rail transportation and port allocation;
- Skilled workers leaving agriculture to work on the Project; and
- The inability of the agricultural sector to compete with the employee wages offered by the mining industry.



Response

An Agricultural Impact Statement will be prepared for the EIS and will identify the agricultural resources and agricultural production of the Project area, assess the impacts of the Project on agricultural resources and industries, account for any physical movement of water away from agriculture, and identify options for minimising adverse impacts on agricultural resources at the local and regional level.

The Social Impact Assessment will include a labour force analysis to assess any potential competition or impacts to the local and regional labour force.



Frequently Asked Questions

1. Is the Project affected by the draft Strategic Regional Land Use Policy?

Yes, the Project is subject to the draft New England North West Strategic Regional Land Use Plan (SRLUP). The DGRs require that the Project must address the draft SRLUP and to consider the draft Aquifer Interference Policy. The EIS will address these requirements.

2. Will the Project mine the black soil plains?

No, the Project will not mine the black soil floodplain. Shenhua will ensure there is at least a 150 metre stand-off or "buffer" between the mining operation and the black soil floodplain.

3. How will Shenhua ensure they address all issues raised by stakeholders?

Shenhua Watermark is committed to listening to the community and other stakeholders to ensure the project is carried out in a manner that is acceptable to both the local and wider community. The main purpose of stakeholder consultation for the EIS is to identify and understand stakeholder's issues and concerns and to ensure these are addressed in the EIS. The EIS will include a detailed list of all stakeholders concerns and identify where those concerns are addressed in the EIS.

4. How can the community be assured that adequate consideration is given to the findings of the technical studies?

The EIS is being prepared by an extensive team of leading technical experts, in consultation with government authorities and stakeholders, in accordance with the relevant government guidelines. Key studies, such as the Water Impact Assessment, Koala Impact Assessment and Economics Impact Assessment will be subject to peer reviews by leading experts in consultation with government.

Furthermore, as part of the determination process, it is likely that the EIS will be subject to review by two State Independent Planning Assessment Commissions (PAC) and one Federal Independent Scientific Committee. Committee members are appointed by the relevant Minister.



Where To From Here

Hansen Bailey has commenced the preparation of the EIS, which is anticipated to be submitted to the Department of Planning & Infrastructure in Quarter 4, 2012 for consideration and determination. Community Newsletters and workshops will be issued /held at this time providing information regarding the key findings of the EIS and how you can further participate.

A flowchart showing the key consultation stages in relation to the EIS is illustrated in **Figure 2**.

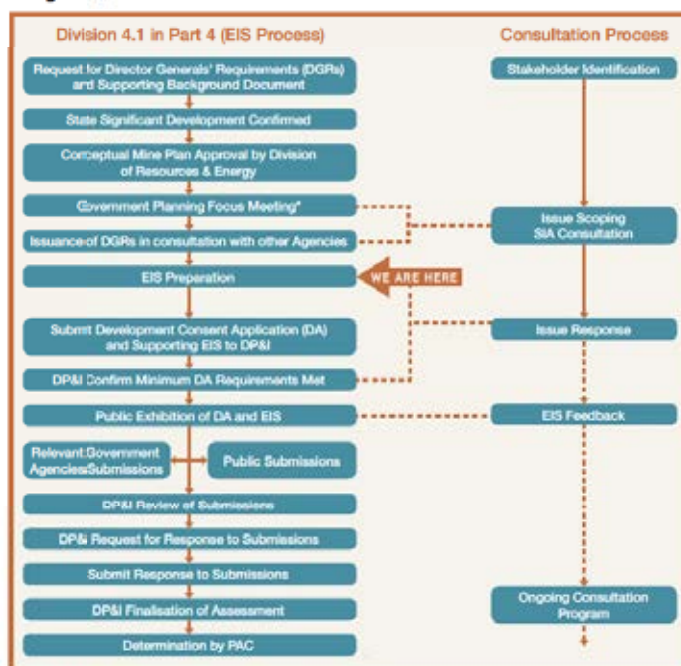


FIGURE 2: Consultation Process Overview

FURTHER INFORMATION

If you have any questions regarding the Project or the EIS, please either visit the Shenhua Watermark Project office at 368 Conadilly Street Gunnedah, or contact:

Project Information Line: 1800 700 512

Email: communityinput@shenhuawatermark.com

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WATERMARK COAL PROJECT

COMMUNITY INFORMATION SESSION REPORT

Prepared by:

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6/ 127 – 129 John Street
SINGLETON NSW 2330

January 2012

For:

SHENHUA WATERMARK COAL
368 – 370 Conadilly Street
GUNNEDAH NSW 2380

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1 INTRODUCTION

In October 2008, Shenhua Watermark Coal Pty Limited (Shenhua Watermark) was granted Exploration Licence (EL) 7223. Shenhua Watermark is a subsidiary of the Shenhua Corporation; the world's leading integrated coal based Energy Company.

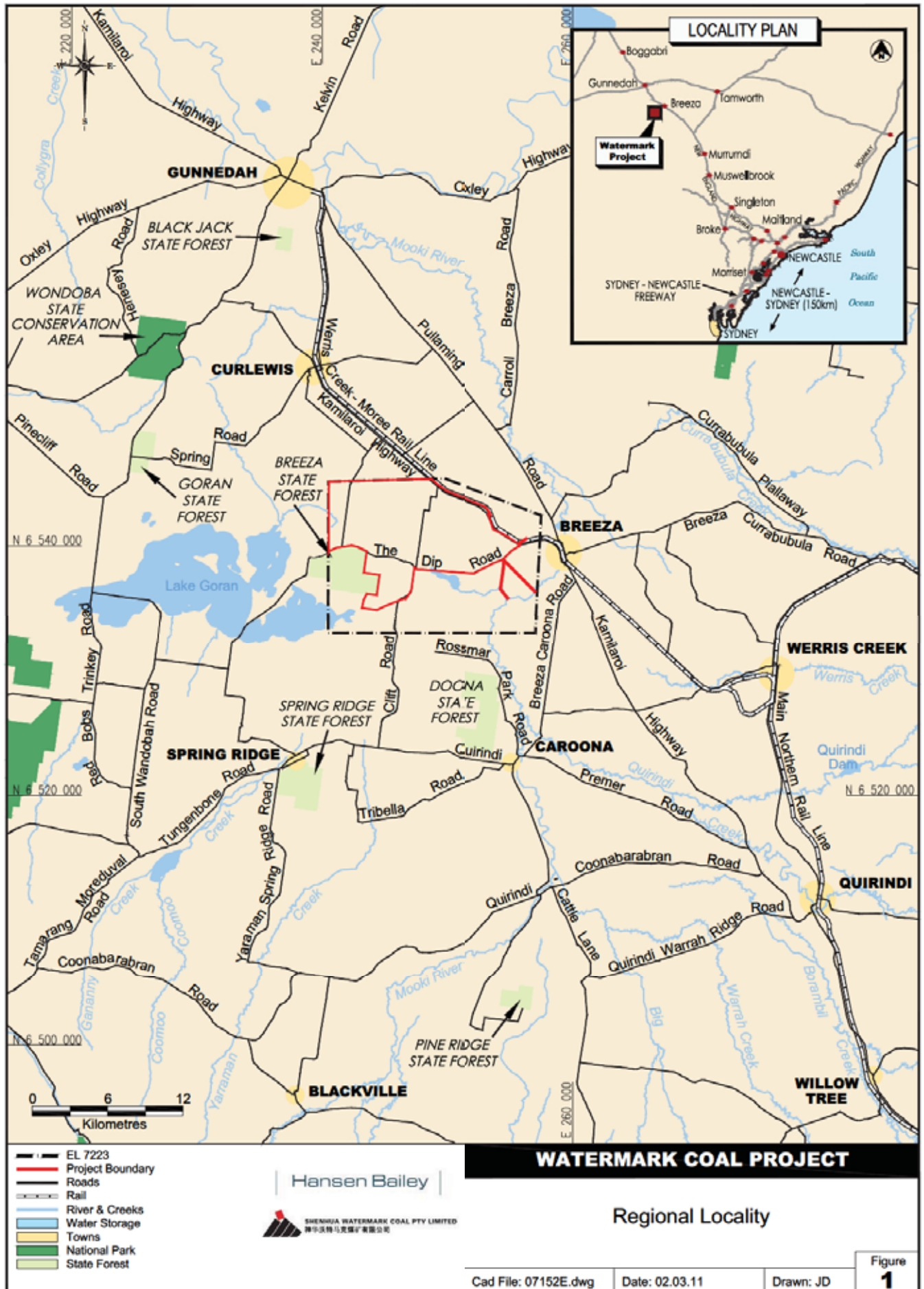
The Watermark Coal Project (the Project) is located within EL 7223, approximately 35 km south-east of the township of Gunnedah and to the immediate west of the village of Breeza, within the Gunnedah Local Government Area (LGA). The Project is approximately 282 km by rail from the export Port of Newcastle. **Figure 1** illustrates the regional locality of the Project in relation to the nearest town centres of Breeza and Gunnedah.

2 THE PROJECT

Shenhua Watermark is seeking State Significant Development Consent under Division 4.1 of the *Environmental Planning & Assessment Act 1979* (EP&A Act) for the Project. The Project generally comprises:

- The construction and operation of an open cut mining operation extracting up to 10 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal for a 30 year period;
- An open cut mining fleet of excavators and shovels, supported by haul trucks, dozers, graders, drill rigs and water carts;
- Progressive rehabilitation of all disturbed areas;
- The construction and operation of a Coal Handling and Preparation Plant (CHPP) with a throughput of 10 Mtpa ROM coal;
- The co-disposal of tailings and coarse reject within the Overburden Emplacement Areas (OEA);
- The construction and operation of a rail spur, rail loop, Kamilaroi Highway rail overpass, associated load out facility and connection to the Werris Creek - Moree Railway Line;
- The construction and operation of a Mine Access Road;
- The construction and operation of administration, workshop and related facilities;
- The construction and operation of ground and surface water management and reticulation infrastructure including pipelines, pumping stations and associated infrastructure for access to water from groundwater aquifers, the Mooki River and private dams to the north-east of the Project Boundary;
- The installation of communications and electricity reticulation infrastructure; and
- A workforce of up to approximately 600 full-time equivalent employees during construction and up to 600 full-time equivalent employees during the operation of the Project.

Community Information Session Report



3 ENVIRONMENTAL IMPACT STATEMENT

Shenhua Watermark is currently preparing a detailed Environmental Impact Statement (EIS) to be submitted as part of its application for State Significant Development Consent. The EIS is being prepared by Hansen Bailey Environmental Consultants. Specialist technical studies that are currently being undertaken for inclusion in the EIS include (but are not limited to):

- Agricultural Impact Statement;
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- Ecology;
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- Visual & Lighting; and
- Economics.

A key component of preparing the EIS is to conduct extensive stakeholder consultation to understand stakeholder concerns and to identify the issues that should be considered in the EIS. An analysis of these issues is essential in ensuring that relevant issues are identified and evaluated in the EIS. During this process appropriate strategies are developed to minimise negative impacts and / or enhance the positive impacts associated with the Project.

The preparation of the EIS has commenced in parallel with exploration, monitoring and various community and environmental assessment activities. The specialist's EIS technical studies are anticipated to continue throughout 2012, with plans in place to submit the EIS to NSW Department of Planning & Infrastructure (DP&I) in mid 2012.

4 INFORMATION SESSIONS OVERVIEW

Interested community members were invite to attend a Community Information Session to learn more about the Project and the EIS.

Details of the Community Information Sessions were included in the Community Information Sheet (**Appendix A**) which was distributed to more than 6,800 households with a postcode for Gunnedah, Curlewis, Caroonna, Pine Ridge, Quirindi and Spring Ridge. Details of the Community Information Sessions were also advertised (Appendix B) in the Namoi Valley Independent newspaper, The Leader, and Quirindi Advocate from 19 November – 16 December 2011.

The Community Information Sessions were advertised to be held at:

- Tamworth Community Centre
 - Tuesday 13th December 2011 – 11 am – 2 pm
- Breeza Community Hall
 - Wednesday 14th December 2011 – 11 am – 2 pm
 - Wednesday 14th December 2011 – 4 pm – 7 pm
- Gunnedah Civic Centre
 - Thursday 15th December 2011 – 11 am – 2 pm
 - Thursday 15th December 2011 – 4 pm – 7 pm
- Quirindi Royal Theatre
 - Friday 16th December 2011 – 11 am – 2 pm

The sessions included a one hour presentation from Shenhua Watermark on the Project and EIS (**Appendix C**), followed by the formation of small groups. Each group was then asked to brainstorm responses to the following questions on butcher's paper:

1. *I would like to see the Watermark EIS include...*
2. *I am concerned about...*

A spokesperson for each group then presented their responses back to the group, including Shenhua Watermark and Hansen Bailey representatives. Open discussion and questions were also encouraged during this time.

Section 5 lists all of the issues identified by stakeholders in response to Question 1 and 2 above.

5 ISSUES IDENTIFIED

Section 5.1 to **Section 5.6** below lists the issues raised at each Community Information Session held in Tamworth, Breeza, Gunnedah, and Quirindi from 13 December 2011 to 16 December 2011.

5.1 TAMWORTH – 13TH DECEMBER 2011

Eleven stakeholders attended this Community Information Session. The issues raised during the session are provided in **Table 1**.

Table 1
Summary of Issues raised in Tamworth Meeting

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Social	Where will the employees come from? Percentages of fly-in / fly-out employees	Land ownership	Is there a long term plan to purchase more land in the area in between Gunnedah to Narrabri?
Groundwater	Groundwater aquifer impacts	Mine Plan	Has the long term plan of underground mining been identified?
Ecology	All flora and fauna should be specified	EIS process	Have the specialists been selected due to pre-determined outcomes?
Rehabilitation & Final Landform	Rehabilitation plan should be in EIS	Groundwater	Impacts on water aquifers
Rehabilitation & Final Landform	What do they propose to do with the final void?	Surface water	How will you overcome the potential impacts on flow volumes and the quality of the Mooki River?
Air quality	Will the trains be covered?	Groundwater	Why aren't you waiting for the Namoi Catchment Water Study?
Agriculture	What protection will the crops grown on the floodplains have against coal dust?	Aboriginal heritage	Ensuring all identified cultural Aboriginal sites are protected
Air quality Surface water Groundwater	Full disclosure of air/water quality data from the beginning	Landholder compensation	Providing adequate compensation for landholders who fall outside of the impact zone

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Agriculture	Agricultural Impact Statement must quantify the loss of food and agricultural production over time and now	EIS process	The attempts to fast track the process and exerting pressure on the government
Social	Details of socio-economic offsets / programs to sustain viable labour for non-mining industries	EIS process Cumulative impacts	Getting boxes ticked off. Concern over Shenhua not committing to regional studies and cumulative impacts
Air quality Health	Dust and health impacts	EIS process	Tick-a-box approach to EIS & DA without due consideration to studies that reveal relevant information
EIS process	Adequate consideration of environmental risks identified. (Reference made to Table 7 in the Background Document. No impacts should be a low risk, any that are considered such will need to be justified strongly)	Economics	The genuine realisation of the proposed economic benefits to local industry and commerce
Landholder compensation	Landowner compensation does not go far enough. Landholder have little bargaining power. More documented type accessibility.	Social	Change to my way of life. Little consideration given to the lifestyle of European settlers.
Rehabilitation & Final Landform	Need to consider Rural Land Capability Assessment. Would like to see the rehabilitation proposal for Class 3 & 4 lands.	EIS process	Concerned with Hansen Bailey's role in the Project due to financial benefits, merits, etc.
Greenhouse Gas	Reference made to the Hanock-Gallilee EIS. Raised in EIS the impact on temperature (potential increase in temperature by 1 degree). Would like to see the temperature impacts assessed for the 30 year life of mine.	Traffic & Transport	Rail and Road Transport. At present 1 rail movement per 17 minutes. Werris Creek is at the junction of two rail lines. How will this be addressed in the EIS? How will the Kamilaroi Highway be impacted?
		Rehabilitation & Final Landform	Rehabilitation. Are the mobile populations of animals & insects able to be maintained. The end result of mining may be an improved habitat for these species. What are the implications of this?

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
		Rehabilitation & Final Landform	Where will you obtain your rehabilitation seed stock from? It would be preferable to utilise existing seed stock where possible from the retained areas of vegetation.
		Traffic & Transport	Concern over roads being privatised from crown to private land

5.2 BREEZA – 14TH DECEMBER 2011 (11 AM – 2 PM SESSION)

Four stakeholders attended this Community Information Session. The issues raised during the session are provided in **Table 2**.

Table 2
Summary of Issues raised in Breeza Meeting

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Traffic & Transport	Consideration of harvest traffic and seasonal traffic in the Traffic Assessment	Traffic & Transport	Increased traffic due to the Project
Blasting	Blasting impact assessment to address this in the EIS	EIS process	Require evidence of sub - consultant expertise
Environmental Monitoring	Check whether the weather stations are picking wind splitting around Breeza Mountain (potential requirement for another station south of Breeza) and ensure that it is included in the meteorological model	EIS process	There will not be a peer review of all technical assessments
Agriculture	Ensure co-operation between the mine & surrounding agricultural industries	EIS process Stakeholder Consultation	The community won't be made aware of key dates and aspects of the Project approval process, particularly public submission of the EIS
Traffic & Transport	Traffic assessment to be conducted for the entire 30 year life-span of the mine	Blasting	Impact from blasting operations to residential housing (i.e. structural damage)

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Visual	Commitment to use tree screens, bunding, etc to prevent visibility of the Project from nearby roads	Mine Plan	Proximity of the Project to the village
Traffic & Transport	Include a cumulative assessment of rail traffic impacts from other mines	Environmental Monitoring	The influence of Breeza mountain on wind direction, particularly, consideration that the wind splits and rolls around the mountain, particularly during storms
Traffic and transport	Co-operation with the RTA and local council to determine road improvement requirements, particularly at the Hogarth Street and Kamilaroi Highway intersection	Social	There is a lack of incentives for more people and families to move to Gunnedah. Local shops have been shutting down.
		Social	Lack of doctors and medical facilities
		Social	Schools may not be able to cope with the Project
		Social	What will remain in 30 years time after the mine shuts down in terms of the local Gunnedah economy & community
		Social	Attracting people to move to the area will be difficult
		Groundwater Surface water	The potential for the Project to cause damage is enormous (especially to groundwater / surface water). Until this risk is zero, it is unacceptable
		Traffic & Transport	Court Lane will be closed
		Traffic & Transport	Increased traffic due to the Project
		Visual	Visual impact of project to people driving past
		Visual	Preventing visibility of the Project would be hiding operations from the public.

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
		EIS Process Stakeholder Consultation	The technical experts are using too much technical language and jargon, which is too difficult to understand.
		Surface water	Changes in water flow direction, particularly reduced run-off onto the Latham property, which relies on dam water
		Surface Water Groundwater	Concerns over the Project affecting the allocations of water licences in the region, and whether Shenhua will have the same restrictions as local farmers
		Surface Water Groundwater	The source of water for coal washing operations (high water usage concerns)
		Air Quality Environmental Monitoring	Concerns over the number of dust monitors and TEOMs
		Air quality Health	Dust in drinking water
		Visual	Visual impact of lighting throughout the night
		Noise	Potential noise caused by the Project. There is no noise at present.
		Traffic & Transport	The train movements will be too frequent and they will cause traffic hold-ups at road-rail intersections.
		Traffic & Transport	Traffic hold-ups at road-rail intersections will cause delays for wheat and wool trucks.
		Air quality	Concerns over dust generation, particularly not being able to hang out washing on the line, dust build up on roofing, extra dust during harvest.

5.3 BREEZA – 14TH DECEMBER 2011 (4 PM – 7 PM SESSION)

No one registered to attend this session therefore this session was cancelled.

5.4 GUNNEDAH – 15TH DECEMBER 2011 (11 AM – 2 PM SESSION)

Seven stakeholders attended this Community Information Session. The issues raised during the session are provided in **Table 3**.

Table 3
Summary of Issues raised in Gunnedah AM Meeting

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Visual	What will the site look like in 30 years time.	Social	Youth opportunities and development
Social	Are locals going to have jobs, qualifications and training?	Economic	Funding for community groups
Social	What happens to the social / economic viability of Gunnedah when the mine is complete? Will the current non-mining industries survive? Eg rail line or flour mill (flour mill won't have access to rail)	Groundwater	Water; reliance on groundwater for drinking
Aboriginal heritage	Ensure Aboriginal artefacts are not destroyed. They could be kept in a shed, museum or coffee shop. The whole story of the Aboriginal community from prior European settlement to now and then post mining should be captured in the EIS.	Air quality Health	Dust / fumes and the associated health impacts including cancer and lung disease.
Aboriginal heritage	Record of the Aboriginal stories to ensure they are there for future generations.	Stakeholder Consultation	Concern of broken promises in the past. The need to be treated with respect was noted in addition to being truthful and maintaining communication
Social	Opportunity for local Indigenous people e.g. jobs and education programs, infrastructure, opportunities, invest back in the community, day care for mums in jobs.	Social	The positives of mining including there is now something in the area for young people.

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Ecology	Replace old nesting sites with hollow logs from old trees removed and placed into existing trees. Place old logs into younger trees if they are void of hollows. Keep corridors maintained while you are creating other corridors. Avoid isolated pockets of habitat.	Social	Education / mining interaction with schools and the potential for a university?
Surface water	Flood management plan - how will you handle major rain events.	Ecology	Koalas
Surface water Air quality	Water, dust control. What is the process to wash coal and how safe is water that is discharged or left over at the end of mining?	Social	Train accountants here, should be mandatory that locals are trained via traineeships, scholarships. Developing your own workforce.
Surface water	Pollutants in the water	Traffic & Transport	Rail - access for other industries
Visual	Light pollution from working at night. Reflected light from mine could affect local residents	Rehabilitation & Final Landform	The rescale of land after mining
Social	Competition for workers. Losing tradesmen to the mines. Locals will have to increase pay for services to cover costs.	Aboriginal heritage	More respect and acknowledgment of all indigenous sites uncovered - i.e. burial sites, rock carvings, tree markers
Social	Food, housing, rent costs; everything goes up in price. Will make it worse for the residents who are already here.	Social	Workers - long term and short term planning for workers and families
Air quality Health Cumulative impacts	Dust from coal trains affecting peoples health. Cumulative impact with coal going through the Hunter; what is the answer?	Social	Ensuring fly-in fly-out workers can be part of the local community
Aboriginal heritage	Aboriginal artefacts need to be given respect. Drilling program. Full EIS heritage survey. Management detail.	Social	Shift work hours impacting upon the community. 14 hour shifts do not enable active involvement in the community. Potential to have 3 shifts per day? This would use more labour, but provide a better social outcome.

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Aboriginal heritage	Water eroding artefacts onsite.	Aboriginal heritage	Use of slashing near cultural heritage artefacts; potential for damage (alternatives might include controlled burning, hand slashing etc).
Traffic & Transport	Rail access for other users.	Greenhouse Gas	Usage of by-products (pharmaceuticals, fuels etc). Coal is rich in by-products.
Land ownership	The resale of land after mining	Social	Use of contract labour.
Aboriginal heritage	More respect and acknowledgement of all indigenous sites including burial sites, rock carvings, tree markings.	Social	Housing for increased workforce.
Social	Concern that Europeans are taking advantage of those jobs designated for Aboriginal roles only and a criteria for proving one's Aboriginality should be required.	Land ownership	Who owns the land when mining is finished.
Land ownership	Resale of land after mining; concern regarding the Chinese government ownership of Australian land.	Social	Engagement of young locals now. Go into the schools, have workshops there.
Agriculture Traffic & Transport	Sufficient facilities on rail line for agricultural transportation; same at Newcastle Port. Concern over agricultural port allocation.	Landholder compensation	Benefits for impacted landowners - including loss of value of adjoining lands.
Ecology	Impacts on native animals and vegetation. Specific native flora and fauna.	Air quality Health Landholder compensation	Dust deposition in water tanks. Compensation.
Surface water Groundwater	Surface and underground water impacts	Social Aboriginal heritage	Belief that people in unfortunate situations should be given the land back. Potential for land to be given back to Aboriginal people so they can 'get their roots back'.
Traffic & Transport	Limiting traffic impacts - upgrading of existing rail line; limiting road damage.		
Rehabilitation & Final Landform	Procedures on mine closure.		

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Social	Employment in revegetation work - locally based? Separate to general mine work? Want to ensure this is work sourced locally, even if contracted out.		
Economic	Allocation of mining tax proceeds		
Aboriginal heritage	Ensuring the appropriate knowledge holders are undertaking cultural heritage surveys and not just local people. Those completing work should have training and experience in identifying artefacts in an area. Should be at least one knowledge holder.		
Rehabilitation & Final Landform	Tube stock grown locally. Rotary has been completing this work for many years now.		
Waste	Reuse of waste products; tailings, chitter. Is there potential to use this for road gravel?		
Traffic & Transport	Effects on passenger rail services		
Social	Training of young locals in all aspects.		
Rehabilitation & Final Landform	Re-vegetation using the same local native species		

5.5 GUNNEDAH – 15TH DECEMBER 2011 (4 PM – 7 PM SESSION)

Nine stakeholders attended this Community Information Session. The issues raised during the session are provided in **Table 4**.

Table 4
Summary of Issues raised in Gunnedah PM Meeting

Category	Q1– I would like to see the EIS include...	Category	Q2 – I am concerned about...
Cumulative impacts	Cumulative impacts. Starting with Caroonah.	Stakeholder Consultation	Level on ongoing information back to the ratepayer. Information flow corresponding to the flow of the process.
Social	Cumulative housing affordability. Cost of living for non-mining families. Strategies for ensuring that equal or better opportunities for local contractors e.g. policy and guidelines for contract selection criteria.	Social	Mac Camps. Concern. What benefits? Community is absorbing the benefits. Can we have the positive impacts as the community? Community ownership of the MAC camp.
EIS Process	Going beyond the means of what is necessary may quell community reservations.	Stakeholder Consultation	Utilising social media as a way to inform the community
Social	Ideas of mitigating impacts include offering low interest loans for new homes. Building projects for homes to attract families. Attraction of labour.	Stakeholder Consultation	Emergency management, disaster planning. Information on project sizes, shift in demographics needs to be shared to obtain the best outcome. Facts, need cumulative information. Get the relevant people along to the meetings.
Social	Incentives for local banking.	Stakeholder Consultation	Little communication between the regional local governments.
		Social	The community in addition to Shenhua need to encourage people to live in the region.
		Agriculture	Heavy chocolate soils that are actually quite productive should be assessed.
		Groundwater Surface water	Disturbance to groundwater flows and surface water-groundwater interactions.
		Groundwater	Regional and deep groundwater aspects

Category	Q1– I would like to see the EIS include...	Category	Q2 – I am concerned about...
		Traffic & Transport	Possible impacts upon passenger train services
		Social	Changes in the cultural life of Gunnedah
		Social	Would like criteria in employment process to question whether the applicant is a local.
		Social Aboriginal heritage	Young Indigenous population is disadvantaged thus Shenhua could engage that section of the labour market & endeavour to retain local Aboriginal employment.
		Social	Issues of mining absorbing the labour in the region
		Cumulative impacts	Concern over getting the mines together to communicate
		Social	The gender base of women in the workforce.

5.6 QUIRINDI – 16TH DECEMBER 2011 (11 AM – 2 PM SESSION)

Eight stakeholders attended this Community Information Session. The issues raised during the session are provided in **Table 5**.

Table 5
Summary of Issues raised in Quirindi Meeting

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Ecology EIS Process	Critically endangered species should be looked at by an independent company, i.e. not paid by Shenhua as the study at present lacks impartiality.	Greenhouse gas	Shenhua should put more energy in Australia into the development of parallel energy sources, providing sustainable ongoing energy; wind, geothermal, solar, wave action, thorium; not gas.
Cumulative impacts	Cumulative impact statement covering environmental, economic, and social issues raised by the community.	Greenhouse gas	Sustainable energy should be used on site.
Greenhouse gas	Development of parallel energy sources providing sustainable ongoing energy.	Greenhouse gas	Four star green energy rating should be applied.
EIS Process Surface water Groundwater Air quality Noise	A very clear statement of the ongoing risks presented by this project to water, air and noise.	EIS Process Surface water Groundwater Air quality Noise	Very clear statement of the ongoing risks presented to this Project to water, air, noise. Inter-generational risks. Forward & long term planning.
Agriculture	Independent heavy metal baseline testing of crops, pastures, livestock & soils in & around the mining area and also along the rail line. Ongoing testing of these things if the mine begins	Surface water Groundwater	Concern over the 150m buffer regarding risk. Especially from an intergenerational perspective.
Stakeholder Consultation EIS process	Community input into what's tested.	EIS process	Timing of the application in light of coming legislative changes. Process is unclear.

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
Surface water	Benchmark and on-going water testing upstream & downstream of mine site (of the Mooki River), upstream at Caroona. Downstream - 5km downstream. At point of release (expected release of mine water), measure content of water - all nutrients, heavy metals.	Air quality, health, traffic & transport, noise	Offsite disturbance during coal transport between site and Newcastle. E.g. Air, traffic, dust, health, traffic delays, noise.
Air quality	What Shenhua will do to eliminate coal dust off trains leaving their mine.	EIS process Surface water Groundwater	The risks presented by this proposal. Integrity of the water, economic capacity of the plains.
Ecology Blasting	How Shenhua will protect Koalas from blasting effects.	Traffic & Transport	Railway; vibration caused by trains.
Air quality	PM2.5 dust monitors on all monitoring sites for benchmarking and ongoing monitoring	Stakeholder Consultation	Level of on-going information feeding back to the rate payer.
Air quality	PM2.5 dust monitor next to the rail line (downwind) at point where train reaches max speed	Social	Concern over use of MAC camps
Health	Baseline health testing of community surrounding mine, Quirindi, Gunnedah & other small communities cross section by Gunnedah Coal producing group	Surface water	Acid run-off
		Blasting	Ground vibration from blasting
		EIS process Stakeholder Consultation	Shenhua stating they "address" concerns and problems - not 'solve' them. Act on what we are talking about.
		Air quality	Uncovered coal trains
		Health	Heavy metals in food chain and current lack of measuring of this.
		Air quality Health	Quirindi town peoples health regarding dust
		Land ownership	Land values of surrounding properties.

Category	Q1 – I would like to see the EIS include...	Category	Q2 – I am concerned about...
		Ecology Blasting	Impact on Koalas from blasting
		Ecology	Net loss of CEEC area.
		Health	Autism rates in the Hunter Valley occurring here.
		Air Quality Health	Health in relation to dust.
		Greenhouse gas	Carbon emissions
		Social	Net job effect (i.e. loss of jobs from 37 farms which have been bought out)
		Social	Where the employees are coming from
		Environmental monitoring Rehabilitation & Final landform	Ongoing monitoring of the site. Monitoring post mining operation and post self sustaining environment.
		Surface water Groundwater	Inability / difficulty of proof of water / aquifer damage and resulting lack of compensation
		Social	Concern over employees not utilising local facilities.
		Social	Draining the existing workforce.
		Social	Community division
		Social	Risk to society. Provisions for creating a self-sustaining economy. If the mines close, how will the local economy survive? Provisions need to be made for this in the EIS
		Opposition	We don't want the Watermark project to go ahead.
		EIS process	Poor Government legislation
		Health	Health impacts

6 SUMMARY OF ISSUES RAISED

Figure 2 illustrates the issues raised and their frequency. As shown in **Figure 2**, the concern raised the most during the Watermark Community Information Sessions were socially orientated, particularly focused on the socio-economic impact that the Project will have on the local region, including the impact on the availability of skilled labourers and the overall cost of living in the region.

Concern over the overall EIS process was also raised as a common issue, along with concerns over air quality impacts. Impacts to the local road and rail network were also a key concern, along with any potential impact to the groundwater and surface water resources of the area.

The rehabilitation, final landform and mine closure strategy was also frequently identified. Stakeholders generally noted that they want to see the rehabilitation strategy successful and to see the land integrated with the surrounding landform once mining has finished.

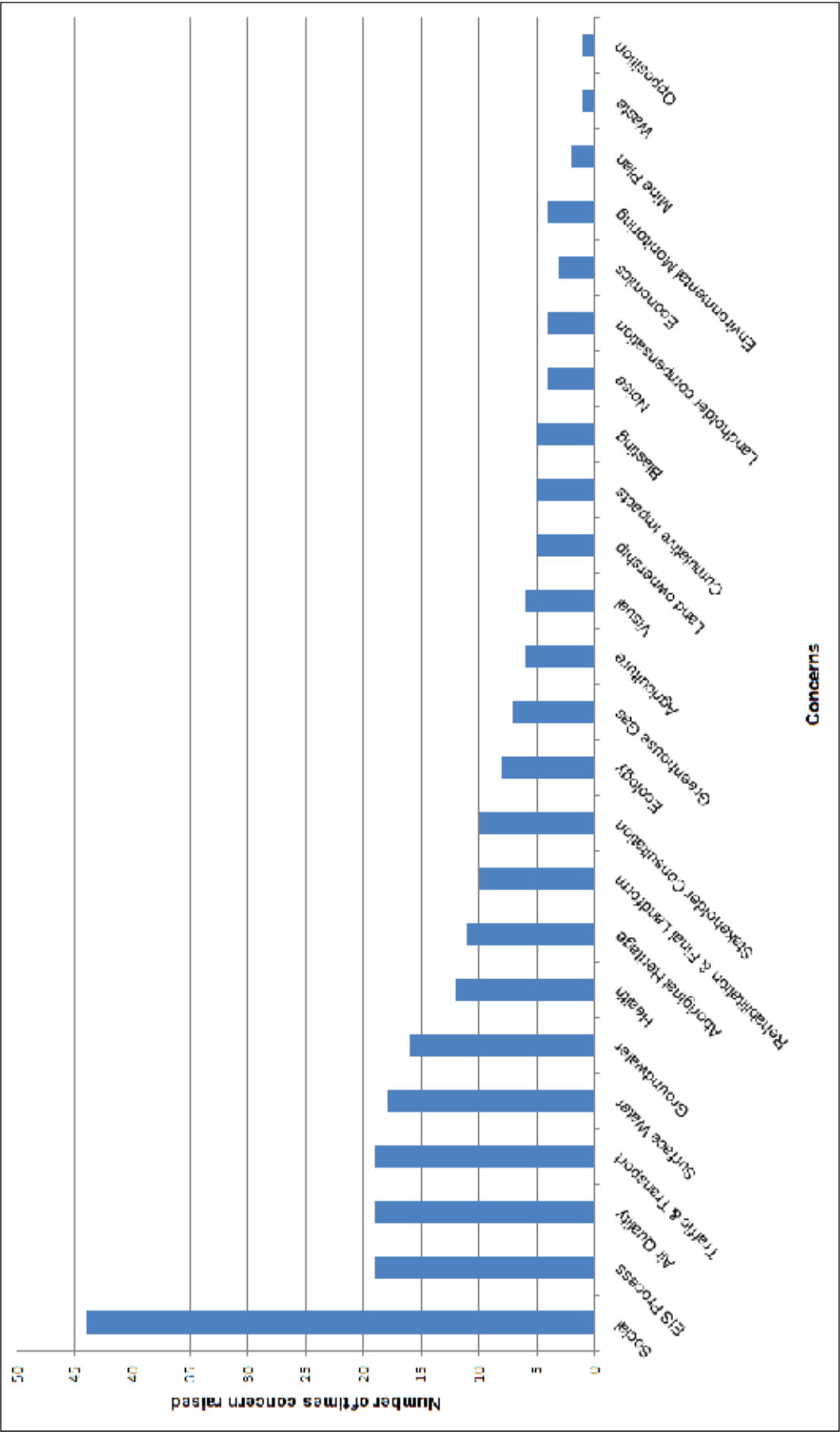


Figure 2
Graph summary of Issues Raised

7 PROCESS GOING FORWARD

Shenhua Watermark and Hansen Bailey will review the issues and concerns identified and develop appropriate mitigation and management strategies for the EIS in response to the concerns.

Details of the proposed mitigation and management strategies for the EIS will be communicated to stakeholders through the distribution of regular Community Information Sheets. Further to this, all stakeholders are encouraged to keep informed on the Project and:

- Visit the Shenhua Watermark website – <http://www.shenhuawatermark.com>;
- Send their comments on the reply-paid feedback form attached to the Community Information Sheets (no cost to sender);
- Call the free-call Project Information Line on 1800 700 512;
- Email their concerns or requests to communityinput@shenhuawatermark.com; or
- Visit the Shenhua Watermark Project Office (368 Conadilly St, Gunnedah) between 1 pm - 5 pm every Monday.

The EIS will continue to be prepared with specialist sub consultants throughout 2012 with the aim to submit the EIS to DP&I in mid 2012. At this time, Community Information Sheets will be distributed and workshops will be held in Gunnedah, Tamworth, Breeza and Quirindi to communicate the EIS results.

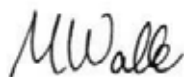
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for

HANSEN BAILEY



Melissa Walker
Senior Environmental Scientist



James Bailey
Director

APPENDIX A COMMUNITY INFORMATION SHEET



INTRODUCTION

This Community Information Sheet is the first in a series of newsletters designed to provide the local community with ongoing and current information in relation to the Watermark Coal Project and to explain the various stages of the environmental assessment process.

The Project

The Watermark Coal Project (the Project) is located within EL 7223, approximately 35 km south-east of the township of Gunnedah and to the immediate west of the village of Breeza.

The Project generally comprises:

- The construction and operation of an open cut coal mining operation extracting up to 10 Million tonnes per annum (Mtpa) of Run of Mine (ROM) coal for a 30 year period;
- The utilisation of an open cut mining fleet of excavators and rope shovels, supported by haul trucks, dozers, graders, drill rigs and water carts;
- Progressive rehabilitation of all disturbed areas;
- The construction and operation of:
 - Coal Handling and Preparation Plant to process the raw coal;
 - Administration building, workshop and related facilities;
 - Train loadout, rail spur and loop to connect to the rail line to Newcastle;

- Mine Access Road off the Kamilaroi Highway including an overpass of the rail spur;
 - Water management and reticulation infrastructure; and
 - Communications and electricity infrastructure.
- A workforce of up to 600 full-time equivalent employees during construction and an average of 425 full-time equivalent employees during the operation of the Project.

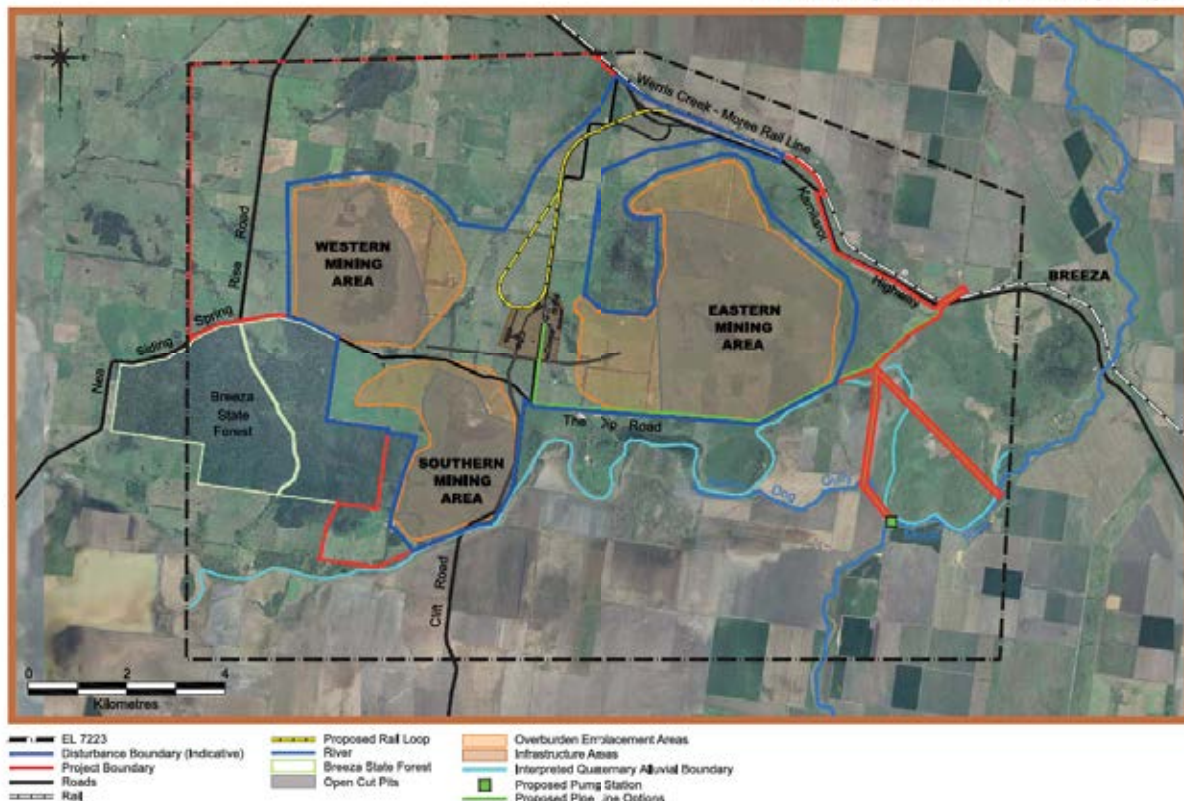
Open cut mining will not be undertaken within the Breeza State Forest or on the Blacksoil plains and Mt Watermark will remain intact. All of the land required for the Project is owned by Shenhua Watermark. A general layout of the Project is illustrated in Figure 1.

Project Update

Following the NSW state election in March 2011, the government repealed Part 3A of the *Environmental Planning & Assessment Act 1979* (EP&A Act) to assess major projects. On 1 October 2011, the NSW government commenced the *Environmental Planning and Assessment Amendment (Part 3A Repeal) Act 2011* to provide a replacement assessment system to Part 3A.

The NSW government has now confirmed that the Watermark Project will be assessed as State Significant Development under the new Part 4, Division 4.1 of the EP&A Act. The independent Planning Assessment Commission (PAC) will determine the application.

FIGURE 1: Proposed Watermark Coal Project Layout



Community Information Session Report



Planning Approvals & Environmental Impact Statement

Shenhua Watermark is currently preparing a detailed Environmental Impact Statement (EIS) to be submitted as part of its application for State Significant Development Consent. The EIS is being prepared by Hansen Bailey. Specialist technical studies that are currently being undertaken for inclusion in the EIS include:

- Agricultural Impact Statement
- Social Impact Assessment
- Ecology
- Water Resources (surface & ground water)
- Soils & Land Capability
- Aboriginal and Non-Aboriginal Heritage
- Air Quality & Greenhouse Gas
- Acoustics (noise & blasting)
- Geochemistry
- Traffic & Transport
- Visual & Lighting
- Economics.

Stakeholder Consultation

Shenhua Watermark would like to meet with interested stakeholders to better understand their concerns and to identify the issues that should be considered in the EIS. All issues and concerns raised will be addressed in the EIS where practicable.

Shenhua Watermark is encouraging all community members to:

- Attend a Community Information Session in Breeza, Gunnedah, Quirindi or Tamworth;
- Send their comments on the attached reply-paid feedback form (no cost to sender);
- Call the free-call Project Information Line on 1800 700 512;
- Email their concerns or requests to communityinput@shenhuawatermark.com; or
- Visit the Shenhua Watermark Project Office (368 Conadilly St, Gunnedah) between 1 pm -5 pm every Monday.

Alternatively, if a community member would like a private meeting, please contact us and we will happily arrange a meeting at a time and location that is convenient to them.

Where To From Here?

The preparation of the EIS has commenced in parallel with exploration, monitoring and various community and environmental assessment activities. The specialist's EIS technical studies are anticipated to continue throughout 2012, with plans in place to submit the EIS to NSW Department of Planning & Infrastructure (DP&I) in mid 2012.

Additional community information sessions will be held during the preparation of the EIS.

A flowchart showing the key consultation stages in relation to the EIS is shown in Figure 2.

Community Information Session

Series One: Environmental Impact Statement Overview

Interested community members are invited to attend one of six Community Information Sessions to learn more about the Project and the Environmental Impact Statement (EIS).

This is the first of a series of sessions which the Watermark Project team and EIS team will run.

Shenhua has limited the number of attendees per session to 15 people to ensure everyone gets a chance to talk and ask questions.

The sessions will commence with a one hour presentation and conclude with two hours for questions and discussion. Each session will present the same content.

Representatives of the EIS team will be on hand to provide an overview of the EIS process and answer questions.

The Community Information Sessions will be held at:

Tamworth Community Centre (Darling St, Tamworth)

Tuesday 13th December 2011 – 11 am – 2 pm

Breeza Community Hall

Wednesday 14th December 2011 – 11 am – 2 pm

Wednesday 14th December 2011 – 4 pm – 7 pm

Gunnedah Civic Centre

Thursday 15th December 2011 – 11 am – 2 pm

Thursday 15th December 2011 – 4 pm – 7 pm

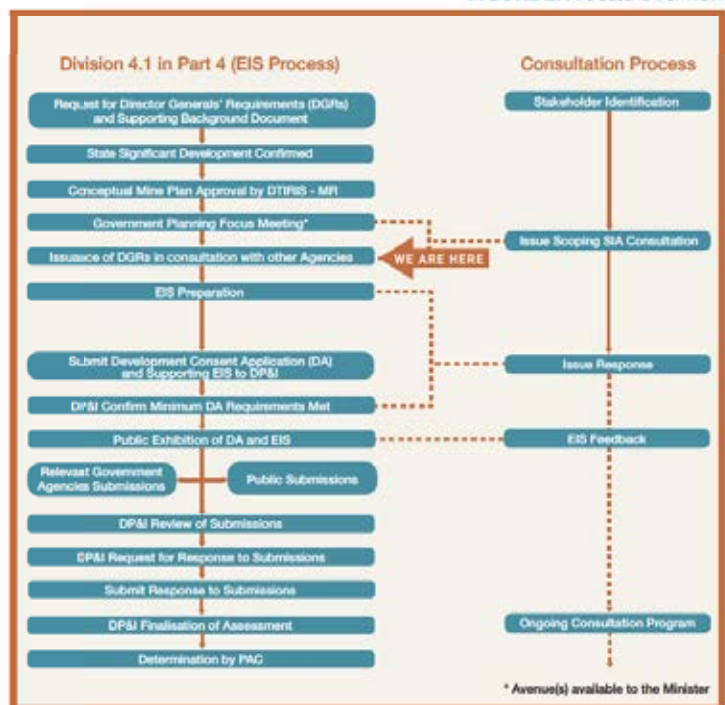
Quirindi Royal Theatre

Friday 16th December 2011 – 11 am – 2 pm

As numbers are limited, participants must RSVP with their preferred date by **Friday 9th December 2011 to:**

P: 6741 8800 or E: communityinput@shenhuawatermark.com

FIGURE 2: Process Overview



FURTHER INFORMATION

If you have any questions regarding the Project or the EIS, please either visit Shenhua Watermark at their offices at 368 Conadilly Street Gunnedah, or contact:

Project Information Line: 1800 700 512

Email: communityinput@shenhuawatermark.com

Melanie Layton
Communications Manager
Shenhua Watermark

Ph: (02) 6741 8800

Fax: (02) 6741 8817

E: melanie.layton@shenhuawatermark.com



SHENHUA WATERMARK COAL PTY LIMITED
神华沃特马克煤矿有限公司

Melissa Walker
Senior Environmental Scientist
Hansen Bailey

Ph: (02) 6575 2000

Fax: (02) 6575 2001

E: mwalker@hansenbailey.com.au

Hansen Bailey
ENVIRONMENTAL CONSULTANTS



FEEDBACK FORM

Name:

Address:

Telephone contact:

Mobile contact:

Email contact:

☐ I would like my details to be included in the stakeholder database to receive future project information (all information will remain confidential).

1. What interest do you have in the Watermark Project? (tick all that apply).

☐ I am a resident.

☐ I am a business owner.

What is your type of business and location?

.....

☐ I represent a group or organisation

Which organisation?

☐ Another interest?

Please identify:

.....

2. How long have you lived in the area?

☐ 0-5 years

☐ 5-15 years

☐ 15-30 years

☐ 30-50 years

☐ 50+ years

3. I would like to see the Watermark Project Environmental Impact Statement include:

.....

.....

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4. Other comments or questions:

.....

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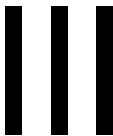
Fold the top panel first

PLEASE FOLD AS DIRECTED AND SEAL WITH A SMALL PIECE OF TAPE ALONG BOTTOM EDGE

Fold the bottom panel last so it appears on the outside

Delivery Address:
PO Box 1026
GUNNEDAH NSW 2380

No stamp required
if posted in Australia



Watermark Project
Reply Paid 85809
GUNNEDAH NSW 2380

APPENDIX B

INFORMATION SESSION ADVERTISEMENT

Advertisement



SHENHUA WATERMARK COAL PTY LIMITED
神华沃特马克煤矿有限公司

Community Information Session

Series One:

Environmental Impact Statement Overview

Interested community members are invited to attend one of four community information sessions to learn more about the Project and the Environmental Impact Statement (EIS).

This is the first of a series of sessions which the Watermark Project team and EIS team will run.

Shenhua has limited the number of attendees per session to 15 people to ensure everyone gets a chance to talk and ask questions.

The sessions will commence with a one hour presentation and conclude with two hours for questions and discussion. Each session will present the same content.

Representatives of the EIS team will be on hand to provide an overview of the EIS process and answer questions.

The community information sessions will be held at:

Tamworth Community Centre (Darling St, Tamworth)

Tuesday 13th December 2011 – 11 am – 2 pm

Breeza Community Hall

Wednesday 14th December 2011 – 11 am – 2 pm

Wednesday 14th December 2011 – 4 pm – 7 pm

Gunnedah Civic Centre

Thursday 15th December 2011 – 11 am – 2 pm

Thursday 15th December 2011 – 4 pm – 7 pm

Qurindi Royal Theatre

Friday 16th December 2011 – 11 am – 2 pm

As numbers are limited, participants must RSVP with their preferred date by Friday 9th December 2011 to:

P: 6741 8800 or E: communityinput@shenhuawatermark.com

A light supper will be provided at each session.

APPENDIX C

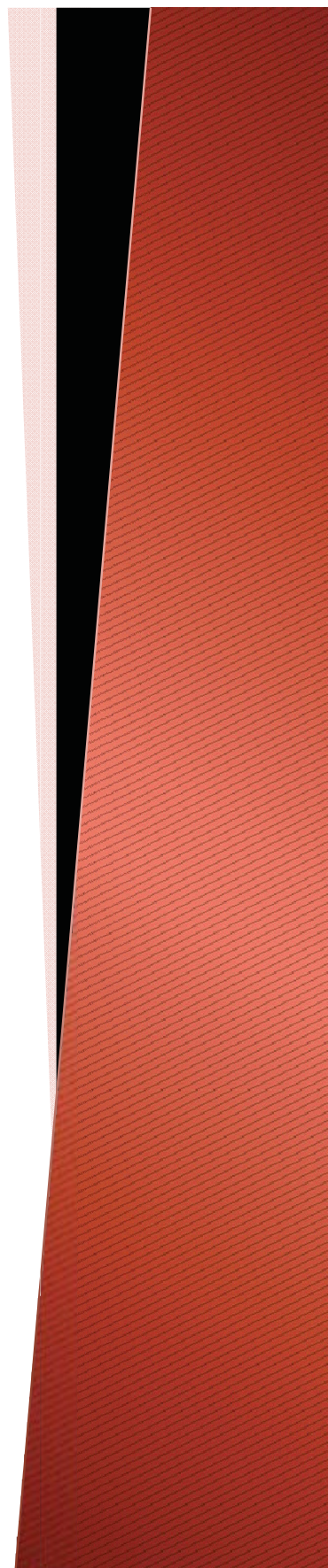
INFORMATION SESSION PRESENTATION



Watermark Coal Project

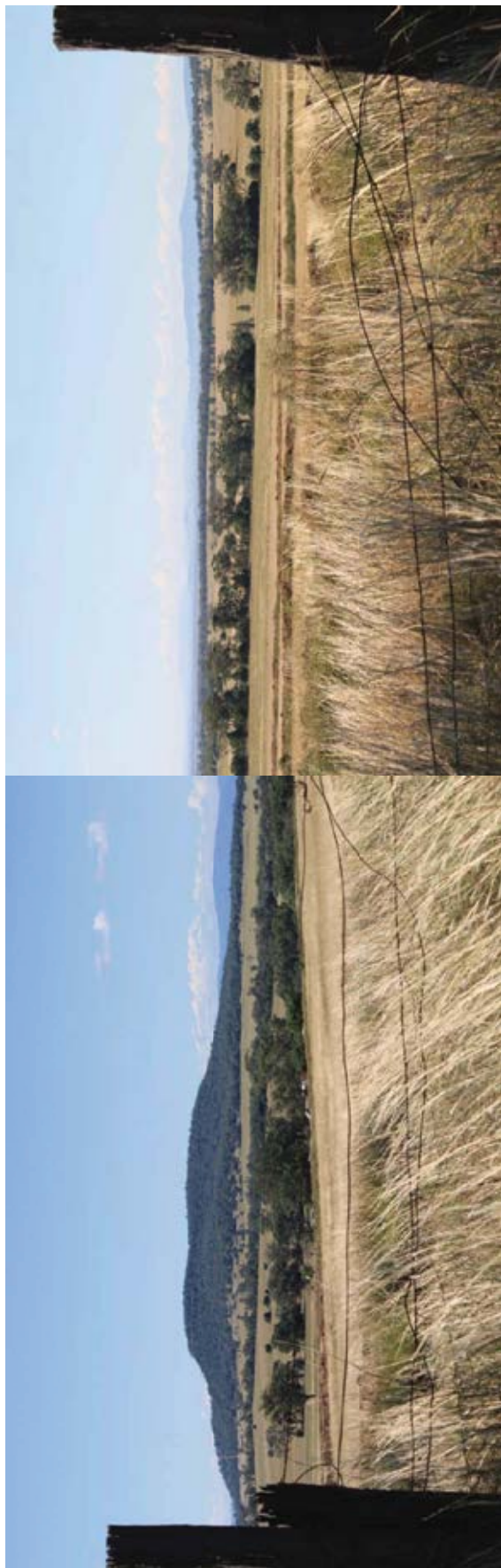
Environmental Impact Statement

Community Information Session
December 2011



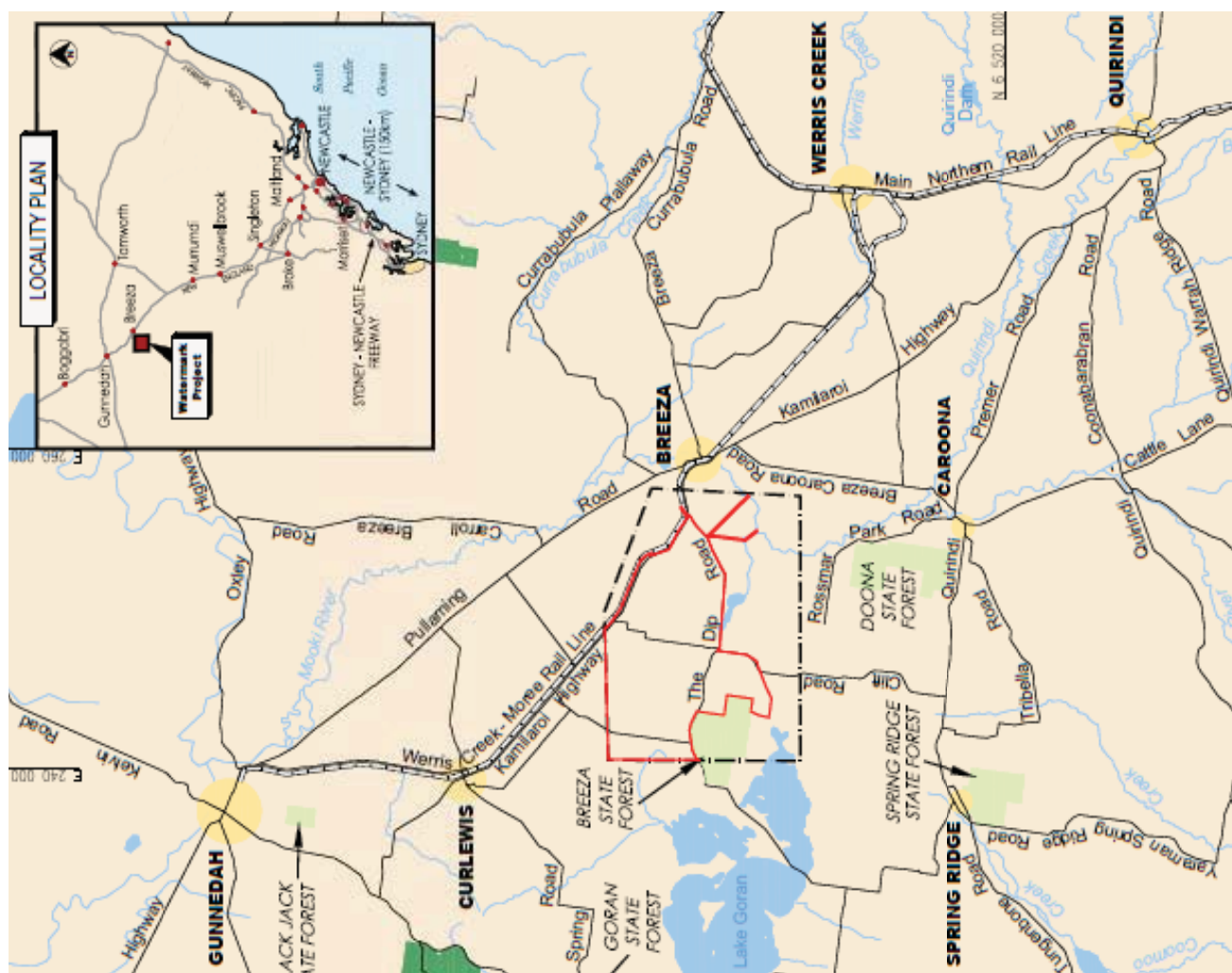
Project Background

- ▶ EL 7223 granted – 22 Oct 2008
- ▶ EL is 195km² and 35 km SW of Gunnedah
- ▶ Exploration program started – 15 June 2009
- ▶ Open cut mine located in the ridge country



The Watermark Project

- ▶ 1st project in Australia
- ▶ Greenfields site
- ▶ Open cut mine located on grazing ridge country
- ▶ Mine footprint is all within land owned by Shenhua – FIRB approval
- ▶ Expected to invest approx \$500m in mine development and mine construction
- ▶ Plans to investigate potential underground deposit



Exploration History



- ▶ More than 700 drill holes completed for 60,000 m of drilling
- ▶ Hydrogeological studies in progress
- ▶ Sampling and testing to assess washability design parameters
- ▶ Geotechnical investigations using ground magnetic surveys, 2D seismic cross sections and resistivity traverses
- ▶ Stage 1, 2 and 3 programs completed
- ▶ Stage 4 program is underway

Environmental Impact Statement

▶ Hansen Bailey environmental consultants will project manage and prepare the EIS

▶ Key assessments in the EIS include:

- Agricultural Impact Statement
- Biodiversity
- Aboriginal Archaeological & Cultural Heritage
- Surface & Groundwater
- European Heritage
- Amenity impacts - Air quality, Acoustics & Visual
- Greenhouse Gas emissions
- Traffic
- Soils and Land Capability
- Geochemistry, Spontaneous Combustion & Rehabilitation
- Socio-Economic Assessment



EIS Technical Studies

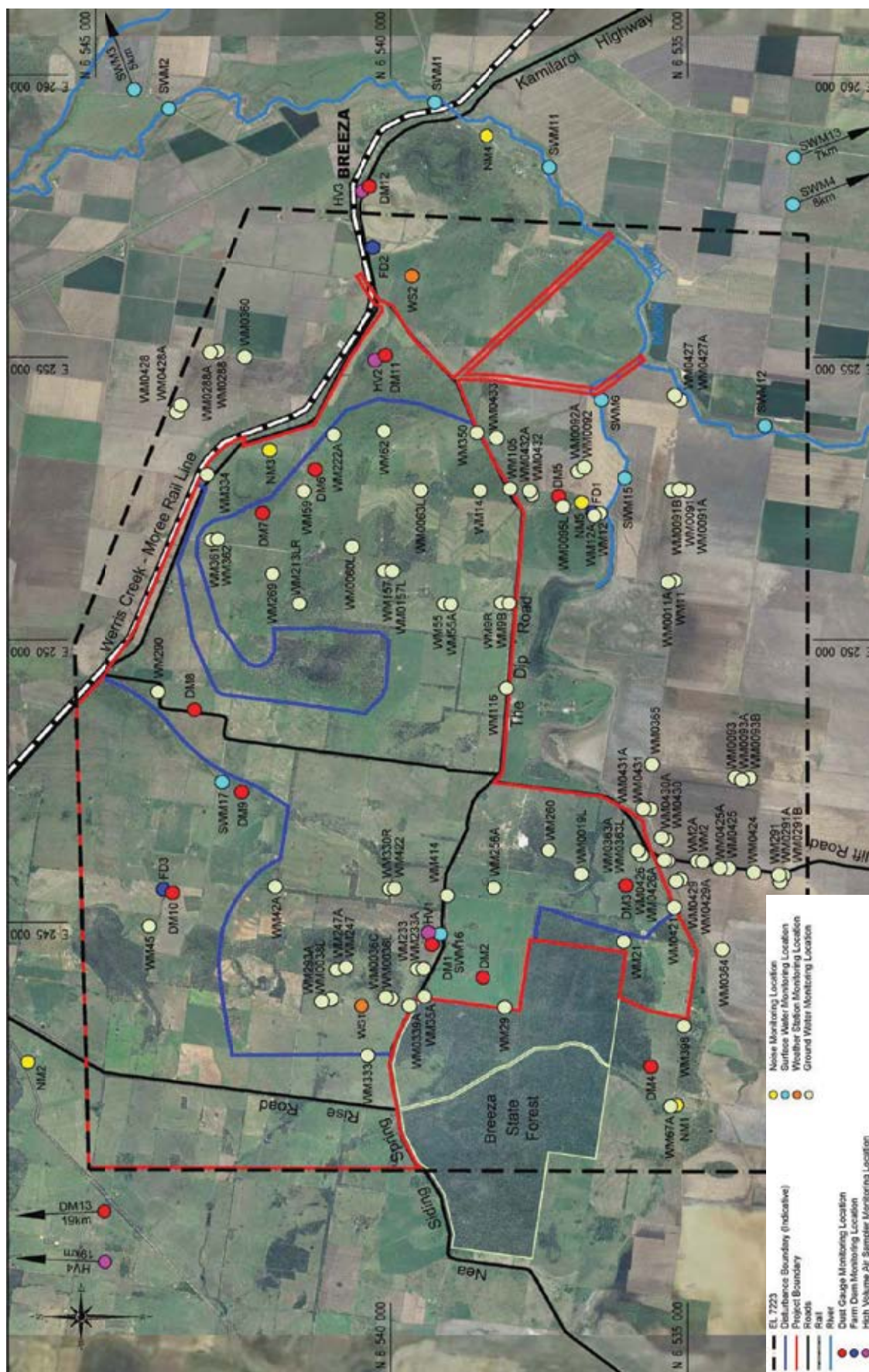
Technical Study	Specialist
Aboriginal Heritage Impact Assessment	AECOM Australia
Cultural Heritage Assessment	Connect for Effect
Air Quality & Greenhouse Impact Assessment	PAE Holmes
Agricultural Impact Assessment	Scott Barnett & Associates
Ecological Impact Assessment	Cumberland Ecology
Koala Expert Assistance	Dr Stephen Phillips
Koala Peer Review	Dr Kath Handasyde
Economics Impact Assessment	Gillespie Economics
Geochemical Impact Assessment	RGS Environmental
Groundwater Impact Assessment	AGE Consultants
Groundwater Peer Review	Dr Noel Merrick
Noise & Vibration Impact Assessment	Bridges Acoustics
Non-Aboriginal Heritage Impact Assessment	AECOM Australia
Social Impact Assessment	Hansen Bailey
Soils and Land Capability Impact Assessment	GSS Environmental
Surface Water Impact Assessment	WRM Water & Environment
Stygofauna Assessment	EcoBiological
Traffic and Transport Impact Assessment	DC Traffic & Engineering
Visual Impact Assessment	JVP Visual Planning & Design

HS&E Management Systems

- ▶ An Environmental Management Plan (EMP) has been prepared for the Exploration Phase of the Project
- ▶ Environmental monitoring has been undertaken at the site since October 2009 and includes:
 - ▶ 19 x Air Quality monitors including:
 - ▶ 13 Depositional Dust Gauges
 - ▶ 6 HVAS (Four PM₁₀, One PM_{2.5}, One TSP)
 - Two real-time TEOMs being installed
 - ▶ 2 x Meteorological stations
 - ▶ 5 x Noise Monitoring sites
 - ▶ 12 x Surface Water Monitoring sites
 - ▶ 91 x Groundwater Monitoring Sites (88 x Standpipe, 26 x VWPs)



Environmental Monitoring

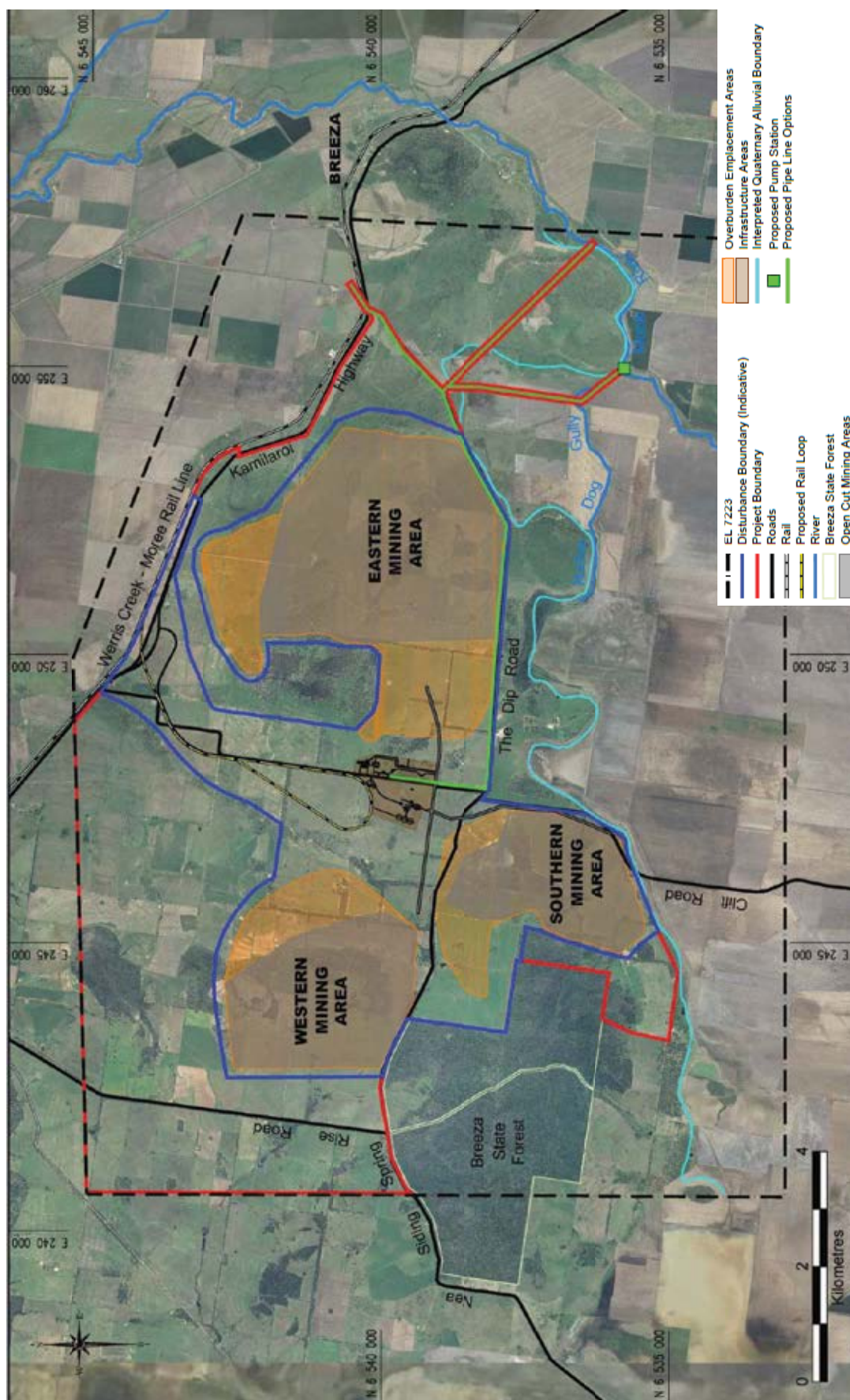


Project Description

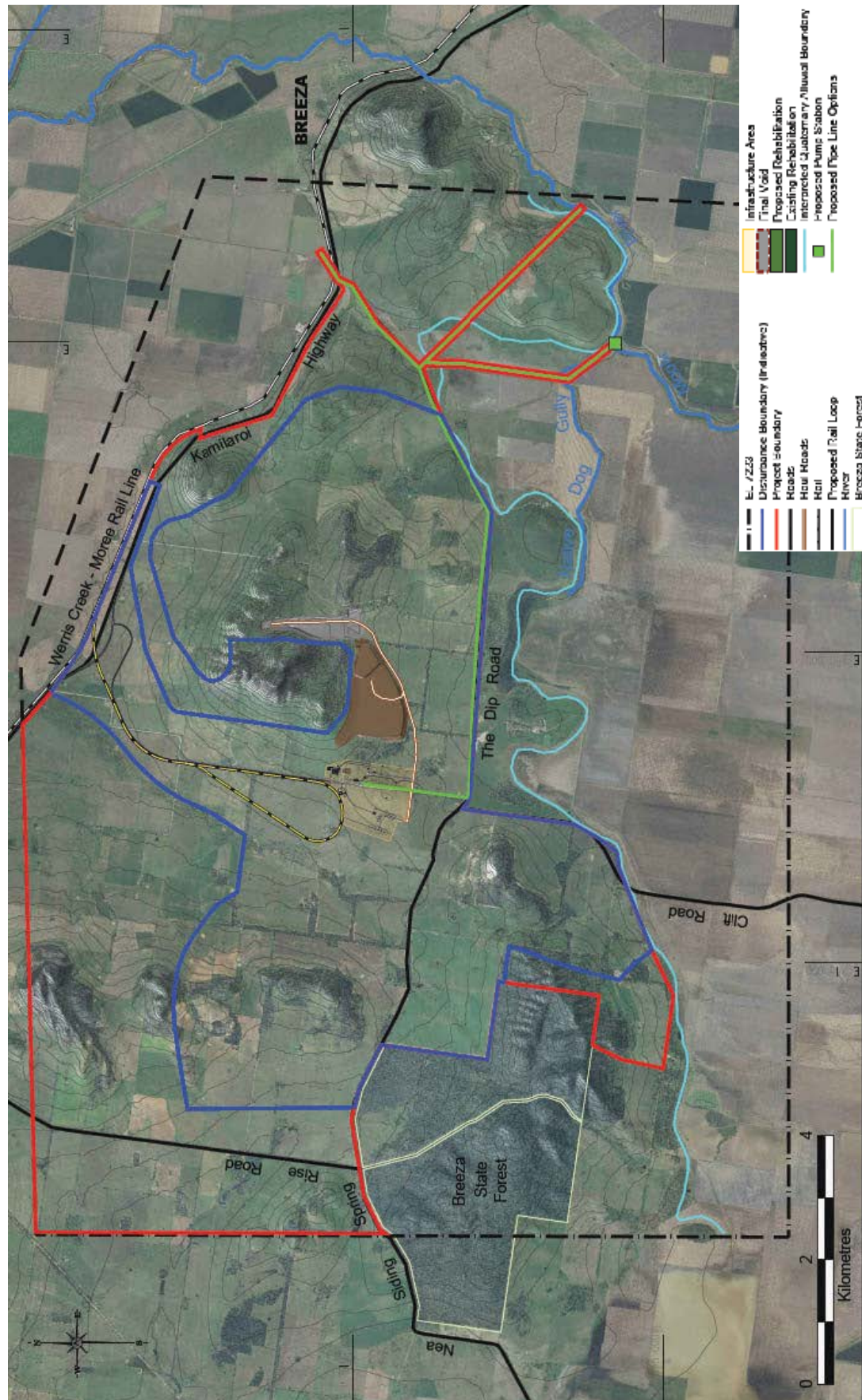
- ▶ The Project consists of:
 - 10 Mtpa open cut operation for 30 year period
 - Progressive rehabilitation of all disturbed areas
 - CHPP
 - Co-disposal of tailings and coarse reject
 - Rail loading facility and rail spur connection
 - Mine Access Road, administration, workshop and related facilities
 - Water management and reticulation infrastructure
 - A workforce of 600 during construction and maximum 600 during operation

The open cut mine is not located within the Breeza State Forest or on the blacksoil plains

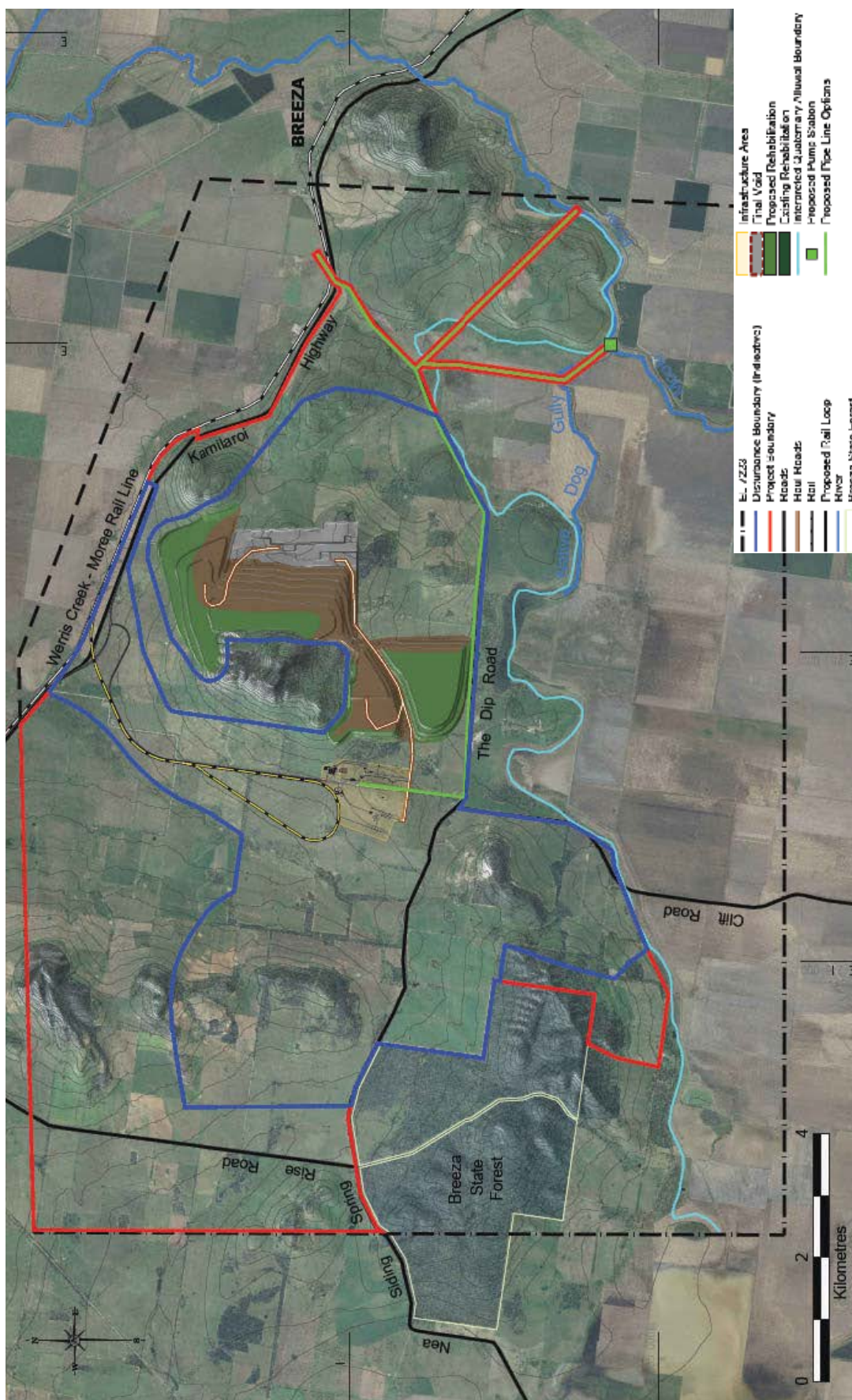
Project Layout



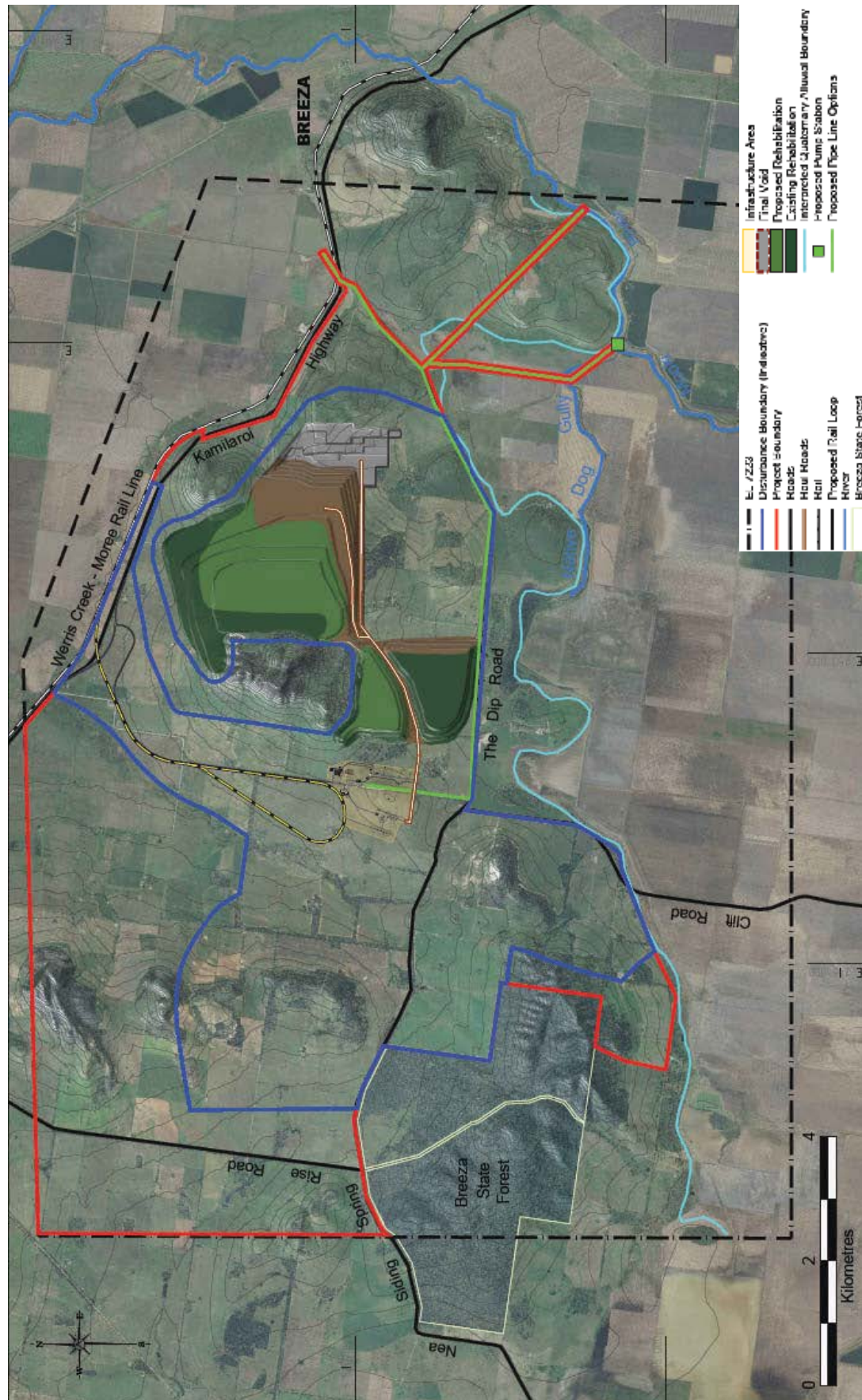
Year 1



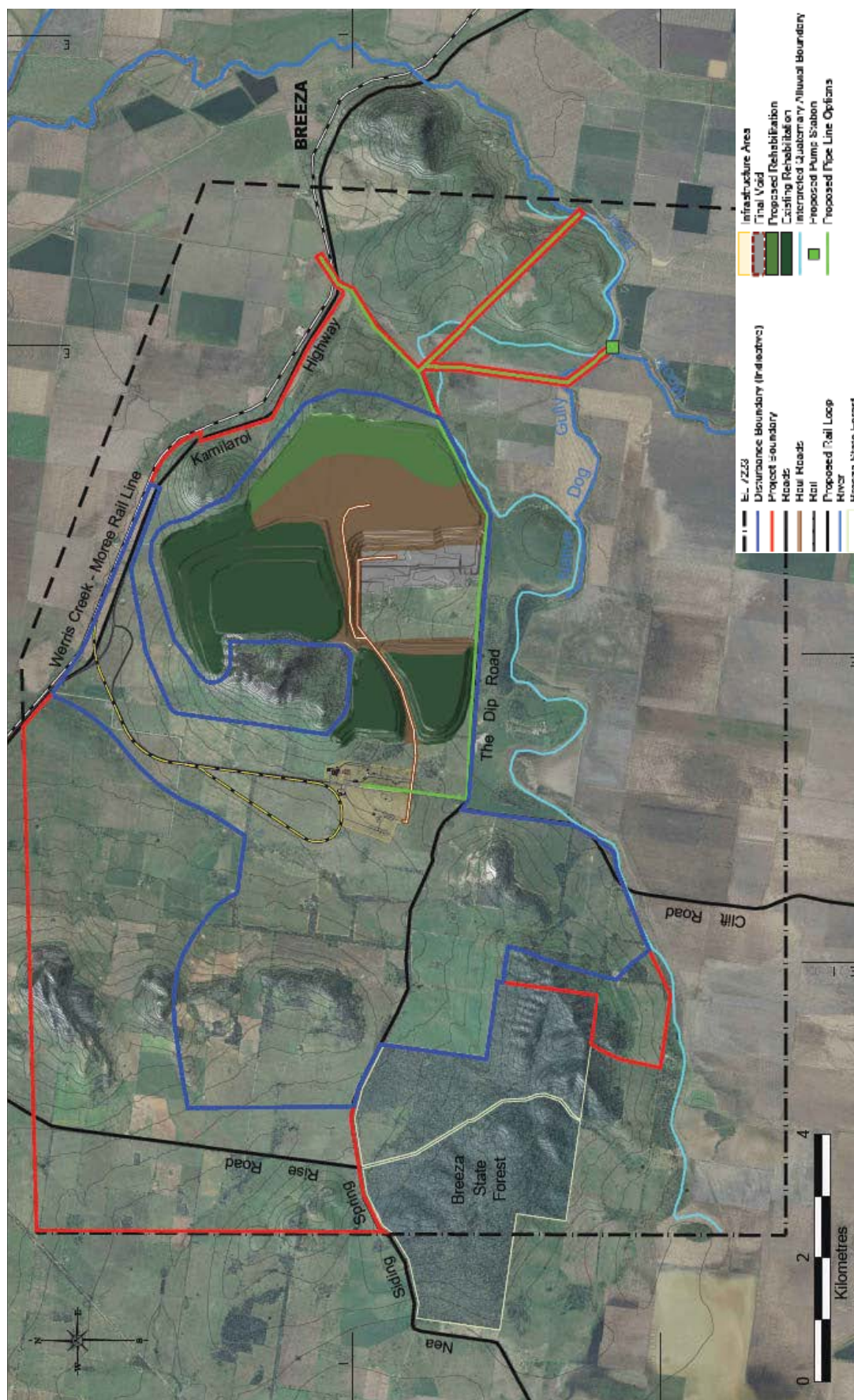
Year 5



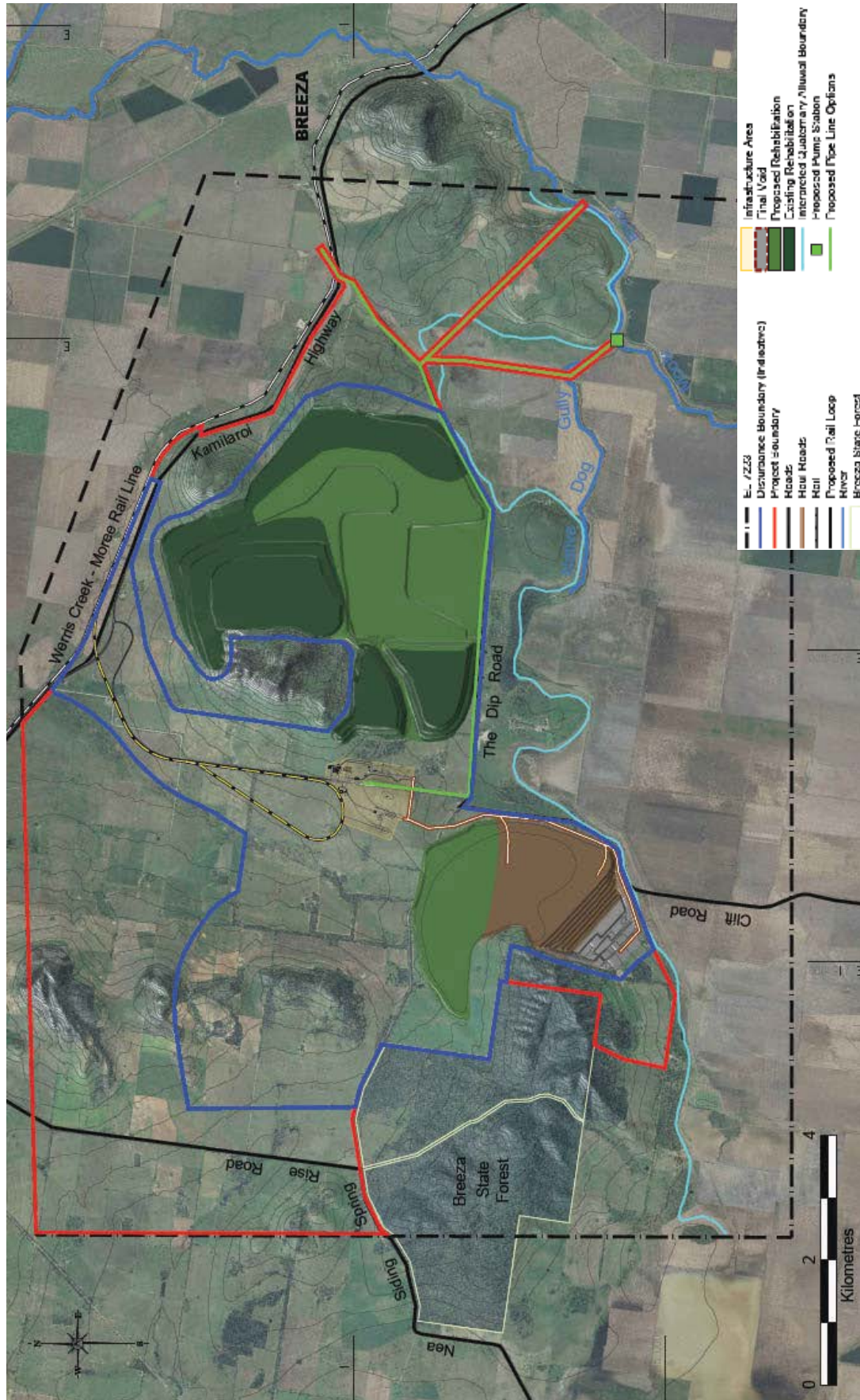
Year 10



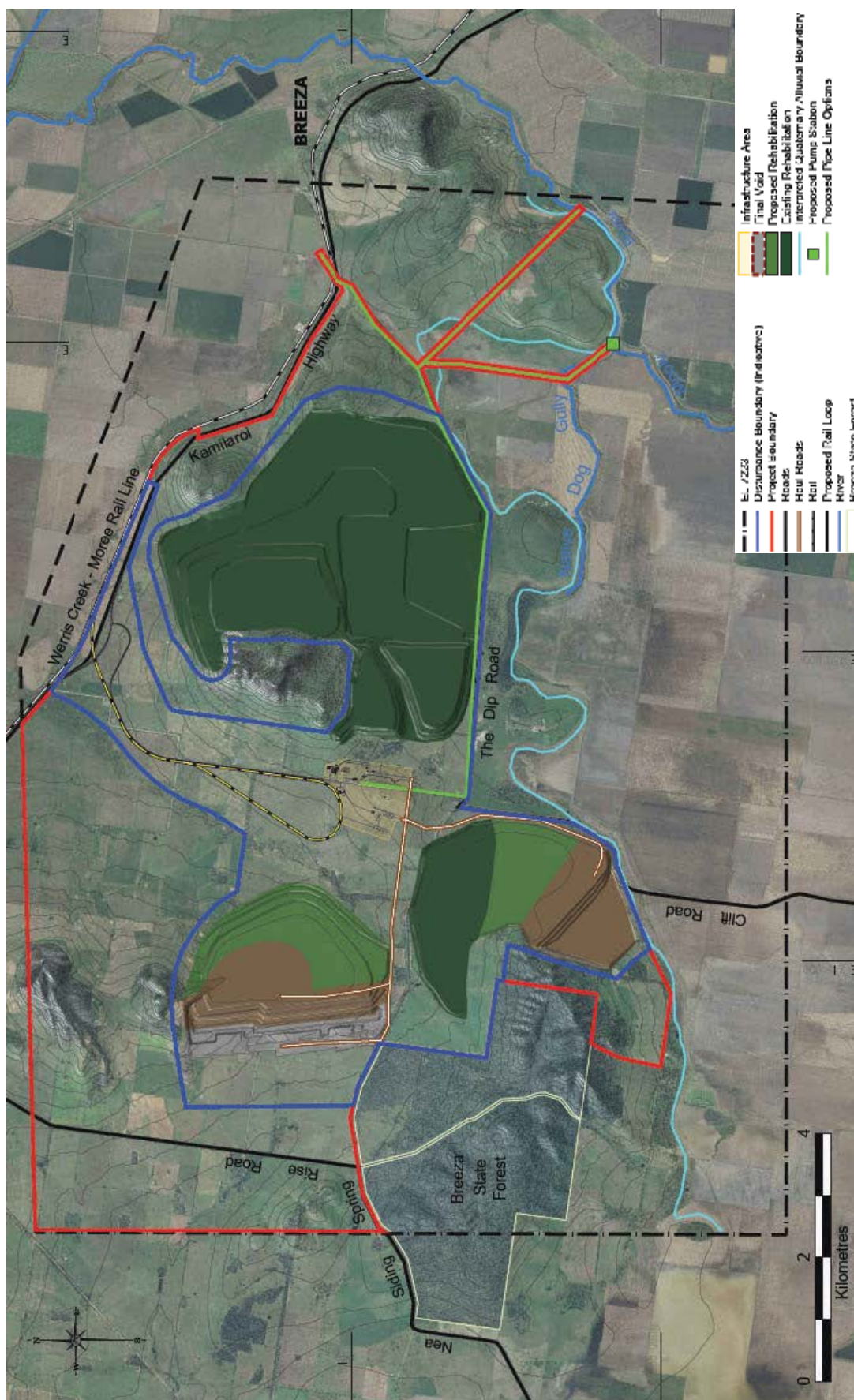
Year 15



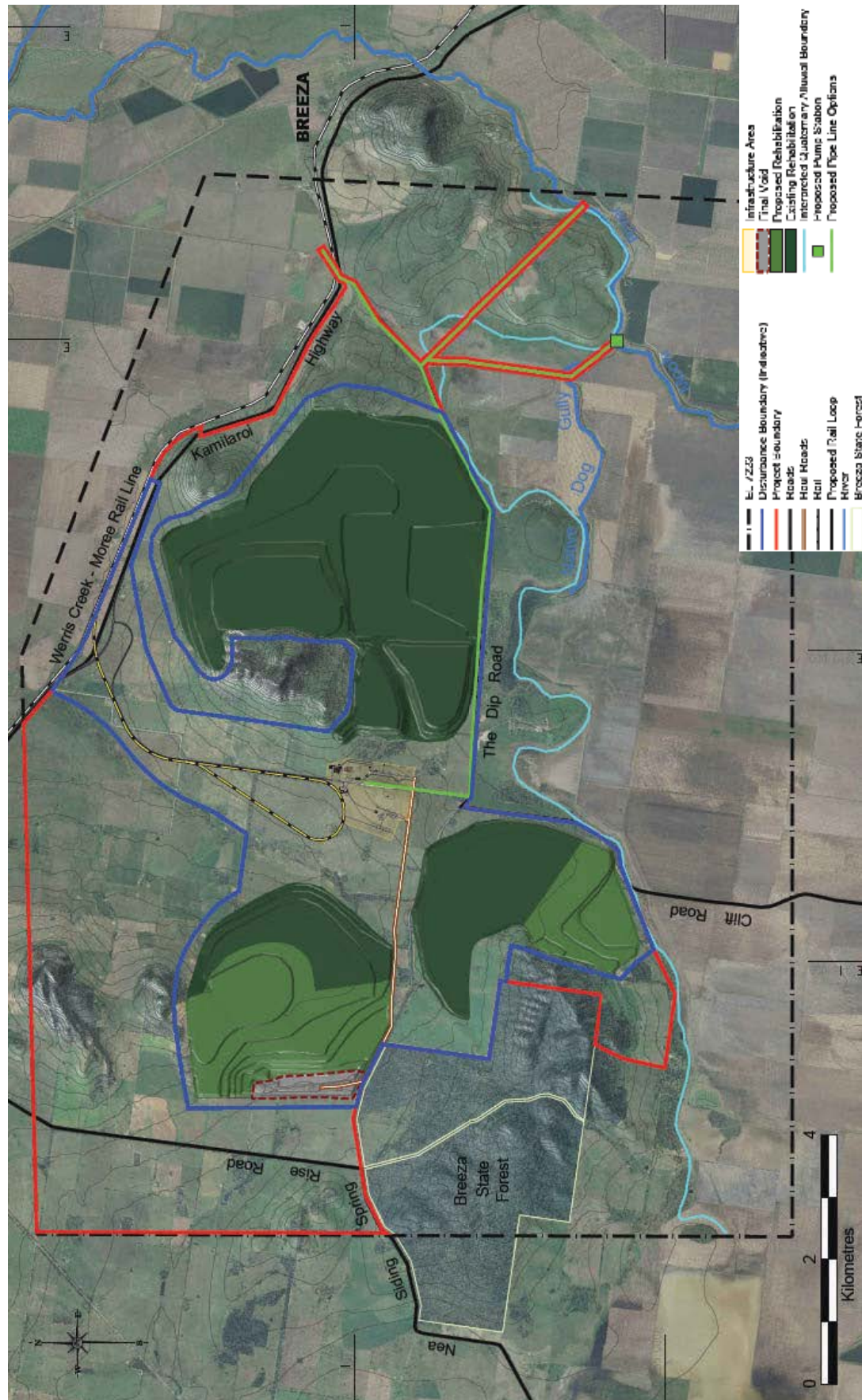
Year 21



Year 25



Year 30



Mine Plan Design Constraints

- ▶ Maintaining a minimum 150 m horizontal barrier of natural material between mining and the Gunnedah Formation
- ▶ Maintaining a minimum of 150 m from Alluvial Black soils
- ▶ Ridge country only
- ▶ Final void remote from the blacksoil plains
- ▶ No disturbance of Class 1 & 2 land (as per land capability system)
- ▶ No disturbance of Mt Watermark or Breeza State Forest
- ▶ Ensuring development occurs only on land owned by Shenhua
- ▶ Limited overburden heights to surrounding terrain
- ▶ Vertical strip ratio cut-off of 10:1 (bcm:tonne)
- ▶ 40% Ash cut-off for all seams
- ▶ Minimising disturbance of known Koala populations and CEEC



Approvals Path

- ▶ The Project has been classified State Significant Development
- ▶ Development consent will be required for Watermark under Part 4.1 of the EP&A Act
- ▶ The Planning Assessment Commission (PAC) will determine SSD applications
- ▶ The PAC has a requirement to hold public hearings when considering applications
- ▶ An Environmental Impact Statement (EIS) and public participation process is required under Part 4.1 of the EP&A Act
- ▶ The EIS will be prepared in accordance with the Director-General's Environmental Assessment Requirements (DGRs) (will include an Agricultural Impact Statement)
- ▶ Shenhua has formally requested the DGRs



