

14 November 2019

Mr Stewart Todd
General Manager
Narrabri Shire Council
PO Box 261
NARRABRI 2390

Dear Stewart

RE: Vickery Voluntary Planning Agreement (VPA) Community Consultation

Thank you for your communication dated 21 October 2019

In 2014, agreement was reached between Whitehaven Coal and the Narrabri Shire Council for a Vickery Coal Project (VCP) VPA contribution of \$2.25M based on the run-of-mine tonnes of coal planned to be mined under the Project.

On 17 April 2019, and building on the agreed VPA set out in the Conditions of Approval for the VCP VPA, Whitehaven proposed a revised VPA offer to Council of \$2.71M to account for the incremental product tonnes under the Vickery Extension Project (VEP). As we have stated on a number of occasions, we consider this offer to be fair and reasonable and, by objective reference to industry standards, generous.

It is disappointing that, having agreed to the terms of the VCP VPA, Council has rejected the revised VEP VPA offer and is now seeking an amount of \$14.87M, which represents a nearly seven-fold increase on the original figure agreed with Council five years ago. Additionally, we understand Council is seeking \$7.46M for the upgrade of Braymont Road, a transport route the VCP Conditions of Consent prohibit the use of, and which will almost certainly be reflected in the Conditions of Consent for the VEP, should it be approved.

A stated objective of Council throughout Vickery VPA discussions has been to ensure the VEP delivers a net community benefit to the Boggabri community and, to this end, Council sought direct community interface with Boggabri residents. Whitehaven notes a number of key outcomes from this interaction – as expressed in Council's Notice Paper for its 17 October meeting – was community feedback and advocacy for a number of locally-based initiatives, including:

- An industrial subdivision and development in Boggabri
- An upgrade to the Boggabri Pool
- A community meeting and multi-purpose space
- Retirement units in Boggabri
- Main street improvements-Riverbank embellishment

- Showground embellishments
- A contribution to a community development role in Boggabri
- A contribution to a mining planner.

While we further note the Minutes of Council's 17 October meeting do not explicitly refer to these initiatives, Whitehaven nevertheless acknowledges the community views that have arisen from this process Council has designed and administered. To ensure the residents of Boggabri can continue to see the economic benefits of our presence, we therefore propose a revised VEP VPA centred around the projects nominated by the community above to the value of approximately \$3,200,000 as follows:

- Upgrade to the Boggabri Pool - \$500,000
- Community meeting space - \$500,000
- Retirement units in Boggabri - \$850,000
- Merton Street Streetscape Project - \$500,000
- Showground improvements - \$750,000
- Contribution to a community development role for Boggabri - \$100,000.

The Merton Street Streetscape Project has been proposed to Whitehaven via our interactions with the Boggabri small business community and is one which we understand to have significant local support. Council should note that the above are nominal amounts for each project, subject to further discussion and refinement once projects are scoped.

Alternatively, we are open to considering providing a contribution in-kind, via the transfer of land in Boggabri currently owned by Whitehaven to Council at market rates, to support the future development of an industrial estate by Council.

We consider this revised offer to be fair, taking into account as it does the direct feedback from the most recent community engagement process that Council itself initiated, and urge Council to give it appropriate consideration. If you have any questions please do not hesitate to contact me on (02) 8222 1111.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Flynn", with a long horizontal stroke extending to the right.

Paul Flynn
Managing Director and CEO