

28/07/2021

Narrabri Shire Council
46-48 Maitland Street
Narrabri NSW 2390

Dear Mr Todd

As you are aware, Narrabri Coal Operations is an existing underground coal mining operation situated in the Gunnedah Coalfield. The mine is located approximately 25 kilometres (km) south-east of Narrabri and has been operating under the Project Approval 08_0144 since 2010. The Mine is approved to extract coal at a rate of up to 11 million tonnes per annum of run-of-mine coal until 2032.

Narrabri Coal Operations Pty Limited (NCOPL) is proposing an extension to the approved underground mining area to gain access to additional coal reserves and key benefits are;

- The extension of the approved underground mining area would increase the mine life to 2044,
- This will allow for continued employment of the existing operational workforce at the Narrabri Mine and the socio-economic benefits associated with ongoing expenditure by NCOPL in the regional economy and payment of royalties to the NSW Government.
- The net benefit of the Project to the NSW community is estimated to be \$599 million in net present value terms.
- The use of existing/approved mine infrastructure (such as the existing Pit Top Area) for the Project minimises the need for new surface development areas in comparison to a Greenfield mine proposal.

As the Narrabri Shire council is aware, the existing project approval incorporated a Voluntary Planning Agreement (VPA) of \$1.5m with the Narrabri Shire Council and is proposed to be surrendered once a new project approval is received. Narrabri Shire Council has requested to commence discussions on a VPA for the new project approval.

In addition, the Gunnedah Shire council has made a similar request to engage in discussions on a VPA for the project approval. This must be taken into account when reviewing potential VPA options.

Narrabri Coal Operations is proposing that any VPA to the respective councils consider the potential impacts on the respective councils, primarily;

- The primary residence of the workforce and contractors, 30.3% employees and FTE contractors reside within the Narrabri Shire.
- The location of vehicle movements, 60% of vehicle movements turn to the north of the Mine.
- The location of the project, and
- The Capital Investment Value of the Project, approximately \$403M.

Narrabri Coal Operations wish to offer Narrabri Shire Council a VPA that consists of a total value of \$2,603,976. This would be paid in 10 even instalments over 10 years commencing 2032 (when the existing mine life was scheduled to finish). The offer is in real dollars with a CPI increase applied to each year's payment.

The Narrabri Mine would like to continue to have an ongoing and positive relationship with the Narrabri Shire Council as we have had over the past 10 years of operations. If you have any queries, comments, or questions regarding the offer or any other information regarding the mine please do not hesitate to contact myself or Andrew Garrett.

Yours sincerely



Gerald Linde
General Manager – Narrabri Mine