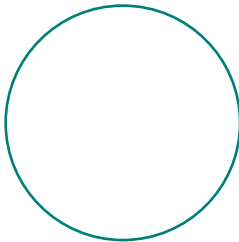
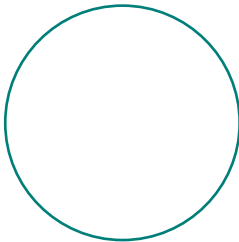
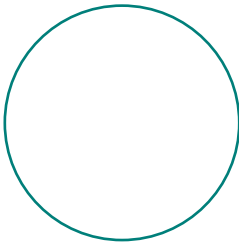


EXECUTIVE SUMMARY



1 INTRODUCTION

1.1 BACKGROUND

Ensham Resources Pty Ltd (Ensham Resources) submitted an Environmental Impact Statement (EIS) for the Ensham Central Project (ECP) to the Environmental Protection Agency (EPA) (now the Department of Environment and Resource Management (DERM)) in June 2006 in support of applications for an Amendment to the Ensham Mine Environmental Authority and some additional mining lease areas.

The key components of the ECP, as described in the ECP EIS, include the following:

- Gaining access to additional open cut coal resources. The open cut mining operations that form part of the ECP include:
 - mining an area to the west of the current Ensham mining lease, in an area that will form part of a new mining lease; and
 - mining in the central floodplain area of the current Ensham mining lease.
- Development of a new underground longwall mine, to the west of the limit of economic open cut mining.
- Construction of new underground mine infrastructure, a wash plant and upgrading of existing open cut mine facilities.

The EPA issued an EIS Assessment Report for the ECP in December 2006 and a draft Environmental Authority was prepared for public exhibition on 8 October 2007.

In January 2008 there was an unprecedented flood event that inundated Ensham Mine. The approval process for the ECP was deferred by the proponent at that time to enable focus on the flood recovery process. The flood recovery process is now essentially complete.

In response to the impacts of market conditions, the 2008 flood event and feedback from stakeholders, the proponent is now proposing a revised mining methodology for the ECP. The Revised Central Area Mining Methodology (RCAMM) will significantly reduce disturbance of the floodplain and the impact of mining on flood events, compared to the mining methodology proposed in the ECP EIS.

1.2 SUPPLEMENTARY REPORT

This Supplementary Report provides a description of the RCAMM and provides assessments and comparisons, where relevant, of any environmental impacts that are different to those presented in the ECP EIS. The Supplementary Report also includes a revised Environmental Management Plan (EM Plan) for the ECP.

The Supplementary Report has been prepared for Public Exhibition, in accordance with Section 556(3) of the *Environmental Protection Act 1994* (EP Act). Following public exhibition, the DERM will then consider any submissions in their preparation of an EM Plan Assessment Report. If the EM Plan is acceptable to the DERM, the Environmental Authority approval process for the ECP, placed on hold following the January 2008 flood event, will resume.

This Executive Summary provides an overview of the RCAMM and the associated environmental impacts. Where relevant, the discussion of environmental impacts refers to the results of the ECP EIS.

2 THE PROPONENT

The project proponent is the Ensham Joint Venture Parties (EJVP). The EJVP consists of: Bligh Coal Ltd (47.5%), Idemitsu Queensland Pty Ltd (37.5%), J Power Australia Pty Ltd (10%) and LG International (Australia) Pty Ltd (5.0%). Ensham Resources is the operator of the joint venture.

3 ENSHAM MINE

Ensham Mine is a large-scale open cut mine, located approximately 40 km east of Emerald in Central Queensland. The mine commenced production in 1993. Ensham Mine produces predominantly thermal coal for export and domestic markets. The mine has produced approximately 8-9 million tonnes per annum (Mtpa) of product coal since 2005 and has a current production capacity of up to 12 Mtpa. The open cut mine has an anticipated remaining life of 15 to 20 years depending upon export market conditions. The mine operates under existing mining leases and an Environmental Authority.

The mine consists of two separate mining areas located in adjoining mining leases, namely, Ensham (ML7459 and ML70326) and Yongala (ML70049). Open cut mining is conducted using draglines and truck and shovel for overburden removal.

The Ensham Mine is serviced by administration and workshop facilities and an on site workforce accommodation camp. The Ensham Mine also includes a coal processing plant, a rail loop and train loading facility located within a mine infrastructure lease (ML7460). The Ensham Mine does not currently have a wash plant. Coal is transported from site by rail to the Port of Gladstone for export, and to domestic customers.

4 THE REVISED CENTRAL AREA MINING METHODOLOGY

The RCAMM includes the following components:

- Underground longwall mining beneath the floodplain to the south of the Nogoia River and in between the Nogoia River and the anabranh channels;
- Bord and pillar underground mining beneath the floodplain to the east of the longwall mining area; and
- Extension of existing open cut mining in the floodplain south of the Nogoia River behind the existing southern levee.

The proposed new mine infrastructure and Mining Lease Application areas remain unchanged from the ECP EIS.

The differences between the RCAMM and the original ECP EIS mining methodology are as follows:

- The RCAMM involves a similar underground longwall mine layout to the original ECP EIS mining methodology. The RCAMM longwall layout has two panels removed from the eastern end in the area south of the river. The RCAMM longwall layout also has additional short panel sections beneath the floodplain in between the Nogoia River and the anabranh channels. This area was previously proposed to be mined by open cut methods in the ECP EIS. Consistent with the ECP EIS, the RCAMM longwall layout is designed to ensure there will be no surface subsidence within 100 m of the top of the high bank of the Nogoia River and the anabranh channels.

- The RCAMM involves underground bord and pillar mining in the area east of the longwall mine. This area was proposed to be mined by a combination of open cut and longwall mining in the ECP EIS. The proposed underground bord and pillar mining will not result in any disturbance of the surface.
- The RCAMM does not involve any additional open cut mining in the Nogoia River floodplain north of the main channel of the Nogoia River and does not involve any disturbance of the anabranched channel. The mining methodology proposed in the ECP EIS involved open cut mining in the floodplain north of the river, including the anabranched, and involved the permanent removal of the anabranched channel from the floodplain. The RCAMM open cut mining south of the river is similar to that proposed in the ECP EIS.
- The RCAMM does not involve any open cut mining in the floodplain north of the Nogoia River and therefore does not require re-instatement of mined floodplain areas, as proposed in the ECP EIS.

Gaining access to the ECP's underground resources will ensure that total mine production levels can be maintained over the remaining mine life as the economic open cut resources are exhausted.

The project will not change the maximum production capacity (12 Mtpa) of the open cut mine. The new underground mining operations will have a production rate of up to approximately 6 - 8 Mtpa of Run of Mine coal. Total annual production over the remaining mine life will vary dependent on market conditions but is currently planned to be up to 12 Mtpa. Subject to approval, the project is scheduled to commence 1st January 2010.

The project and the current approved operations would form a single integrated mining operation.

5 COMPARITIVE ENVIRONMENTAL IMPACTS OF THE REVISED MINING METHODOLOGY

5.1 REHABILITATION AND LAND USE

The RCAMM does not involve any open cut mining in the central floodplain area north of the Nogoia River. This results in a reduction in the total area of open cut mining of 830 ha, compared to the ECP EIS mining methodology. The coal resource in this area will now be mined by underground longwall mining, underground bord and pillar mining, or will not be mined.

The ECP EIS open cut mining methodology involved the progressive open cut mining and re-instatement of floodplain areas. Re-instatement and recommissioning of mined floodplain areas was necessary in order to restore floodplain capacity in areas that were disturbed by open cut mining. The RCAMM results in a significant reduction in the restriction of the floodplain and loss of floodplain capacity due to open cut mining. The results of detailed flood impact assessment for the RCAMM confirm that re-instatement and recommissioning of mined floodplain areas will not be necessary.

The extent of land disturbance associated with the RCAMM is significantly reduced compared to the original mining methodology due to the deletion of 830 ha of open cut mining from the central area. Resultant land use impacts are therefore also significantly reduced.

5.2 SURFACE WATER

A detailed surface water study was completed for the RCAMM. The study was based on an updated version of the ECP EIS flood model which takes into account new data from the January 2008 flood event.

The key issues investigated in the study were the impacts of the RCAMM on flood levels and the stability of the Nogoia River and its floodplain.

The key findings of the flood impact assessment are as follows:

- The maximum predicted increases in upstream flood levels (comparing the RCAMM to the original ECP EIS Year 0 case) on land not owned by the proponent are 0.03 m for the 20 year Average Recurrence Interval (ARI) flood event and 0.05 m for the 100 year ARI flood event. These small increases are not expected to result in any significant flood impacts on neighbouring properties.
- The predicted increase in the flood levels (afflux) is significantly reduced compared to the afflux predictions presented in the ECP EIS. This is because the RCAMM has a substantially reduced impact on the capacity of the floodplain. It does not involve any additional open cut mining north of the main channel of the Nogoia River and will not disturb the anabranch or require 12 km of additional flood protection levees.

The assessment of the impacts of the project on river and floodplain stability concluded that:

- The Nogoia River main channel is stable and well vegetated and has significant inherent erosion resistance.
- The current erosion regime in the Nogoia River is mild and there are no problem erosion areas and no erosion that has affected river morphology in recent history.
- The impacts of the project on floodplain and river channel flow velocities are relatively low and there is no significant increase in scour risk.
- The project is not expected to have a significant impact on the morphology of the Nogoia River in the long term.

5.3 GROUNDWATER

A review of the ECP EIS groundwater study was conducted in order to consider whether there are any significant changes in the potential groundwater impacts associated with the RCAMM. The review concluded that there will be no increase in any groundwater impacts due to the RCAMM.

The RCAMM will have a reduced impact on the alluvial aquifer due to the deletion of approximately 680 ha of open cut mining from the aquifer area. Other impacts including impacts on privately owned groundwater bores, impacts related to the post-mine recovery of the groundwater table and mine inflow rates are expected to remain similar or be reduced compared to those presented in the ECP EIS.

5.4 MINE WATER MANAGEMENT

A review of the site water management system and site water balance was conducted to determine whether the RCAMM would result in any significant changes to site water management, as described in the ECP EIS.

The proposed water management strategies for each type of water generated on the site will remain unchanged from the ECP EIS. The RCAMM will not result in any significant change in the operation of the site water management system. In particular, the site water deficits predicted in dry and average rainfall years remain within the available mine water supply allocation from the Nogoia River. Any excess water generated during wet years will be stored on site for re-use as mine water supply, or in

extreme cases would be discharged from site in accordance with the Environmental Authority conditions.

5.5 ECOLOGY

The RCAMM involves the deletion of approximately 830 ha of open cut mining from the ECP. The coal resource in this area will now be mined by underground longwall mining, underground bord and pillar mining, or will not be mined. The extent of vegetation clearing and the overall impact on site ecology are therefore significantly reduced, compared to the ECP EIS.

In particular, the remnant vegetation along the riparian corridor of the Nogoia River anabranch will now remain undisturbed by mining. The total area of remnant vegetation required to be cleared as a result of the RCAMM has reduced from 163 ha to 28 ha.

5.6 AIR QUALITY, NOISE AND BLASTING

The RCAMM involves the deletion of 830 ha of open cut mining from the central area of the mine. The total mine open cut production rate is also expected to be reduced in comparison to the production rates anticipated in the ECP EIS. The air quality, noise and blasting impacts associated with the RCAMM are therefore significantly reduced compared to those presented in the ECP EIS. The predicted levels of dust, noise, ground vibration and airblast are all predicted to be well within the relevant goals and criteria at all sensitive receptors in the vicinity of the mine.

5.7 CULTURAL HERITAGE

The RCAMM involves significantly less ground disturbance than the original mining methodology due to the deletion of 830 ha of open cut mining area. The impacts of mining operations on Aboriginal cultural heritage will continue to be managed in accordance with the approved Cultural Heritage Management Plans and in consultation with the relevant Aboriginal parties.

The RCAMM does not involve any additional impacts on non-Aboriginal heritage.

5.8 SCENIC VALUES

The deletion of 830 ha of open cut mining from the central area in the RCAMM will significantly reduce the visibility and visual effect of the ECP mining operations and will reduce the visual impact of the mine on sensitive receptors.

5.9 TRANSPORT

The mining operations associated with the RCAMM involve lower total mine production and a smaller workforce than those presented in the ECP EIS. The transport impacts of the mine are therefore reduced in comparison to those presented in the ECP EIS.

5.10 SOCIO-ECONOMICS

The potential adverse social impacts of the project described in the ECP EIS included the potential for increased pressure on low housing availability and affordability in Emerald and the local area. The potential for increased pressure on local community infrastructure and services was also addressed in the ECP EIS.

These potential adverse impacts are directly related to the size of the workforce and the associated workforce accommodation strategy. The total mine workforce associated with the RCAMM is significantly reduced from the workforce described in the ECP EIS. The workforce accommodation strategy for the project remains unchanged. Consequently any potential adverse social impacts of the mining operations will be significantly reduced as a result of the RCAMM.

The positive economic impacts associated with the RCAMM and the future Ensham mining operations will be reduced in comparison to the ECP EIS due to the reduced level of production and the reduced mine workforce. However, the positive economic impacts of the ECP and future mining operations remain significant. A summary of the positive economic benefits of the RCAMM are provided below:

- Total capital expenditure of \$1.2 billion, of which \$780 million (65%) will be expended within Australia;
- Total capital expenditure of \$32 million on the washplant and associated coal handling facilities, including \$27 million to be expended within Australia;
- Annual average estimated operating costs of \$250 million for full operation of the underground mine and washplant;
- Employee salaries and wages of up to \$87.5 million per annum injected into the local and regional economies;
- Significant Queensland and Federal government taxes of an estimated \$85 million per annum; and
- Potential revenue for infrastructure providers (Queensland Rail and Gladstone Port Corporation) of an estimated \$154 million per annum.