

WASHPool COAL MINE PROJECT
OVERVIEW OF EIS FINDINGS

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TABLE OF CONTENTS

INTRODUCTION	1
THE PROPONENT	1
PROJECT OVERVIEW	2
KEY FINDINGS OF THE EIS	3
SOCIO-ECONOMICS	3
COMMUNITY CONSULTATION	4
SURFACE WATER RESOURCES	4
GROUNDWATER RESOURCES	5
LAND RESOURCES	5
CULTURAL HERITAGE	6
TRANSPORT AND INFRASTRUCTURE	6
AIR QUALITY	7
GREENHOUSE GAS AND CLIMATE CHANGE	7
NOISE AND VIBRATION	7
TERRESTRIAL ECOLOGY	8
AQUATIC ECOLOGY	8
HEALTH, SAFETY, HAZARD AND RISK	9
WASTE MANAGEMENT	9
ENVIRONMENTAL MANAGEMENT PLAN	9
PROJECT CONTACT DETAILS	9

INTRODUCTION

Washpool Coal Pty Ltd (Washpool Coal) is proposing to develop the Washpool Coal Project. Washpool Coal has prepared an Environmental Impact Statement (EIS) to address potential environmental, social and economic impacts from the Project.

The Project involves the development of a greenfield open cut coal mine producing up to 2.6 million tonnes per annum (Mt/a) of product hard coking coal for export markets.

THE PROPONENT

The Washpool Coal Project is owned 100% by Washpool Coal Pty Ltd. Washpool Coal is a wholly owned subsidiary of Aquila Resources Ltd (Aquila). Aquila is publicly listed on the Australian Stock Exchange as an exploration and mining company. Aquila's vision is to be internationally recognised developer of raw steel material projects, with its diverse resource portfolio currently consisting of iron ore, coal and manganese projects in Australia, Africa and Indonesia.



PROJECT OVERVIEW

The proposed Project consists of the development of a green field open cut coal mine located within MLa 80164. If approved, construction of the Project is planned to commence in 2012 with first coal being produced in 2013. The Project will include essential infrastructure such as;

- coal handling and processing plant;
- mine infrastructure area consisting of offices, workshops and stockpile areas;
- water management systems including approximately 6 km of flood protection levees storage and containment dams;
- haul road; and
- train load out area to transport coal to Wiggins Island Coal Export Terminal.

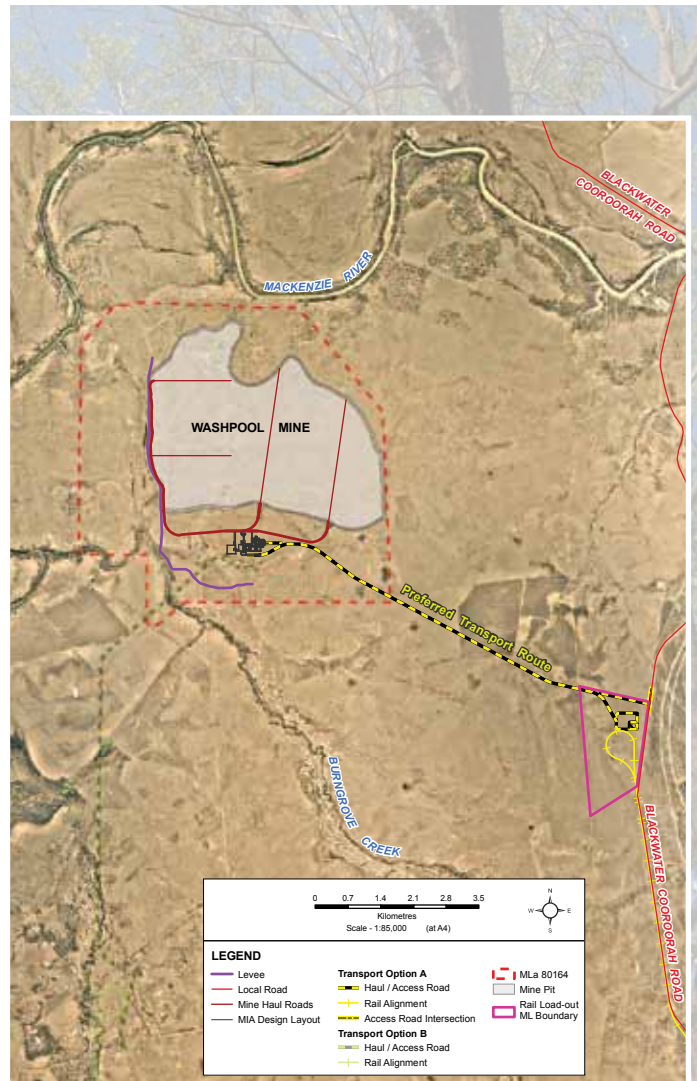
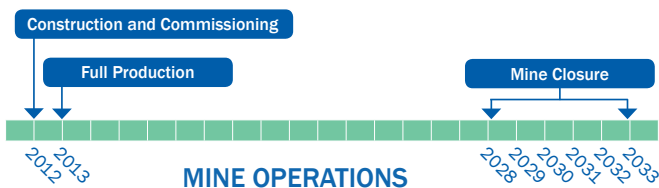
The mine will be an open cut mine using a truck and electric shovel mining fleet and ultimately dispose of dry rejects in-pit.

The mine will produce up to 2.6 million tonnes of coal per year and approximately 38 million tonnes of coal over the 15 to 20 year life of the Project. The Project may potentially leave two final voids, totally 160 ha within a total mining lease area of 3,792 ha.

Once coal is mined and processed at Washpool, the coal will be transported from the coal handling and processing plant to the train load out facility via side-tip double trailer trucks. The coal train will be loaded via a reclaim tunnel and load out bin directly in to each rail wagon. The trains will utilise the Blackwater rail network and travel directly to the Wiggins Island Coal Export Terminal (WICET) for shipping direct to export customers.

Its estimated that the Project will employ up to 307 people during the construction period, and up to 387 people during full operation of the mine.

Estimated Project timeframes are shown below:



Project layout



KEY FINDINGS OF THE EIS

Aquila applied to DERM to carry out a voluntary EIS for the Washpool Coal Project in November 2009 with approval to proceed in preparing the EIS granted by DERM on 4th December 2009. The terms of reference for carrying out the EIS were finalised and issued on 1st July 2010.

Over the past 18 months Washpool Coal together with Sinclair Knight Merz (SKM) and their associated sub-consultants have been carry out baseline surveys and assessing the environmental, social and economic impact of the Washpool Coal Project on the local, regional and Queensland environment. A summary of these studies and findings are presented below.

SOCIO-ECONOMICS

The Washpool Coal Project will provide a number of socio-economic benefits for local and regional communities, including the creation of employment opportunities as well as the potential for increased supply chain opportunities. Washpool Coal will work to ensure that opportunities provided by the Project facilitate equal access for disadvantaged groups.

The Social Impact Management Plan for the Project provides a quantitative assessment of the issues and impacts, and outlines detailed action plans and mitigation strategies to address impacts that are identified as being of high or medium significance. This Social Impact Management Plan has been developed in coordination and consultation with key stakeholders in the local and regional area, and will be adapted and updated regularly as the Project progresses.

The construction phase of the Project is expected to employ a peak workforce of approximately 307 contractors. The mine will require up to 387 full-time equivalent employees during the 15-20 year operation phase.

The Project is estimated to return in the order of AUD\$20 million in direct benefits over the life of the Project, through additional spending being introduced into the economy by persons employed on the Project and is expected to contribute approximately \$41M in royalties to the State Government on an annual basis.



OVERVIEW OF EIS FINDINGS

COMMUNITY CONSULTATION

The community consultation process for the Washpool Coal Project involved a range of opportunities for comment and enquiry by key stakeholders and the general public. This process was undertaken between July and December 2010 and included a community newsletter, advertisements, individual meetings and information sessions.

Stakeholders were identified based on their proximity to the Project site and statutory identification as either an Affected Person (primary stakeholder) or Interested Person (secondary stakeholder). Stakeholders with an interest in regional issues, such as community and environmental interests were also engaged, as were government representatives and identified service and facility providers.

Washpool Coal will continue its community consultation program to ensure the local community are well informed about the Project's development and operation, and the community will be provided with an ongoing mechanism outside the complaints handling process to feedback concerns and issues about the Project.

SURFACE WATER RESOURCES

The Project site is located within the Mackenzie River catchment in the Fitzroy Basin. The site is bounded by the Mackenzie River, an anabranch of the Mackenzie River (Coal Mine Lagoon) and Burngrove Creek (a tributary of the Mackenzie River).

No watercourse diversions are proposed as part of the Project.

Flood modelling up to a 'Probable Maximum Flood' was conducted to ascertain the extent of flooding over the Project site and surrounding areas. This model extends upward of a 1 in 5,000 year Annual Exceedance Probability (AEP) event. In comparison the recent flooding event in December 2010 was estimated to be a 1 in 200 year AEP flow event in the Mackenzie River at the Yackam gauge just upstream from the site. A 6 km flood protection levee is proposed along the western side of the mine pit, adjacent to Coal Mine lagoon, to provide the mining areas with flood protection.

The mine water demands for the Project will be met from run-off captured onsite and a purchased water





allocation pumped from Bedford Weir. As part of the water management system, run-off from disturbed areas will be captured and treated with the amount available for reuse by the Project's water management system.

GROUNDWATER RESOURCES

Groundwater in the vicinity of the Project area occurs mainly within a shallow alluvial aquifer and an underlying Permian coal measures aquifer of both the Burngrove Formation and the Fair Hill Formation.

Groundwater quality for the Project area indicates that groundwater is unsuitable for potable use and freshwater ecosystems, and marginally suitable for irrigation and stock water.

Dewatering operations will result in some drawdown of the local groundwater system in the vicinity of the Project area, however groundwater levels are expected to recover over time to pre-mining levels upon mine closure. Based on the modelling conducted of groundwater drawdown, the mine operations are not expected to pose a risk to aquatic ecosystems or vegetation in the Project area and along the Mackenzie River.

LAND RESOURCES

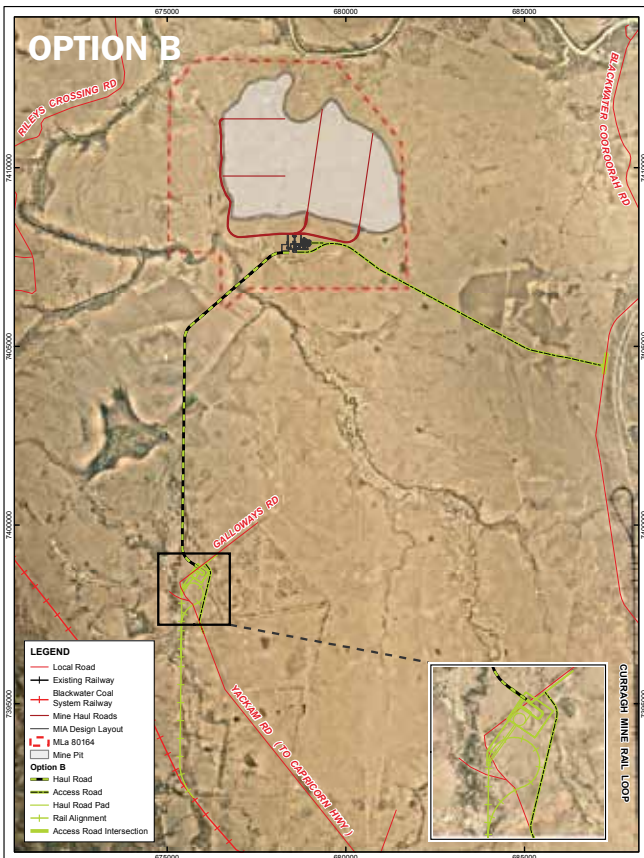
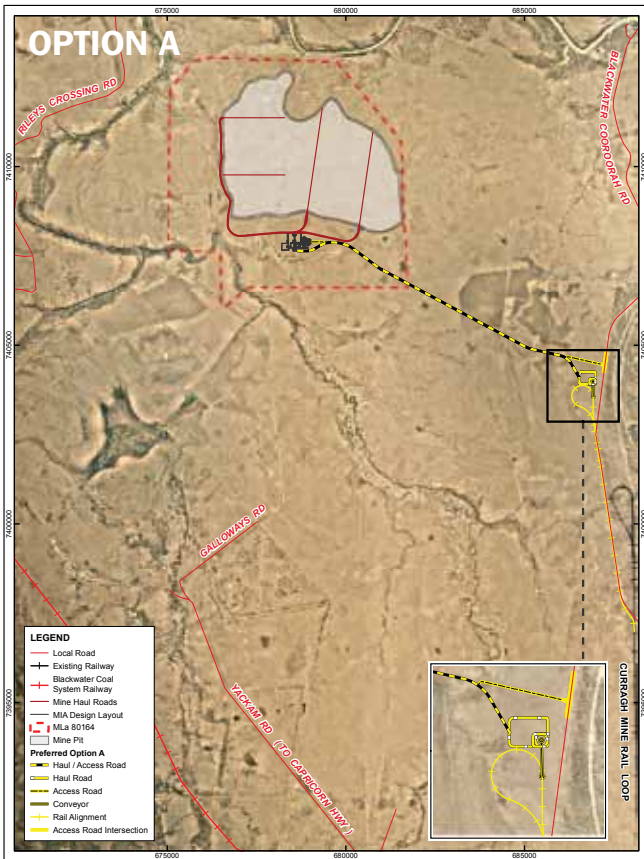
The Washpool Coal Project is located south of the Mackenzie River. The topography of the local landscape is primarily flat with some small dips and rises and undulating plains. Soil surveys were undertaken to provide sufficient information on land resources to allow the determination of soil types and their spatial distribution, agricultural land suitability, soil erosion risks, topsoil resources, rehabilitation potential and storm water run-off quality.

Predominant land use patterns of the Project site are grazing of improved pastures. Much of the Project site has long been cleared of its original vegetation due to agricultural production, although localised areas of remnant vegetation remain alongside Coal Mine Lagoon and Burngrove Creek.

A return to grazing is planned for much the majority of the Project site post-mining. Topsoil will be stripped and reused in rehabilitation. A rehabilitation program for the Project



OVERVIEW OF EIS FINDINGS



will be developed to ensure the disturbed land is returned to a post-mine condition that is stable, self-sustaining and requires minimal maintenance. A progressive rehabilitation program will be implemented throughout the mine life.

CULTURAL HERITAGE

The Project area lies within the territory of the Kangoolu People #2. A Cultural Heritage Investigation and Management Agreement (CHIMA) has been developed between the Kangoolu People and Washpool Coal in accordance with Part 7 of the *Aboriginal Cultural Heritage Act 2003*, and was approved as a Cultural Heritage Management Plan by the Cultural Heritage Coordination Unit of the DERM in 2010.

The potential impacts to cultural heritage values as a result of the Project will primarily be associated with the disturbance of the ground surface. The CHIMA has been developed to mitigate such impacts, and details the processes and procedures to be undertaken to manage any Aboriginal cultural heritage which may be impacted by the Project, and includes provisions for the ongoing management of cultural heritage throughout the life of the Project.

TRANSPORT AND INFRASTRUCTURE

The traffic and transport assessment examined potential traffic impacts from the Project during both the construction and operation phases. The assessment found that both the construction and operational phases are not expected to have a significant impact on traffic in the surrounding areas. The Department of Transport and Main Roads and Central Highlands Regional Council will be consulted on any road related matters.

Two potential transport corridors have been assessed in detail. Option A, being the preferred alignment, is a dual purpose haul and mine access road, extending to the east from the Mine Infrastructure Area and linking up with Blackwater-Cooroorah Road and proposed Washpool train load out area. Option B has a separate haul road extending from the Mine Infrastructure Area south to a proposed train load out area. The mine access road for Option B will follow the same alignment as for Option A.

AIR QUALITY

The potential air quality impacts of the Washpool Coal Project were assessed, with all relevant dust parameters modelled to predict impacts as sensitive receivers. All parameters were found to be below the applicable ambient air quality objectives.

As part of the Project, Washpool Coal will take a proactive approach and establish a dust monitoring network to assess and manage dust. Ongoing dust monitoring will be undertaken to detect if the mine is generating air quality impacts. Mitigation measures will be implemented to monitor and reduce the potential for air quality impacts at nearest sensitive receivers. Consultation with the landholders and implementing dust mitigation measures will assist in reducing the potential for dust nuisance.

GREENHOUSE GAS AND CLIMATE CHANGE

A preliminary greenhouse gas inventory has been prepared for the operation of the Project. The main sources of greenhouse gas emissions for the Project are:

- direct CO₂ emissions from fuel combustion in mining equipment;
- fugitive CH₄ and CO₂ emissions from coal seams; and
- indirect CO₂ emissions due to consumption of electricity.

A range of management measures are proposed for the Project to minimise greenhouse gas emissions, including planning mining activities to improve efficiency and minimise energy use, fuel efficient mining equipment and haul trucks and using appropriately sized equipment.

Washpool Coal will publicly report greenhouse gas emissions from its operations in line with established reporting protocols (i.e. NGRS).

NOISE AND VIBRATION

A computer noise model was developed to predict the noise impact during different stages of the mining operations.

The predicted noise levels from the mining activities are below the applicable noise criteria. Road and rail traffic noise impacts have been assessed and are predicted to be



OVERVIEW OF EIS FINDINGS

minimal and acceptable. The nearest sensitive receiver to blasting activities will be in excess of 5 km. The modelling also confirmed that the airblast and vibration criteria will be met at all sensitive receivers.

TERRESTRIAL ECOLOGY

The Project site’s history of vegetation clearing and grazing had led to a significant loss of remnant forest and woodland, suppression of natural regeneration, a high level of habitat fragmentation, and an introduction of a range of pest vertebrates and weeds.

The remnant vegetation is limited to riparian areas, including the Mackenzie River located to the north of the Project area and Burngrove Creek. There are no natural grasslands within the Project area; instead the grasslands are dominated by Buffel Grass and Soft Roly Poly. The Project will not require any clearing of remnant or regrowth vegetation.

Field surveys identified 13 introduced plant species at the Project area including five declared pest plants. Washpool Coal will take all reasonable steps to control the introduction and spread of pest and weed species across the Project site and will develop a Weed and Pest Management Plan.

No Endangered, Vulnerable or Rare flora species were identified within the Project area during the field surveys, despite targeted searches within potential habitats. Only one fauna species of conservation significance was detected in the Project area. The Little Pied Bat which is listed as rare under the Nature Conservation Act. The Project is not expected to impact on the habitat of the Little Pied Bat.

AQUATIC ECOLOGY

The aquatic fauna within the Washpool Coal Project area is low in diversity and abundance. Fish populations within the Project area are strongly limited by the availability of suitable aquatic habitat and permanent water. No threatened fish species were found during the site surveys. The impact on fish is expected to be very low. The study identified the Fitzroy River Turtle as a potentially impacted threatened species however it was not found during field





PROJECT CONTACT DETAILS

Further information concerning the Project can be obtained from:

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investigations. Although not identified in the Project area, the potential impacts of the Project to the habitat of the Fitzroy River and other Turtles were considered Washpool Coal have developed a Turtle Management Plan which will be implemented during construction and operation phases to minimise negative impacts on the species.

HEALTH, SAFETY, HAZARD AND RISK

The activities that are proposed to be carried out at Washpool will be in line with standard operations for black coal mining.

Operational risks, once the mine is operating, will be managed and controlled by a health and safety management system and detailed operating procedures.

The system will adopt an integrated approach to risk management of the operations, recognising the hazards at all points in the operations and how these are controlled.

The health and safety hazards to the community from the Project were determined to be and in line with current mining practises.

WASTE MANAGEMENT

During the Project's construction, operation and decommissioning phases, waste will be managed to avoid adverse impacts on the life, health and wellbeing of people, the community, and the diversity of ecological processes and associated ecosystems surrounding the Project site. The appropriate management and storage of wastes will prevent on site and off site pollution and enhance opportunities for reuse and/or recycling.

ENVIRONMENTAL MANAGEMENT PLAN

An Environmental Management Plan for the Project has been prepared. This plan details how all aspects of the operation will be managed to mitigate and control and potential environmental impacts. It is based on the findings of the EIS and includes Washpool Coal's commitments and strategies for the Project.

