



Byerwen Coal Project

2016 Annual Report to Coordinator General





Table of contents

1	Introduction	1
2	About Byerwen Coal.....	1
3	Project update	3
4	Economic impact assessment	4
5	Social impact assessment	5
5.1	Housing and accommodation	7
5.2	Workforce management.....	8
5.3	Health and community wellbeing	12
5.4	Community and stakeholder engagement	14
5.5	Local business and industry content.....	16

This page intentionally left blank



1 Introduction

This is the first annual progress report on the Social Impact Assessment Action Plan (SIAAP) and management of social impacts for the Byerwen Project (the Project), and in compliance with the Queensland Coordinator General's approval conditions. The reporting period is for twelve months from 15 December 2015, the date on which early construction works commenced, to 14 December 2016.

The report details progress on the SIAAP, Project impacts to date, stakeholder engagement activities and describes the changed community conditions since completion of the SIA resulting from a difficult market environment.

QCoal believes in running operations in an economically, socially and environmentally responsible way. Our values of safety and environment, integrity, innovation, trust and pragmatism governs the way business is conducted and provides the strong framework under which QCoal operates. This approach has been the foundation of QCoal's positive contributions and outcomes at its Northern Hub operations south of Collinsville and will continue to shape the development and operation of the group's sites into the future.

2 About Byerwen Coal

Byerwen Coal Pty Ltd is a joint venture between QCoal Pty Ltd (80%) and JFE Steel (20%).

QCoal is a privately owned Queensland company based in Brisbane. QCoal has been active in the Queensland coal exploration and mining industry for over 20 years. QCoal has discovered and developed the Sonoma, Cows, Drake and Jax Mines.

JFE Steel is a subsidiary of the JFE Group of Japan. The JFE Group is Queensland's largest exporter customer and JFE Steel one of the largest customers of Queensland sourced coking coal.

The Project is located 20 kilometres west of Glenden in Queensland's Northern Bowen Basin, within the Isaac and Whitsunday Regional Council areas. Once operational the Byerwen Mine will produce up to 10 million tonnes of hard coking coal per year. Coal from the Byerwen Mine will be railed to Abbot Point Coal Terminal for export.

The Project was approved by the Queensland Coordinator General in July 2014, and by the Federal government in October 2014. The first of the seven mining leases for the Project was granted in April 2015, allowing for the commencement of infrastructure works. Byerwen Coal is currently progressing the remaining mining leases required for the Project through the statutory approval process, focussing on the three southern leases required for the South Phase of the Project. Early Stage 1 construction activities have been completed on that part of the Project site within the granted mining lease area, with Stage 2 construction activities anticipated to commence shortly after the grant of the southern leases.

The SIAAP, which was approved as part of the Environmental Impact Statement (EIS), was collated from information contained in the Social Impact Assessment (SIA) prepared for the Project by Coffey Environments (2013). The SIA was developed following extensive stakeholder consultation with Glenden and surrounding communities, local agencies and local and the State governments. Feedback from the consultation was incorporated into the SIAAP, which focuses on the following key areas:

- Housing and accommodation
- Workforce management and local business and industry content
- Health and community wellbeing.

3 Project update

The Project has received all relevant State and Federal approvals, and has one of seven mining leases (ML70435) granted. The grant of the remaining mining leases is being progressed with grant of the additional two southern leases required for the South Phase expected in early 2017.

Following the grant of ML 70435, Byerwen Coal commenced construction on the Byerwen Rail Loop Project. This consisted of the following:

- Civil works
- Construction of rail bridge
- Construction and laying of rail track
- HV power supply
- Construction and commissioning of switching station
- Communications and track signalling

The construction of the Byerwen Rail Loop has been completed. Works on communications and track signaling continues and commissioning is anticipated in March 2017. In addition, final designs for the Coal Handling Preparation Plant and preliminary design for the Mine Infrastructure Area have also been completed.

At the peak of the Rail Loop Project there were 80 people working on the Rail Loop Project. Most were accommodated in Glenden, with some overflow in Collinsville due to the lack of access to accommodation in Glenden for Byerwen Coal.

4 Economic impact assessment

As demand for Queensland coal continues, the Project aims to establish a commercial source for the supply of coking and thermal coal to international markets, mainly Asian steel mills. In that regard, the Project-wide benefits anticipated in the EIS continue to be relevant for the local region, the state and Australia. The Project has the potential to become a significant contributor to the future sustainability of the local region, and to ensure that Queensland continues to:

- meet ongoing global demand for high quality coal;
- realise future export revenue and coal royalties; and
- create employment and business opportunities for Queenslanders.

At the time the Project EIS was developed and submitted for assessment, coal prices were at peak and the industry in a boom climate. Since that time, the market has experienced considerable downward pressure, with thermal and coking coal prices hitting record lows over the last two years. This in turn has had an adverse impact on the industry, on mining operations, on state and regional economies and on mining communities. In that context, the economic impact on the local and regional communities of the upper Bowen Basin area was not as anticipated in the Project EIS, the SIA or the SIAAP, and as a consequence some of the information in those documents is no longer pertinent or has materially changed.

Against this background some of the impacts and associated mitigation actions described in the SIAAP are not currently necessary, have not been realised, or require review in order to take into account the current status of communities, housing and accommodation and local services.

5 Social impact assessment

The SIA identified potential social impacts of the Project and proposed measures to enhance, mitigate and manage those impacts through the construction, operation and decommissioning phases. The Project has not entered the full construction phase, and impacts identified in this annual report will pertain only to those resulting from early works associated with the Byerwen Rail Loop Project. In addition, we note the comments in section 4 and the consequential negative effects on the immediate and broader communities of influence, which have been compounded by delays and uncertainty surrounding the Project.

The township of Glenden continues to be the primary social and cultural area of influence for the Project. Over the last 12 to 18 months, Glenden has experienced the impacts of reduced operations and the closure of underground mining at Glencore Coal's Newlands Mine. Stakeholders have reported directly to Byerwen Coal personnel that many families have left the town, which in turn has resulted in lower enrolment numbers at the school; services to the town have been limited (e.g. dental); and many local businesses operating on reduced hours. Byerwen Coal has been made aware that approximately 40 children left Glenden State School in December 2016, being another 15 – 20 families that have left town permanently. The current state of Glenden is considerably different to that identified during the SIA consultation, and the stakeholder feedback provided regarding potential social impacts of the Project have changed focus. The discussions in Glenden are now about the Project providing opportunities for the town to be revitalised and sustained into the future.

Byerwen Coal has worked collaboratively with the Glenden community and local industry since 2015, when the Glenden Development Industry Group (DIG) was established. Since that time, Byerwen Coal, with the facilitation assistance of the Department of State Development, Mackay Isaac Whitsunday Regional Office, has convened the Glenden DIG approximately quarterly, with an open community forum held annually. In collaboration with the Glenden DIG, Byerwen Coal has been a supporter of the Isaac Regional Council's (IRC) applications under the Building our Regions program and has engaged regularly with IRC around local and regional issues, the Project and impacts identified in the SIA.

In relation to the potential project impacts included in the SIA, Table 1 below provides a general update of local conditions.

Table 1: Project Impacts and Current Status

SIA (Aug / Sept 2011)	Current Status (Jan 2017)
Increased temporary and permanent housing and accommodation requirements	<p>The Project early construction works has only required temporary housing, which has largely been fulfilled by existing available accommodation facilities in Glenden, at the Glenden Motel. Also see section 5.1.</p> <p>Currently there is an increase of permanent housing stock in Glenden due to the numbers of families leaving the town. Byerwen Coal remains unable to access this housing stock for future needs.</p>
Increased demand on existing social infrastructure, facilities and services as a result of population growth	<p>The Project has not had an impact on population growth, as project works to date have been undertaken by a temporary construction workforce.</p> <p>Currently Glenden is experiencing the effects of a decrease in population, and the anticipated demand on existing social infrastructure, facilities and services has not occurred.</p>
Road safety concerns due to increased traffic on local roads and highways	<p>Early construction works have not resulted in significantly increased traffic on local roads and highways. A Traffic Management Plan for the construction period was developed and implemented.</p>
Contribution to the regional skills shortage and the potential labour market drain into the mining industry	<p>There has been no skills shortage as a result of early construction works and the Project has achieved both local and indigenous employment outcomes (see section 5.2).</p> <p>The number of job losses across the industry has potential to provide access to a highly skilled local and regional workforce when the Project commences the next phase of construction.</p>
Health and safety concerns associated with commuting and shift work and the real or perceived deterioration of safety in Glenden	<p>Early construction works have been successfully managed under Byerwen Coal's Safety and Health and Management System. Shift work and commuting have been kept to a minimum and community and public safety has not been compromised.</p>
Engagement with the local community	<p>Byerwen Coal and contractor engagement with the local community during early construction works has been regular and positive. The Glenden community has been actively engaged in the DIG and community events, and the local economy has been positively impacted by Project activities to date.</p> <p>The community has access to Byerwen</p>

	Coal personnel at all times through the Community Contact telephone number.
--	---

Each of the key areas is addressed individually below.

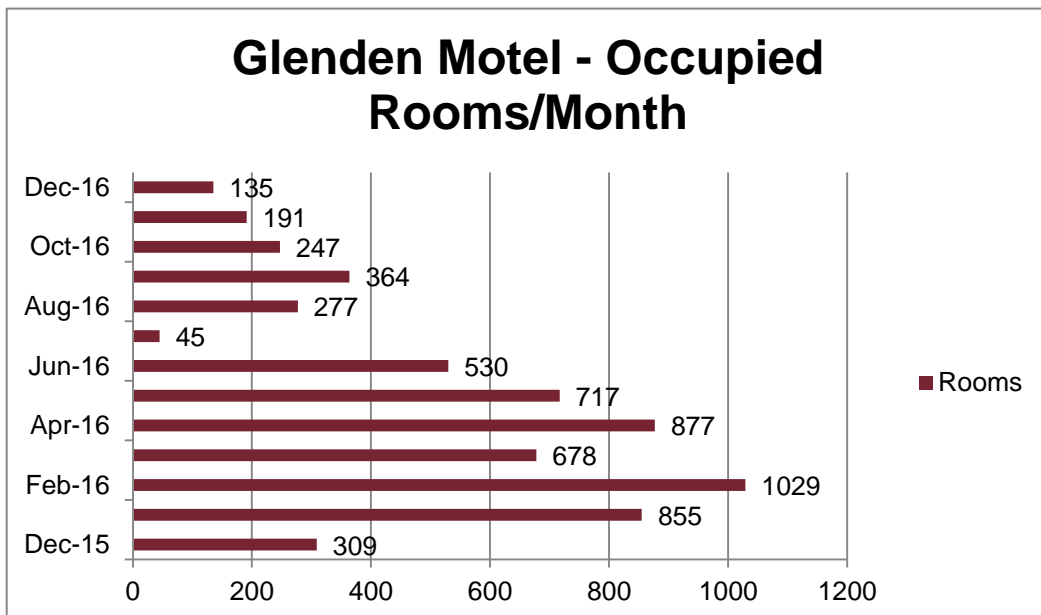
5.1 Housing and accommodation

The utilisation of existing social infrastructure and contribution to the community of Glenden have been the key drivers of Byerwen Coal’s approach to housing and accommodation of the temporary construction workforce for the Rail Loop Project.

Byerwen Coal negotiated with Morris Corp for use of the Glenden Motel, the only available temporary accommodation facility available in the town. Prior to commencement of the Rail Loop Project construction, the Glenden Motel had been closed. During the reporting period, the Glenden Motel has provided accommodation and meals to the workforce, and other facilities such as the Glenden Town and Country, the local café and supermarket also being accessed for their services. The ancillary economic impacts of a locally based temporary workforce have been positive for the town of Glenden, which has otherwise been experiencing negative growth.

Figure 1 below shows the number of occupied rooms at the Glenden Motel for the reporting period.

Figure 1: Glenden Motel Occupancy



Byerwen Coal will continue to support existing social infrastructure for its temporary construction workforce and seek access to vacant housing in Glenden where possible. In addition, IRC has approved the construction and operation of a temporary construction camp on Wollombi Station. This facility is in the process of being developed as part of the mixed accommodation options set out in the Workforce Accommodation Strategy.

In anticipation of housing and accommodation of an operational workforce, the percentage residential / DIDO / BIBO / FIFO workforce is as yet unknown. Until such time as this has been determined, Byerwen Coal continues to implement the Workforce Accommodation Strategy for the construction period, and to consult and receive feedback from the IRC and local community regarding current and future impacts on the town of Glenden, and the region more broadly. Land has been acquired in Glenden for the purpose of constructing housing permanent workforce housing. In mid-January 2017 a Development Application (DA) for a townhouse development was lodged with IRC and is currently in the initial assessment period. In addition, a DA to rezone one of the acquired land parcels from education to residential is still being assessed by IRC. Byerwen Coal's preference, as shared by the community and IRC, continues to be to access existing vacant housing stock in Glenden, and it will continue discussions with relevant parties regarding this option.

The Glenden Urban Design Master Plan has not been developed, as it is not required in the current environment where accommodation availability is not in issue. Where there are significant changes to the status quo, Byerwen Coal will engage with IRC and the Glenden community to ensure the plan addresses and mitigates anticipated impacts.

Providing a permanent workforce with choice of attractive, locally based accommodation options will continue to be the main focus for Byerwen Coal as the Project enters operation phase.

5.2 Workforce management

Byerwen Coal is committed to encouraging regional employment outcomes on the Project. This is consistent with the QCoal Group's approach across all its projects in the Bowen Basin. Local employment, as a proportion of the workforce, is tracked and reported by all contractors on all QCoal Group mines on a monthly basis. This data was also collated for the Rail Loop Project and ancillary works for the reporting period.

Currently across QCoal Group operations:

- over 50% of operational workforce live within the local region; and
- approximately 7% of the total workforce identifies as ATSI.

Figure 2: Local Workforce % QCoal Group

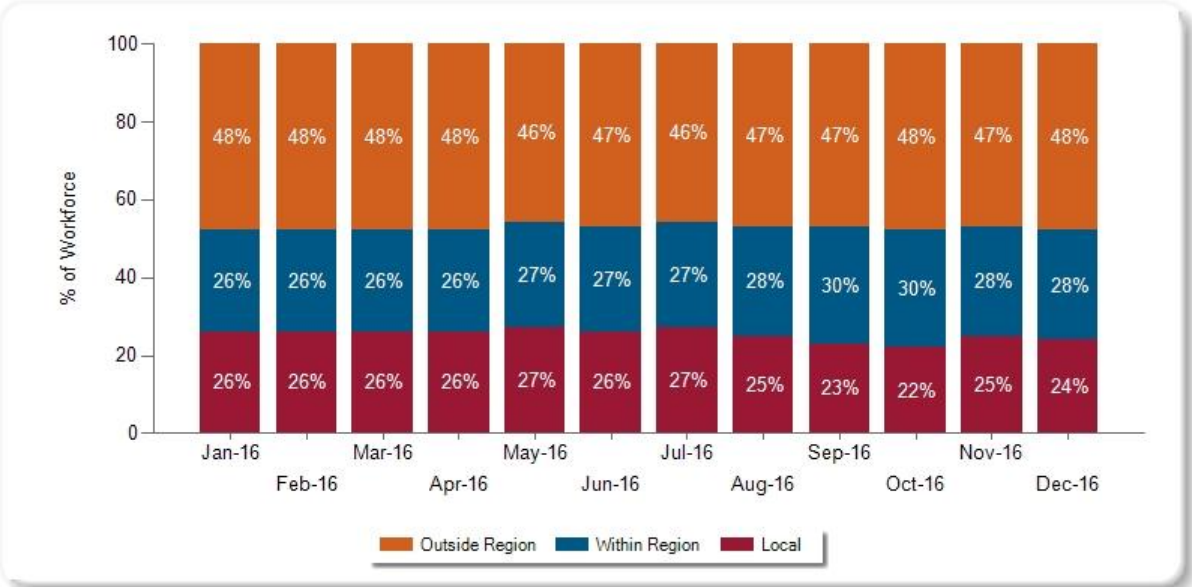
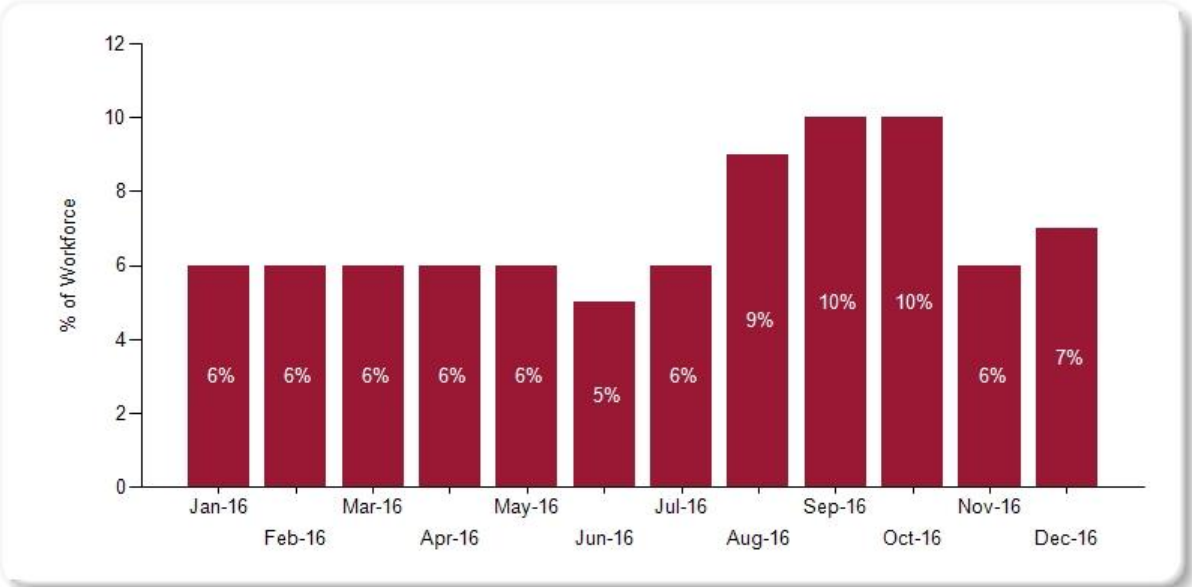


Figure 3: ATSI Workforce % QCoal Group



ATSI participation in the workforce has been achieved through an intensive pre-vocational and mentoring program implemented and managed by Traditional Owners in co-operation with a QCoal Group mining services contractor. Over a period of two years, ATSI personnel rose to a peak of 14% of the contractor’s workforce, which has created a pipeline of skilled and experienced labour to move onto other sites as the need arises. This has been a significant investment in time and resources by all parties involved, and will be replicated on the Project site as the construction workforce requirements become known.

As an established mining town, unemployment rates in Glenden continue to be lower than other mining towns in the region. Most residents have permanent local employment, whether in nearby mines, businesses or services, and the pool of available skilled labour is limited.

Byerwen Coal has utilised local and regional networks to promote business and employment opportunities for the Project, including through:

- ICN Gateway;
- presentations at WMDL Major Project Summit and the Resource Industry Network; and
- through established networks.

Potential contractors were required to submit Local and Indigenous Participation Plans as part of work package tenders, which were assessed against industry averages and previous performance. Following contract award, direct engagement between successful contractors and the local community were facilitated through the quarterly DIG meetings. Further, regular Project information and opportunities were notified through monthly local newsletters. Where there was scope on the Rail Loop Project, contractors were encouraged to provide local and ATSI employment outcomes, which included:

- at peak 38% of the Rail Loop Project construction workforce from the local region
- at peak approximately 39% of the Rail Loop Project workforce identified as ATSI.

Figure 4: Local Workforce % Byerwen Project

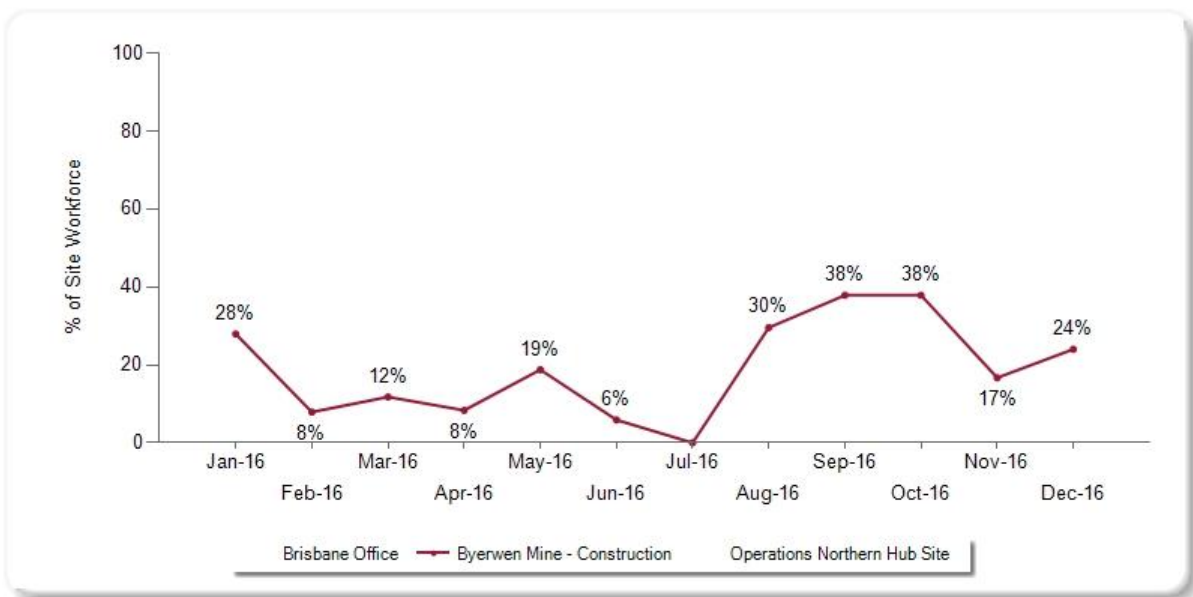
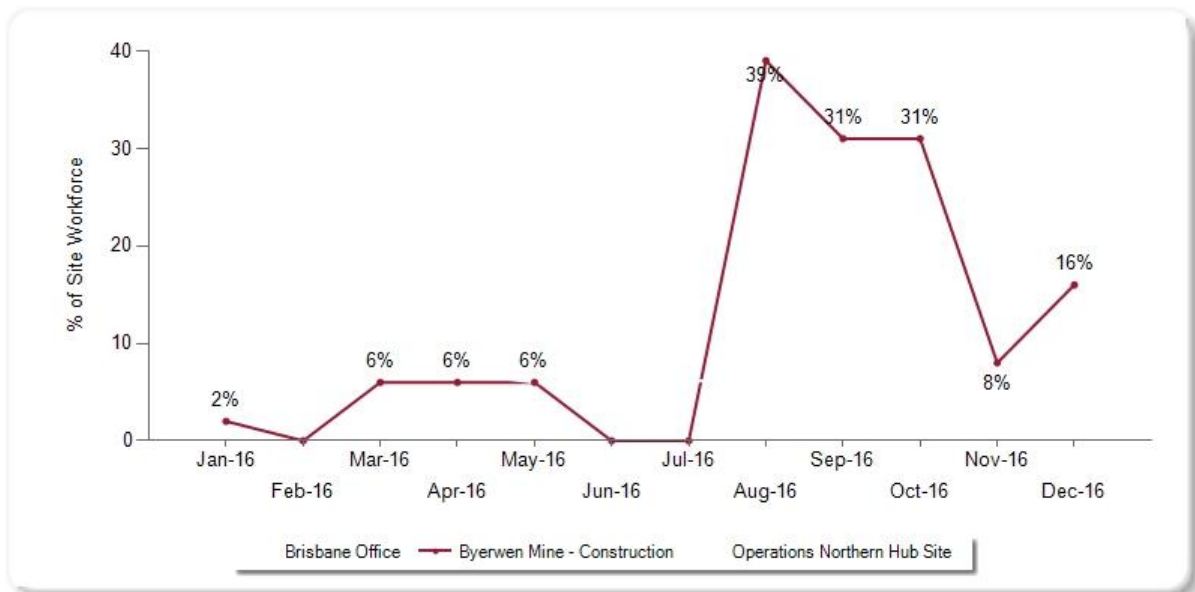


Figure 5: ATSI Workforce % Byerwen Project



Future construction and operational workforce numbers have yet to be determined as the development of the Project is contingent upon timing of the grant of the remaining leases for the South Phase.

FIFO Workforce Approach and Management

In the context of Glenden as a town established to service the Newlands Mine, most residents are employed by Glencore Coal. As noted above, Byerwen Coal's approach is to provide choice for all workers as well as being actively committed to providing employment opportunities to the local community. To date, the Project contractors have been able to combine a FIFO/DIDO construction workforce with local employment and indigenous employment outcomes. The FIFO/DIDO workers were housed in temporary accommodation facilities at the Glenden Motel for approximately 3:1 swings, depending on weather and the construction program.

The feedback from the Glenden community gathered at the Glenden DIG forums (see section 5.4) was that the influx of the temporary construction workforce was positively received. Workers:

- supported local businesses and thereby contributed to the local economy;
- frequented local sporting facilities, thereby integrating into the local community (see section 5.3);

- participated in community events; and
- were respectful of the community's values and the importance of safety.

In that regard, the presence of a temporary construction FIFO workforce has been well managed by Byerwen Coal and its contractors, and has had a positive impact in a town that has struggled in the face of a general downturn in the industry over the last two years.

As Byerwen Coal moves into the next phases of construction, the percentage residential / DIDO / BIBO / FIFO workforce will become clearer and managed in accordance with the Workforce Management Strategy. Byerwen Coal will also take the positive aspects and learnings from the early construction phase to inform future workforce management.

5.3 Health and community wellbeing

Byerwen Coal is committed to working together with the Glenden and broader communities, local and state governments, and industry to strengthen the communities in which we operate, and to mitigate any negative impacts that our operations may have on community safety and amenity.

Through the SIA consultation, the Glenden community identified the need to maintain three key community values:

- a distinct community identity;
- a cohesive and stable community with a strong sense of community;
and
- to maintain a rural lifestyle highly valued by residents.

At the first Glenden DIG, these values were further workshopped with small focus groups made up of community members. Through a participatory and interactive process, the Glenden community further refined the identified values as follows:

- Community spirit
- Connectivity
- Safety and Environment
- Sustainability employment/business development opportunities.

These values have subsequently been incorporated into the Glenden DIG charter, and provide the foundation for engagement between Byerwen Coal and the Glenden community.

Through regular and continuous local engagement (see section 5.4), Byerwen Coal has observed that these values have not been impacted by Project development to date. However, the community has been significantly affected by the industry downturn; families permanently relocating; reduction in the school population; and associated impacts on businesses and services to the town. Byerwen Coal's efforts have been concentrated on supporting the maintenance of these important values and the community of Glenden through its social investment initiatives, and by encouraging the Project workforce to actively participate in community activities, using community sporting and other facilities and supporting local businesses.

The Glenden DIGs and annual community forum are an important focus for Byerwen Coal to gather information, hear community concerns and identify community-led initiatives to facilitate the realisation of programs or projects that foster positive community involvement and improve liveability.

Community investment initiatives and grant schemes are managed through the QCoal Foundation, which has been established to support a range of community-led initiatives focused on three broad support areas of Health, Liveability and Education.

Since 2008, the QCoal Foundation has delivered more than \$1,000,000 in community grants through the Community Grants Program. In Glenden, the QCoal Foundation has been a proud sponsor of the Glenden Rodeo and will continue to expand the Community Grants Program as the Project is developed.

Education grants are made by way of the QCoal Foundation Scholarship for first year James Cook University Students and a bursary program for the Native Title Holders for the area of the South Phase. The QCoal Foundation Scholarship was first awarded in 2016 to a university student who had previously Glenden State High for a value of up to \$30,000. The indigenous bursary program has been in place since 2012, during which time over 40 community members have benefited, achieving a range of outcomes including:

- two university graduates;
- completion of Yr 12;
- assisting women and return to work mothers to gain qualifications for re-entry into the workforce; and
- over 20 men and women being supported through various certificate and training programs to gain entry qualifications for work on mine sites. As a direct result of this collaborate initiative, over 10 participants secured full-time employment at our Northern Hub operations and will be available as

part of an experienced workforce pool for any opportunities on the Project.

More broadly, the QCoal Group is a principal sponsor of the Royal Flying Doctor Service, which is helping to address the increasing demand for quality health care services in regional and remote areas. In addition, the QCoal Foundation has partnered with the Royal Flying Doctor Service to provide the QCoal Community Dental Service – a mobile dental health unit, which is delivering quality oral care to towns throughout rural and remote Queensland, including towns across the Bowen Basin.

As is the case at QCoal Group's Northern Hub operations, Byerwen Coal will provide our workforce and their families with access to a range of support services to promote workforce health and wellbeing. Our contractors have been important supporters and partners in workforce health and wellbeing initiatives, actively promoting personnel to use the town sporting facilities, including swimming pool, gym and squash courts through fully subsidised visits. In addition, one of our contractors developed and implemented a mental health check app for their workforce, which was used daily during toolbox meetings. Weekly BBQs and social events were also organised as a way of monitoring workforce health and wellbeing.

Through the continued implementation of our Safety and Health Management System, Byerwen Coal will ensure all contractors engage the workforce through effective and thorough induction processes and regular toolbox talks to promote our expectations and recommendations for a range of practices including work operations, road safety, fatigue management, health, wellbeing and personal conduct.

Safety and respect for the Glenden community's values will drive the business into the future.

5.4 Community and stakeholder engagement

The QCoal Group acknowledges that our relationships with the communities in which we operate and our stakeholders is of fundamental importance to sustainable long-term operations and the business as a whole.

At its Northern Hub operations, the QCoal Group has developed and implemented a comprehensive stakeholder engagement program which has facilitated the establishment of a positive relationship with the local Collinsville community since the Sonoma Mine began construction in late 2006. Through innovative community-led and participatory engagement opportunities, the QCoal Group enjoys strong community support and reputation for delivering positive and beneficial outcomes. It is this experience and history that has

framed the community and stakeholder engagement and approach for the Project.

Byerwen Coal played an active role in establishing the Development and Industry Group (**DIG**) model in Collinsville, and subsequently in Glenden. DIG is a membership group of community, industry and government representatives selected through a nomination process. The Glenden DIG aims to identify community priorities and objectives and to work collaboratively to promote and achieve these objectives. The Queensland Department of State Development coordinates the Glenden DIG, which is independently chaired under an agreed charter, and maintains the secretariat function. The Glenden DIG meets quarterly, including the annual open community forum, and held its first meeting in April 2015. Outside the DIG forum, community relations personnel maintain regular contact with key local representatives, business owners and state agencies throughout the year, and manage the Community Concern system.

Table 2: Engagement Activities

Engagement	Stakeholders	Activity in 2016
Glenden DIG	Community groups and individuals, Local and State Government, industry representatives, local business owners	Quarterly meetings and open community forum with three meetings held in the reporting period
Industry briefings	Government, local suppliers and businesses	Two presentations and organised events, participation in various QRC forums and initiatives
Local and State Government	Local and State governments	Regular meetings held with Local and State government representatives throughout the year
Site tours	Government, joint venture partners and investors	Ten site visits were conducted during the reporting period
Cultural Heritage Committee	Indigenous stakeholders	Quarterly meetings including regular updates on status of project and employment and business opportunities
Contractor meetings	Industry and local community	Meeting with contractors regarding local economic participation opportunities. Introduction of contractor to local community through DIG forum

Local Landholder Advisors	Affected landholders and agistees	Regular meetings held with landholders and agistees throughout the year
Glenden Pipeline	All stakeholders	Contribution to monthly newsletter (approximately nine in total in the reporting period)
Community Concern Number	All stakeholders	Number well publicised No calls received
Online	All stakeholders	2,182 unique visitors to the QCoal website

5.5 Local business and industry content

The QCoal Group is committed to maximising local industry and business participation in all aspects of project development and operations. Contractors will be selected based on capability, value proposition, ability to meet required standards and a demonstrated commitment to QCoal's philosophy of supporting local communities and businesses where possible.

Our contractors also give preference to suppliers of Australian-manufactured equipment that is competitively priced and complies with the relevant standards and specifications.

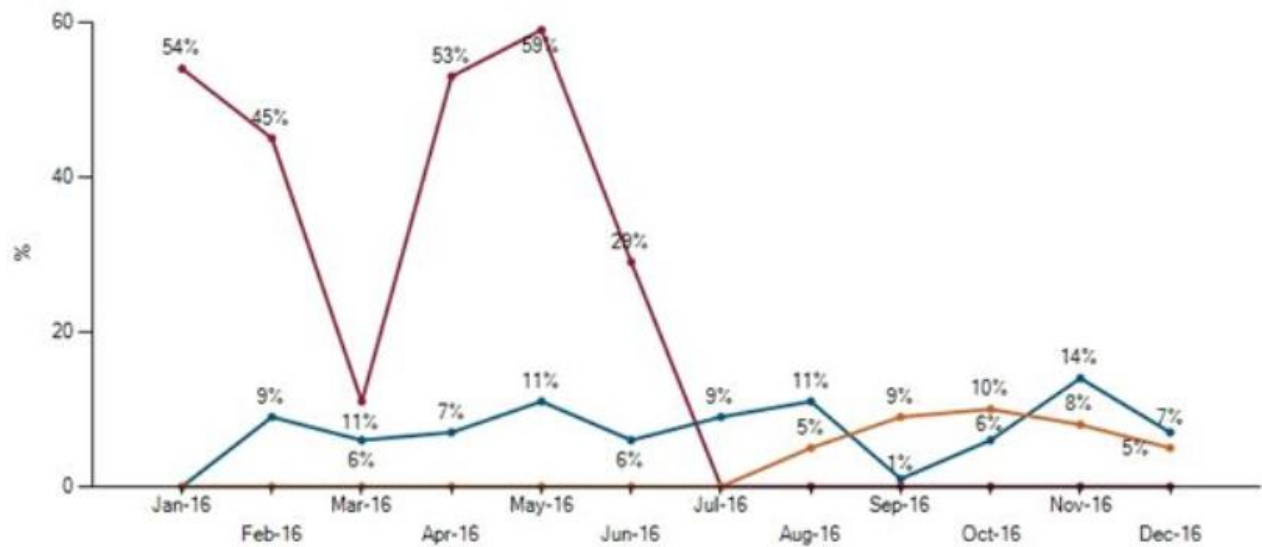
Byerwen Coal is engaged with the Industry Capability Network (ICN) and local supplier networks to maximise opportunities for local industry participation. Work packages will be tendered depending on complexity either via ICN Gateway or direct request for proposal process. See section 5.2.

Local spend data is tracked and reported to senior management on a monthly basis for all QCoal Group projects.

For the reporting period, and in relation to the Rail Loop Project, Byerwen Coal and its contractors were able to create local subcontracting opportunities and maximised the use of local suppliers for the Project, resulting in the following:

- at peak 59% of **Contractor A** expenditure was local to the Project
- at peak 14% of **QCoal Group** expenditure was local to the Project
- at peak 10% of **Contractor B** expenditure was local to the Project

Figure 6: % of Local Expenditure



These figures include local business and supply participation in the Project, as well as generally expenditure in the local area, depending on the size and scope of the contract.

Byerwen Coal has established comprehensive networks with local suppliers and will continue to engage with potential and successful contractors on local participation initiatives in the next construction stage and into operations.