

## LAKE VERMONT EXTENSION PROJECT SUPPORTING DOCUMENT

### Justifying statement for the term of the lease

s.245(1)(m) MR Act and operational policy – deciding the term of a mining lease (MIN/2016/3088 Version 1.04)

Bowen Basin Coal Pty Ltd (Bowen Basin Coal) (ACN 065 321 440) is the 100% applicant of the Lake Vermont Extension Project Mining Lease Application (MLA). Bowen Basin Coal is a private company owned by the Lake Vermont Joint Venture (LVJV), an unincorporated Australian Joint Venture (JV) operating in Queensland comprising QCMM (Lake Vermont Holdings Pty Ltd (70%), Marubeni Resources Development Pty Ltd (10%), CHR Vermont Pty Ltd (10%) and Coranar (Australia) Pty Ltd (10%). The LVJV participants support Bowen Basin Coal as applicant for the Lake Vermont Extension Project (the Project).

The Project is proposed to provide additional product coal to help augment the reduced open cut output from the existing Lake Vermont Mine which is located immediately south of the sought extension area. Following ML grant, the Lake Vermont Mine and the sought Lake Vermont Extension Area will collectively be known as the 'Lake Vermont Complex'. The planned activities during the sought ML of 25 years are designed to support the sustained production of approximately 9Mtpa of product coal from the Lake Vermont Complex to the mine's existing customer base (i.e. no increase in annual tonnage is proposed from the Lake Vermont Complex as a whole).

Bowen Basin Coal, as applicant for the Lake Vermont Extension Project MLA, submits that the sought length of the term of 25 years for the MLA is considered appropriate for the reasons as outlined below:

1. the economic assessment of the scale of the Lake Vermont Extension Project, at pre-feasibility study level, provides an estimate mine life that exceeds the sought MLA term of 25 years. Bowen Basin Coal has included supporting resource information from relevant feasibility studies as part of the Initial Development Plan (IDP) that accompanies the MLA;
2. Bowen Basin Coal has given proper regard to the overall development and operation of the ML when determining the sought term of 25 years. The sought initial term of 25 years will provide Bowen Basin Coal with sufficient time to achieve the following:
  - a. construct the required facilities and infrastructure associated with the extension area;
  - b. prepare and develop underground single and dual-seam longwall mining and open cut mining activities in the manner described in the IDP; and
  - c. commence and continue progressive rehabilitation of the mine;
3. the key objective of the Project is to help maintain production levels at approximately 9Mtpa for an estimated 20-year term to continue to service Bowen Basin Coal's existing customer base. Following the sustained 20-year term production plan, the operator plans to continue coal production in the extension area until the end of mine life. The sought term of 25-years will provide sufficient time for the construction phase followed by the sustained production phase and progressive rehabilitation for the remainder of the initial 25-term sought;

4. the financial resources supporting the development program are principally those of J Group which has the financial capability to carry out the planned development, operations and rehabilitation for the requested term of 25 years (refer to Capability Financial Statement for details);
5. as discussed above, the sought of 25 years will help supplement the identified future decline of the Lake Vermont Coal Mine to ensure continued service delivery to the mine's customer base;
6. the land within the MLA area, which is owned 100% by the MLA applicant, will be rehabilitated to achieve a post-mining land use. Rehabilitation will occur progressively during the mine life, in accordance with a Progressive Rehabilitation and Closure Plan (PRC Plan) which has been developed for the Lake Vermont Extension Project.