

Australian Industry Participation (AIP) plan Summary - Operations Phase

1. Facility Details

Nominated operator: Shenhua Watermark Coal Pty Ltd

Facility name: Shenhua Watermark Coal Project

Description of the facility: Provide a description of the facility

Shenhua Watermark Coal (SWC) Pty Ltd was granted Exploration Licence (EL) 7223 by the New South Wales (NSW) Minister for Mineral Resources In October 2008.

The Watermark area is located within the Gunnedah Basin in central New South Wales, Australia. It is located some 300 km north-northwest of the Port of Newcastle, to which it is linked by rail and road. On a more local scale, the area lies approximately 35km southeast of the town of Gunnedah and just to the west of the town of Breeza.

The Company has since completed a comprehensive exploration program focused on defining the potential open cut coal resource within the EL. This has consequently led to the preparation of an Environmental Impact Statement (EIS) and NSW government Development Consent (SSD-4975) and Commonwealth Approval (EPBC 2011/6201). The approvals for extraction of up to 10 Million tonnes per annum (Mtpa) Run of Mine (ROM) coal via open cut mining methods over a 30 year period.

The project scope has been nominally divided into four areas:

- ✓ Mining
- ✓ Coal Handling and Preparation Plant (CHPP);
- ✓ Rail loop and access road;
- ✓ Non-Productive Infrastructure (NPI)

NPI includes a number of key infrastructure packages of work including, but not limited to:

- ✓ Bulk Earthworks;
- ✓ Water Management System (Water supply and reticulation);
- ✓ Dams and drains;
- ✓ Mine Infrastructure Area consisting of Administration buildings, heavy and light vehicle workshops, heavy and light vehicle wash bays, oil and lubrication facility, storage facilities; tyre change bay, welding and tray repair facility, etc.

Expected procurement approach:

Procurement activities SWC responsible for :

1. Procurement scoping -In-house and external consultants
2. procurement plan approval (project cost, timeline, method of procurement, procurement document, etc)
3. Tender process- : EOI-shortlisting-RFT-evaluation and recommendation

4. contract awarding and contract negotiations
5. Mining Contract - excluding equipment

6. NPI contracts - number of smaller value contracts that SWC would procure and free issue to successful contractor

7. Initial project infrastructure - site offices, temporary workshops, laydown areas, etc.

Head contractor procurement

1. CHPP - EPC Contract
2. Rail - D&C contract
3. High Voltage Power supply - D&C Contract
4. Site Water Supply - D&C contract
5. Highway deviation - D&C Contract

Australian entities will have full, fair and reasonable opportunity to tender for supply of goods or services for the Project either directly with the Proponent, or in a subcontracting capacity with the Proponent's major contractors.

The Proponent's major contractors will be obligated in their contracts to comply with the Proponent's AIP Plan requirements (to the extent applicable and relevant to their scope) and report to the Proponent on their compliance.

The timeframe for procurement and construction activities :

Note that these dates are estimates only and are subject to change due to unforeseen circumstances or project approval processes.

- ✓ Detail design and engineering phase – Q4 2020 to Q3 2021
- ✓ Procurement of major contracts – Q1 2021 to Q3 2021

Construction Activities – Q2 2021 to Q4 2022

Facility location: Shenhua Watermark Coal Project is located 35 km southeast of Gunnedah NSW, Gunnedah is approximately 450 km by road from Sydney.

Link to facility information: <http://www.shenhuawatermark.com/shaus/index.shtml>

Operator contact for procurement information: Project Contact: Xiaohua Wu, Office phone: 02 6741 8810 Email: wuxiaohua@shenhuawatermark.com

Other operators involved in the facility: N/A

2. Opportunities to supply Goods and Services

Key goods and services for the facility	Opportunities for Australian entities	Opportunities for non-Australian entities
Goods		
Mining equipment	Yes	Yes
Spare parts for the mining and CHPP equipment	Yes	Yes
consumables	Yes	yes
Company vehicles – purchase or lease	Yes	yes
IT Hardware and software	Yes	yes
Communication devices – phones & radios	Yes	No
Hydraulic supplies	Yes	yes
Fuel supplies	Yes	No
PPE supplies	Yes	yes
Tools and workshop equipment	Yes	yes
Potable Water	Yes	No
Hardware store supplies	Yes	yes
Fire Equipment	Yes	No
Services		
Environment impact statement(EIS)	Yes	No
Exploration Drilling	Yes	No
Environment management plans	Yes	No
Engineering and design services	Yes	Yes
Electrical services	Yes	No
Plumbing services	Yes	No
Radio communication services	Yes	No
Equipment rental services	Yes	No
Fabrication services	Yes	Yes

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Company vehicles – purchase or lease	Yes	yes
IT Hardware and software	Yes	yes
Communication devices – phones & radios	Yes	No
Hydraulic supplies	Yes	yes
Fuel supplies	Yes	No
Carpentry & building services	Yes	No
Cleaning services	Yes	No
Light vehicle servicing	Yes	yes
Catering services	Yes	No
Function/Venue Hire services	Yes	No
Septic Services	Yes	No

Disclaimer: The information provided in the table above is based on an initial assessment by the company. Any questions or issues should be raised with the facility contact.

Explanation for item(s) in list above where it is indicated ‘No Opportunities for Australian entities’

N/A

3. Standards to be used in the facility

- The standards to be applied to key goods and services for the facility are Australian standards or international standards.

4. AIP activities to be undertaken by the Operator

1. Publication of procurement information

SWC web site <http://www.shenhuawatermark.com/>, This is the website which will be used to promote the project and provide general information for suppliers and a link to procurement opportunities.

Company also contracted with tender portal Tender link to publish tender and other procurement requirements, the web address : <https://www.tenderlink.com/shenhuawatermark/>

2. Communicating and Providing Opportunities

- Promote project opportunities through industry associations

Currently the Company has joined industry associations, including Gunnedah Basin Improvement Forum (GBIF), Gunnedah Chamber of commerce, NSW Minerals Council etc. SWC will be qualified to join Hunter Valley Coal Chain Coordinator (HVCCC) before operation.

- Conduct supplier information briefings on project opportunities

Project information briefings will usually be conducted once the project major milestones have been achieved. Up to now, the Company has organized 2 project information briefings, one was before the start of the drilling program, and the other one was after the project approval was obtained from the Federal government. More of these sessions will be organized before the construction starts. The session invites all local suppliers to attend the site and hear about various sub-contract works and other general service opportunities that the local suppliers can bid for.

- Issue media releases and/or ASX announcements on project developments and opportunities

SWC releases project newsletters and media releases at key milestones throughout the project development and construction timeline. These newsletters and media releases contain information on how local suppliers may become involved in the project.

- Direct contact suppliers with information on project opportunities

The Company is doing this regularly with service suppliers, major mining and CHPP manufacturers as well as major construction companies across all of its project stages. These service suppliers and major mining and CHPP companies are keeping their local suppliers and sub-contractors informed of such future opportunities.

- SWC will publish the requirements that potential bidders must satisfy in order to bid to supply key goods or services for the project, at a reasonable time before the request for bids is made.

The requirements that potential bidders must satisfy before they bid to supply key goods or services for the project will be published on the Company website and also on the tender portal, Tenderlink. The Company procurement policy requests at least 5 working days for the response from potential suppliers. Pre-qualification evaluation of EOs will be processed before the procurement documents are released to the qualified suppliers.

- Ensure not any discrimination against Australian entities in relation to timeframes for responding to requests for bids to supply key goods or services.

All the procurement requirements will be clearly expressed in the tender documents including tender terms and conditions. The Company procurement policy addresses it clearly that the Company will not allow to set any discriminative terms in tender documents.

During the tender process, all the tender documents will be made available to all possible suppliers at the same time. Equal and reasonable timeframes will be in place for Australian and non-Australian entities to respond to tenders. All tender documents will be the same for all entities.

5. AIP activities to be undertaken by procurement entities

- Same as above.