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The Bank Information Center (BIC), a non-governmental organisation based in the United States, has co-authored one report and commissioned another on Asia Energy Corporation (Bangladesh) Pty Ltd's ('Asia Energy' or 'Company') proposed coal mine in northwest Bangladesh.

- *'Phulbari Coal Project: An Assessment of the Draft Resettlement Plan Prepared by Global Coal Management/Asia Energy Corporation'* prepared by International Accountability Project & BIC, August 2008
- *'Phulbari Coal: A Parlous Project'*, prepared by Roger Moody, commissioned by BIC, November 2008

The two reports have not been directly shared with Asia Energy, or its parent company GCM Resources plc (GCM). Nonetheless, we are always interested in other views of the Phulbari Coal Project ('Project') as these serve to inform us – directly or otherwise – of any concerns, help improve the Project's approach to managing social and environmental impacts and help identify areas where we need to extend our communication with stakeholders.

To get a balanced view of the Project, it is important to understand the context in which it will be developed. Power availability is a barrier to the development of Bangladesh. Two thirds of the 150 million people who live in Bangladesh do not have access to electricity, and those that do suffer from frequent power cuts from load shedding. Agricultural production has been hampered as a reliable supply of power has not been available for fertiliser factories or for farmers' irrigation pumps. Other industries are also suffering. Existing power generation is heavily reliant on depleting reserves of gas and the situation is likely to become more acute as demand increases. In order to maintain economic growth levels of 5-6% and continue to make progress against the Millennium Development Goals, Bangladesh must resolve this energy crisis.

The Project will make a significant contribution to the country's energy security by providing reliable supplies of good quality coal to new power stations. Independent studies forecast that over its 30+ year life, the Project has the potential to increase annual Gross Domestic Product by up to 1.0 % per annum and create some 17,000 direct and indirect jobs. At a local level, the project will result in the construction of the first planned town in Bangladesh bringing improvements in power, water supply and sanitation to its inhabitants and agricultural productivity will improve through improved water availability and farming techniques. GCM is committed to improving the living conditions and restoring the livelihoods of people affected by the project.

At the end of last year, following a two year State of Emergency, the Bangladeshi people elected a new government by an overwhelming majority. As stated in their manifesto, one of the key issues to be addressed by this new government is to add capacity to the national grid. Asia Energy, having submitted its Feasibility Study in October 2005, is awaiting Approval from the Government of Bangladesh to proceed.

Important points:

- The Project will adhere to national regulations, the social and environmental safeguard policies of any institutional investor and the revised Equator Principles (www.equator-principles.com) which are required by many commercial banks for project financing and reflect the International Finance Corporation's Performance Standards on Social and Environmental Sustainability.
- GCM is committed to working with development agencies and other stakeholders to ensure that the Project contributes to a regional development strategy for the northwest and western transport corridor of Bangladesh.
- Local communities affected both in the mine impact area and along the transport corridor will have their living conditions improved and their livelihoods restored and, in many cases, also improved.
- The Project itself, while requiring approximately 5900 hectares of land over its lifetime, will only use around a third of this area at any one time. As mining progresses southwards the excavated pit will be backfilled and rehabilitated back into productive use. Asia Energy has conducted agricultural studies and field demonstrations, together with the Department of Agriculture Extension and local farmers. The studies show an expected increase in agricultural productivity in the Project area, due to the introduction of improved farming practices, crop varieties, and year round availability of water for irrigation.
- The Phulbari coal is a high grade deposit with low sulphur and ash content. The coal will fuel coal fired power stations and is an alternative efficient and reliable source of energy for the brick kiln industry which currently relies on imported coal with very high sulphur content.
- The principal focus of the Project is to meet the current and growing needs of Bangladesh; only coal which is surplus to the needs of the country would be considered for export. The Project must sell a certain volume of coal to remain economically viable.
- The Environmental and Social Impact Assessment (ESIA) prepared by GCM has already been subject to independent monitoring and this approach will continue throughout its lifetime.
- Extensive studies have been conducted on water management. The Project will inject water into the aquifer around the perimeter of the mine footprint and through an irrigation system ensure reliable access to water for residents, businesses and farmers.
- The potential for Acid Mine Drainage (AMD) has been studied for the Project during the Feasibility Study. These studies are adequate for developing the project's AMD management strategy and as is normal practice in mine development, further testing and analysis has been planned during the initial box cut mining stage of the project when the full range of materials will be exposed and bulk samples available.
- Company staff have a wealth of experience in operating large scale complex mines in a number of different countries

The social, environmental and economic impacts of the Project are of paramount importance to GCM. The ESIA, which includes the Resettlement Plan, Indigenous Peoples' Development Plan, Water Management Studies, Livelihood Restoration Plan and Public Consultation and Disclosure Plan, has been delivered to the Government of Bangladesh and other stakeholders. A separate ESIA for coal transportation has also been prepared. These studies were prepared through consultation with local stakeholders. They are 'living' documents and are subject to regular reviews and improvements.



The Company welcomes stakeholders to get in touch directly with any concerns they may have, feedback or requests for more information. Information about the Project can be found on GCM's website: www.gcmplc.com or the Project's website: www.phulbaricoal.com.