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MEDIA RELEASE

BUSINESS AS USUAL AS PWCS PROGRESSES TERMINAL 4

Port Waratah Coal Services (PWCS) today said the decision of the O'Farrell Government to reject the Hunter Ports 'Terminal 5' (T5) proposal gave the Hunter Valley coal industry the certainty it needed to maximise exports in accordance with the region's robust export plan.

PWCS reiterated that its 'Terminal 4' (T4) proposal will provide the Hunter Valley with sufficient coal loading capacity for the foreseeable future.

"The Hunter Valley coal chain is working to a comprehensive coal export plan that has made it a global supply chain model," PWCS Chief Executive Officer Hennie du Plooy said.

"As part of that plan, the industry very clearly asked PWCS to deliver T4 to provide the next tranches of coal loading capacity.

"Producers have validated the plan by locking into long-term contracts to use the capacity of T4.

"Accordingly, PWCS is well advanced into the T4 planning approvals and project development process.

"Feasibility, geotechnical and environmental work is also advanced."

PWCS said the Hunter Ports T5 proposal was an incomplete concept from outside the hard-won industry framework, and did not appear to have been costed or modelled against the overall coal chain.

Further, T5 was proposed on land that had been ruled out for coal loading operations because it is earmarked for other functions, and because it sits adjacent to residential areas.

"Ongoing speculation about T5 was creating uncertainty for the entire Hunter Valley coal chain and the coal export plan the industry is working under, Mr du Plooy said.

"This could have resulted in delays in delivering the capacity the industry requires to grow.

"PWCS' priority getting on with delivering T4."

PWCS currently has coal loading capacity of 133 million tonnes, which will rise to 145 million tonnes by 2013. Loading capacity from T4 will be required from 2015.

T4 is expected to cost in the vicinity of four to five billion dollars and has the potential to add 120 million tonnes of additional coal loading capacity at Newcastle, subject to planning approvals.

In 2011 PWCS loaded 98.5 million tonnes onto export vessels, indicating a need for the rest of the coal chain to align with loading capacity – a process occurring under the Hunter Valley's long term coal export plan.

Newcastle's coal export plan was enacted in January 2010 after nearly two years of negotiation between the entire Hunter Valley coal industry and the NSW Government, with guidance by former Premier Nick Greiner. The plan was authorised by the Australian Competition and Consumer Commission.

The plan enables PWCS to lock into 10-year contracts with coal producers, meaning producers have loader access certainty, and PWCS has financial certainty to build additional terminal infrastructure in an orderly and timely manner.

This platform of certainty has already stimulated massive investment along the entire coal chain.

MEDIA ENQUIRIES:

Matthew Watson, Repute Communications & Associates (PWCS): (02) 9220 3553 / 0417 691 884