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MEDIA RELEASE

PORT WARATAH COAL SERVICES REACHES T4 ASSESSMENT MILESTONE

Port Waratah Coal Services (PWCS) has finalised its Environmental Assessment (EA) for Newcastle's fourth coal loader proposal – the Terminal 4 (T4) project.

The EA, which addresses potential social and environmental aspects of the project, will be lodged with the New South Wales Department of Planning and Newcastle Port Corporation tomorrow and is expected to be placed on public exhibition early in 2012.

PWCS will await feedback from the Department of Planning, other government agencies and the Newcastle community before considering final adjustments to the T4 proposal.

T4 is expected to cost in the vicinity of five billion dollars and will add an additional 120 million tonnes of coal loading capacity at Newcastle. PWCS will exhaust its existing operational footprint of 145 million tonnes in 2015, while Newcastle Coal Infrastructure Group has approvals to build capacity of 66 million tonnes.

"The EA submission is an important milestone in the planning and environmental assessment process behind the T4 project," PWCS CEO Hennie du Plooy said.

"It demonstrates that PWCS is on track to meet its obligation to deliver T4 for the Hunter Valley coal industry, subject to planning approvals."

T4 is a key plank of the Hunter Valley coal industry's Long Term Commercial Framework, a historic coal export plan agreed to by the entire industry after two years of exhaustive negotiations. It was introduced in January 2010.

Under the framework, Hunter Valley coal producers are entering into binding 10 year 'take or pay' contracts with PWCS that obliges PWCS to build capacity in a timely manner. That means producers - both established mines and new entrants - are provided with coal loader access certainty. The introduction of the framework was a significant improvement over the uncertainties inherent in the former system of accepting loader allocations on a year-in-year-out basis.

The framework was authorised by the Australian Competition and Consumer Commission (ACCC) and was subjected to review by the ACCC in March this year. The ACCC found that the framework is facilitating and stimulating significant coal industry investment as intended and providing a platform of certainty for coal producers. It also found that PWCS is delivering T4 'expediently'.

"As a result of nominations and binding contracts received from producers, PWCS is obliged to satisfy loading capacity by building T4 at Kooragang Island as part of the long term coal export plan devised by the Hunter Valley coal industry," Mr Du Plooy reiterated.

PWCS emphasised that it was unclear how the Hunter Ports 'T5' proposal would fit with Newcastle's coal export plan.

"The T5 plan is inconsistent with long-held Government views that the Mayfield site is not suitable for coal loading operations," Mr Du Plooy said.

"If speculation about T5 introduces uncertainty about the stability of the long term commercial framework and producers' access to coal loader capacity, it has the potential to undermine the massive industry investment already in train.

"PWCS has been exhaustive in consulting the community about the T4 proposal and has received very positive feedback."

PWCS was last week named as Australian Port and Terminal of the Year at the Lloyds List Annual Maritime and Shipping Industry Awards. Last year it was named world's best specialist dry bulk terminal at the International Bulk Journal awards in London.

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