

Cobbora Coal Project

Planning Assessment Commission



10 December 2012

Cobbora Coal Project

- History and background
- Project financials
- Mine plan
- Community





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Project History

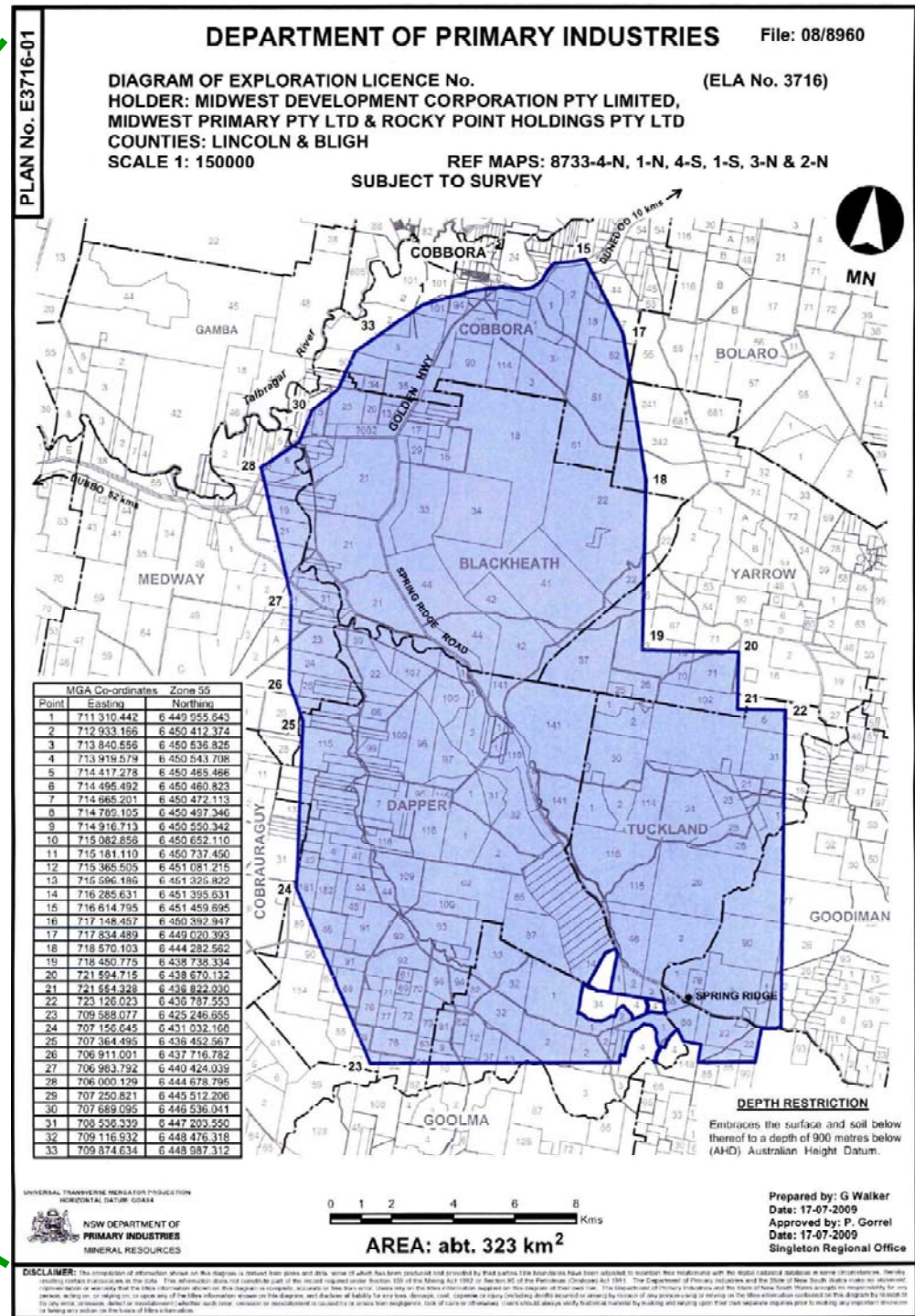
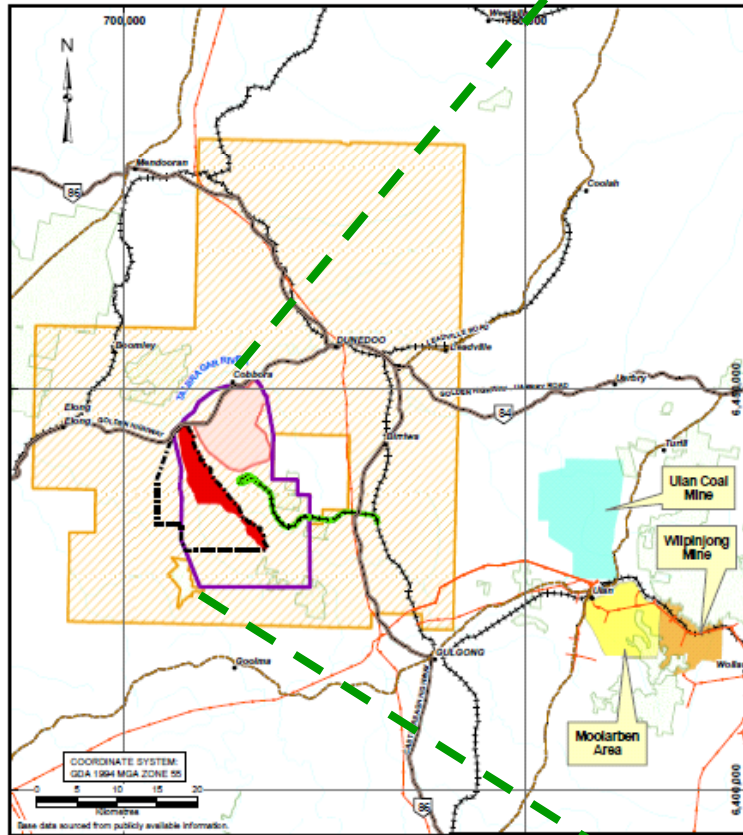


History of Cobbora Coal Project

- NSW Government identified need for long-term fuel security for electricity generation
- Cobbora Coalfield was the only potential coal resource not already allocated in NSW
- Early 2009 – Unincorporated Joint Venture (UJV) of three NSW electricity generators formed:
 - Macquarie Generation
 - Delta Electricity
 - Eraring Energy
- May 2009 – Minister for Mineral Resources invited UJV to apply for Exploration Licence (EL)
- 31 August 2009 – EL 7394 allocated to the UJV



EXPLORATION LICENCE



UNIVERSAL TRANSVERSE MERIDIAN PROJECTION
 HORIZONTAL DATUM: GDA84
 NSW DEPARTMENT OF
 PRIMARY INDUSTRIES
 MINERAL RESOURCES

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History of Cobbora Coal Project

- January 2010 – UJV submitted Major Project Application under Part 3A EP&A Act
- October 2010 – Gentrader transaction and NSW Government announced Cobbora Coal Project would be developed by the State
- January 2011 – UJV was collapsed and the Cobbora Holding Company Pty Limited (**CHC**) was formed to develop the Project
- CHC is a State owned entity
- Three Directors experienced in the mining industry and banking sector



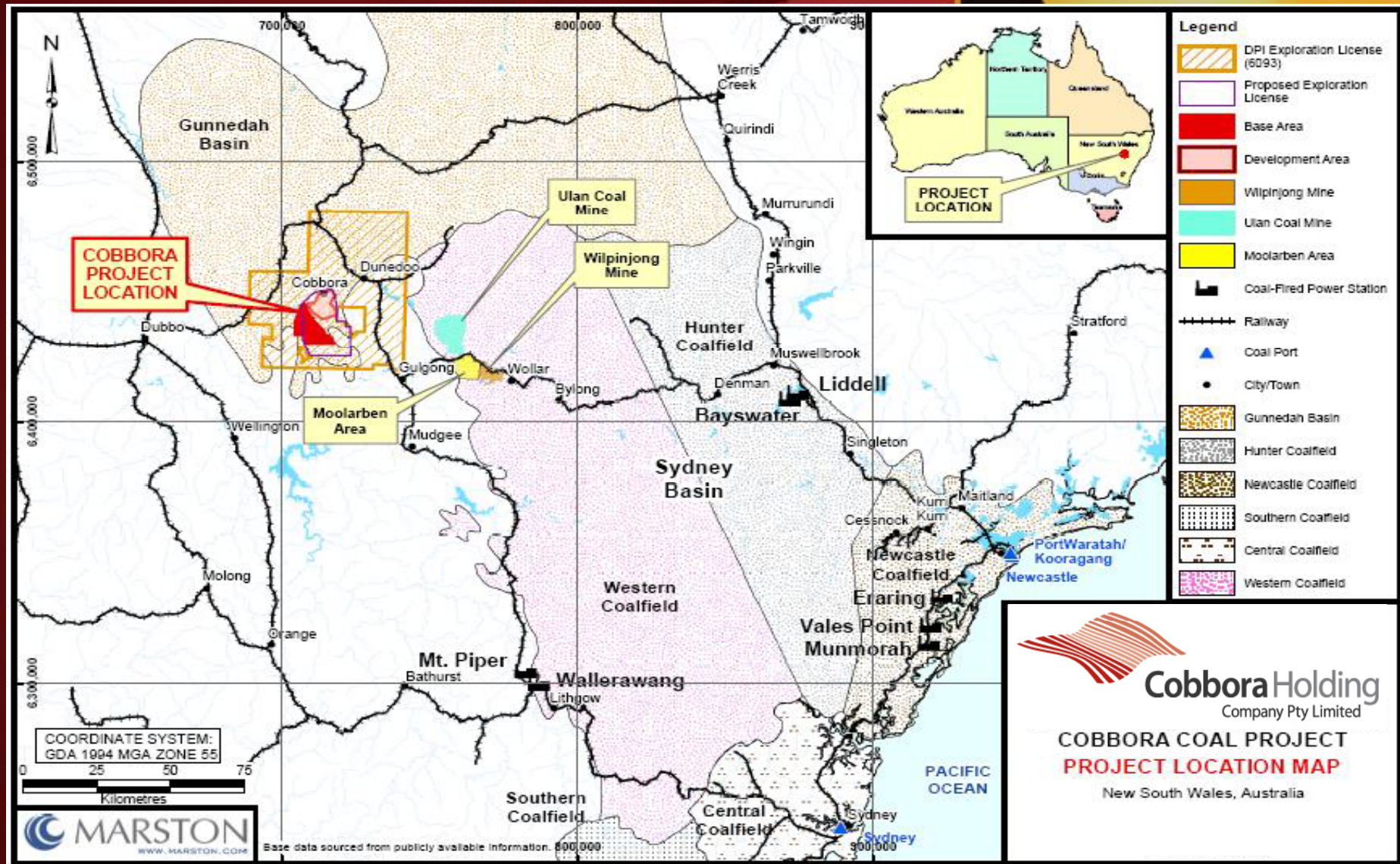
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Coal Supply Contracts

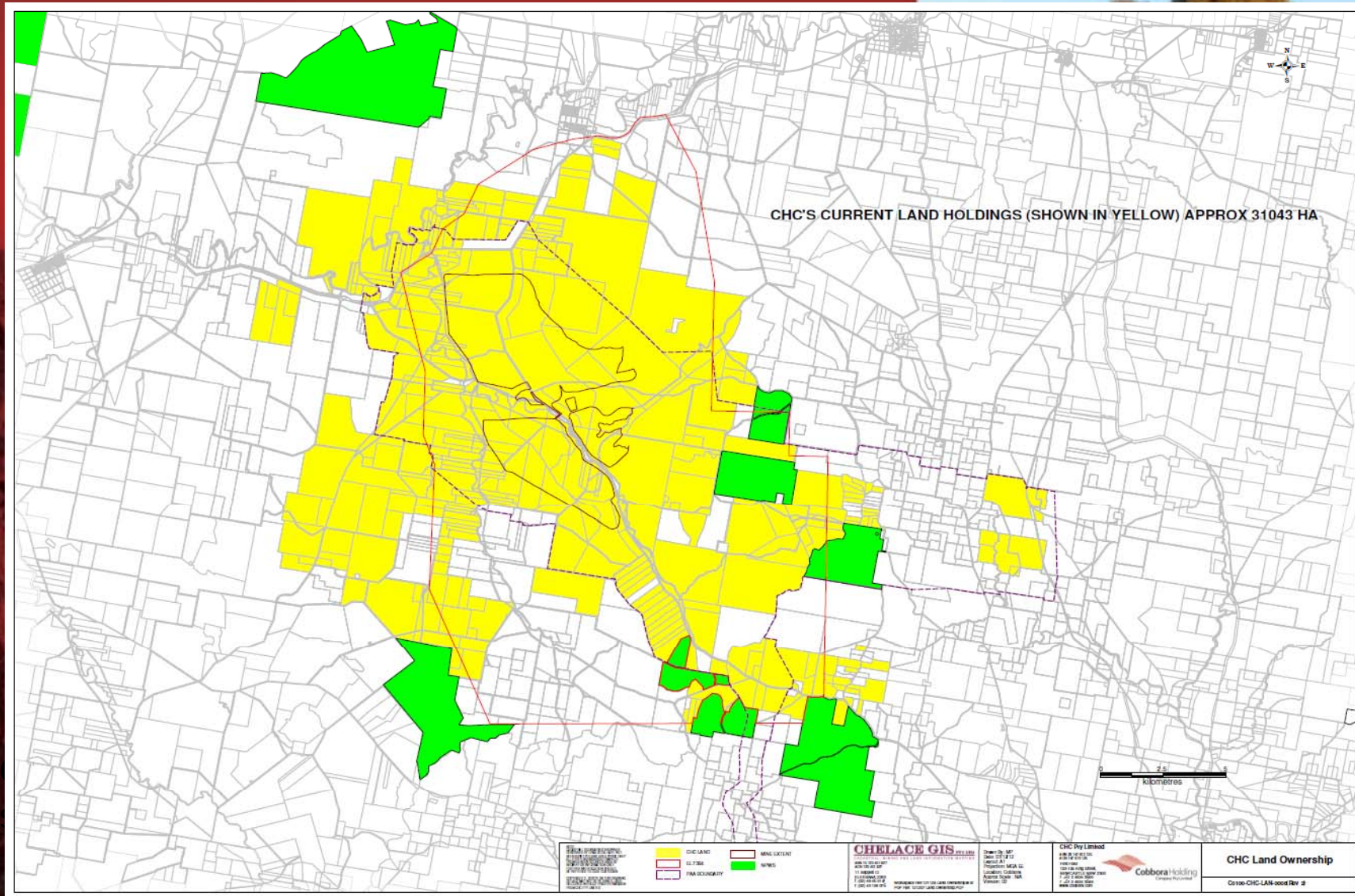
- CHC has in place signed 17 year contracts to supply approximately 9.5 million tonnes of coal per annum for NSW power stations
- Contract customers are:
 - Macquarie Generation – Bayswater and Liddell Power Stations (Upper Hunter)
 - Origin Energy Electricity Ltd – Eraring Power Station (Central Coast)
 - Delta Electricity – Vales Point Power Station (Central Coast)
- First contractual coal delivery 1 July 2015
- Heavy contractual penalties



Project Location



Current Land Ownership





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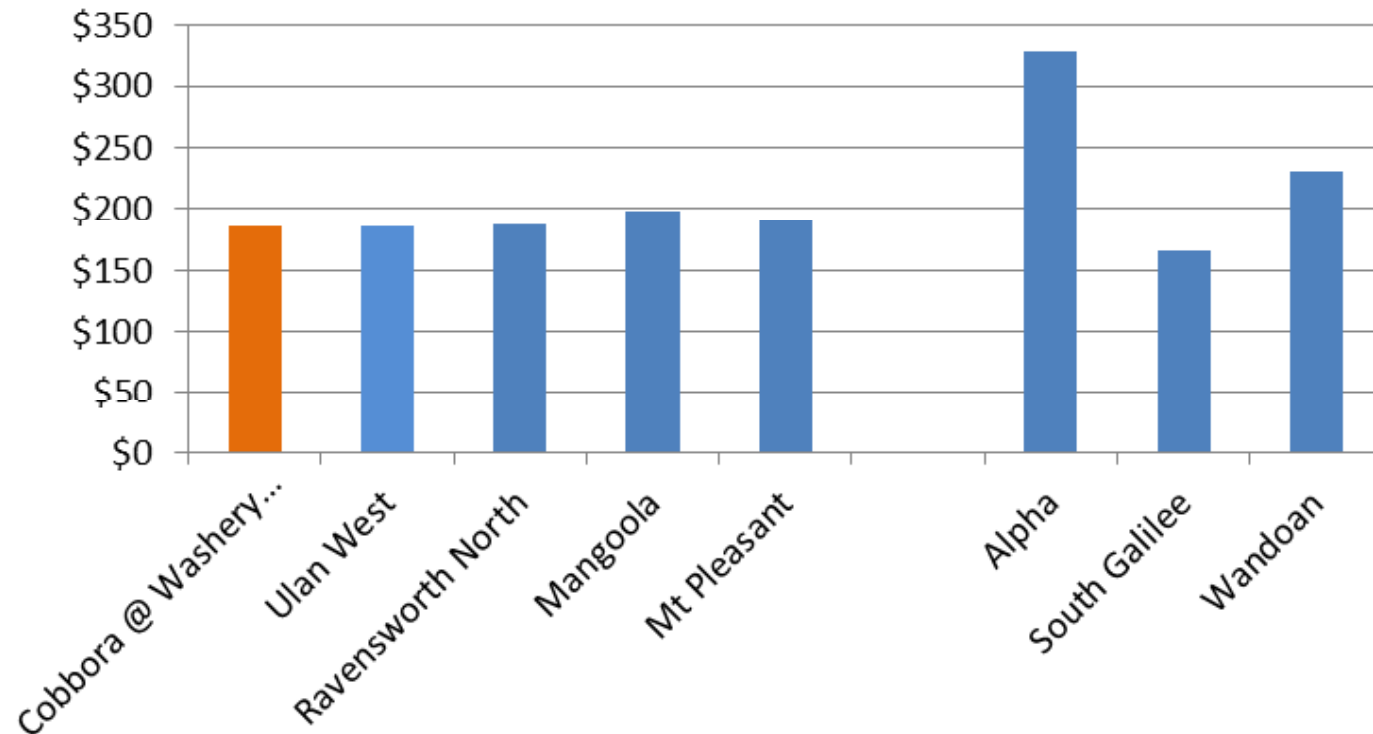
Project Financials



Benchmarking CAPEX

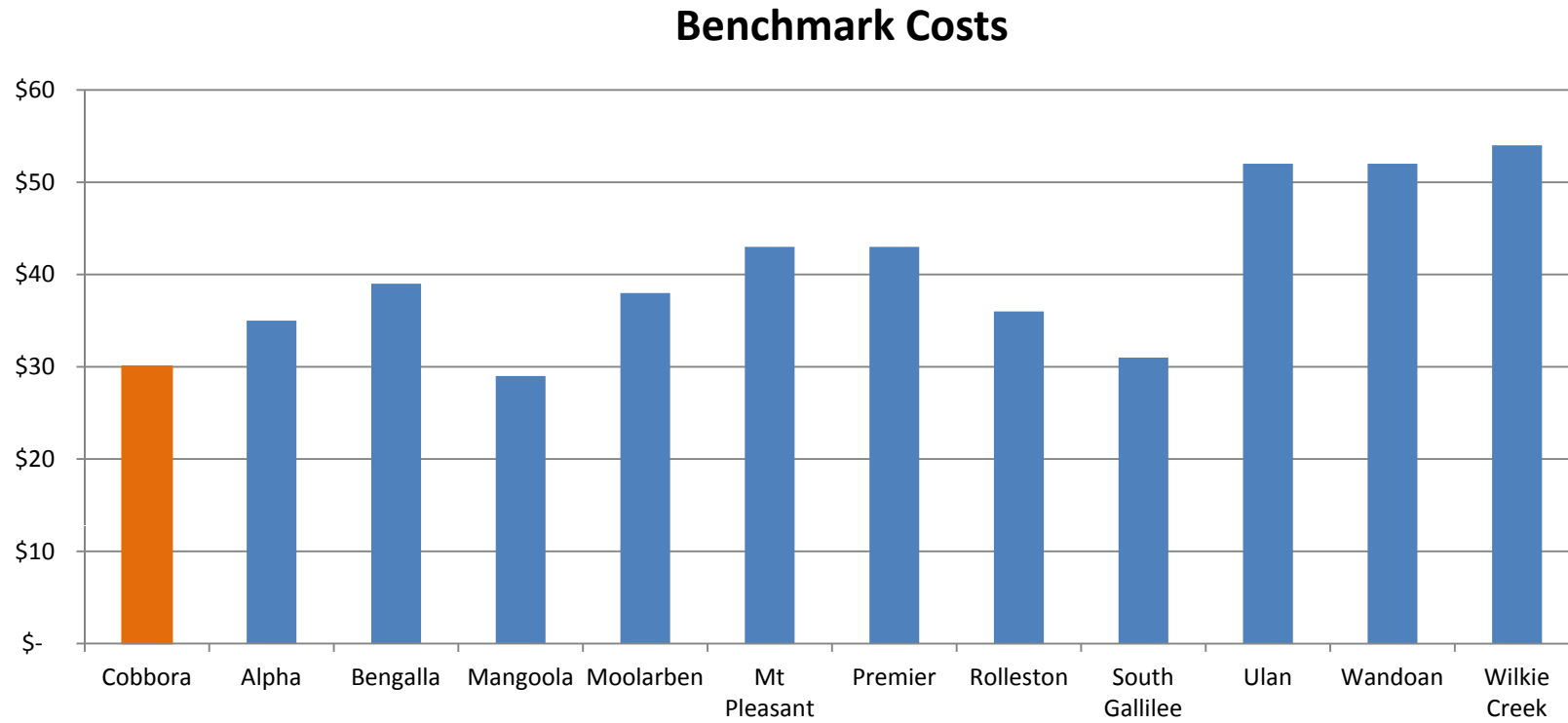
- Benchmarking is against known similar projects

CAPEX \$/t production



Washery is capable of 2,000 tph of ROM ie ~9.5 Mtpa of product hence used as basis of comparison

Benchmarking OPEX



Adjusted to remove rail and port charges
\$21/t allowed for export costs on average



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Mine Plan



Deposit Features

- Coal suitable for domestic power station combustion
- Simple geological structure with continuous seams, shallow dip and minor faulting
- Ideal for open cut extraction
- 3 target seams
- Low stripping ratio – 2:1



Area cleared by bulldozer,
mulched, and mixed with topsoil
for use in rehabilitated areas

Topsoil removed and used
on rehabilitated areas

Drill hole pattern

Drilling and blasting of
overburden

Removal of blasted
overburden by excavator
and rear dump trucks

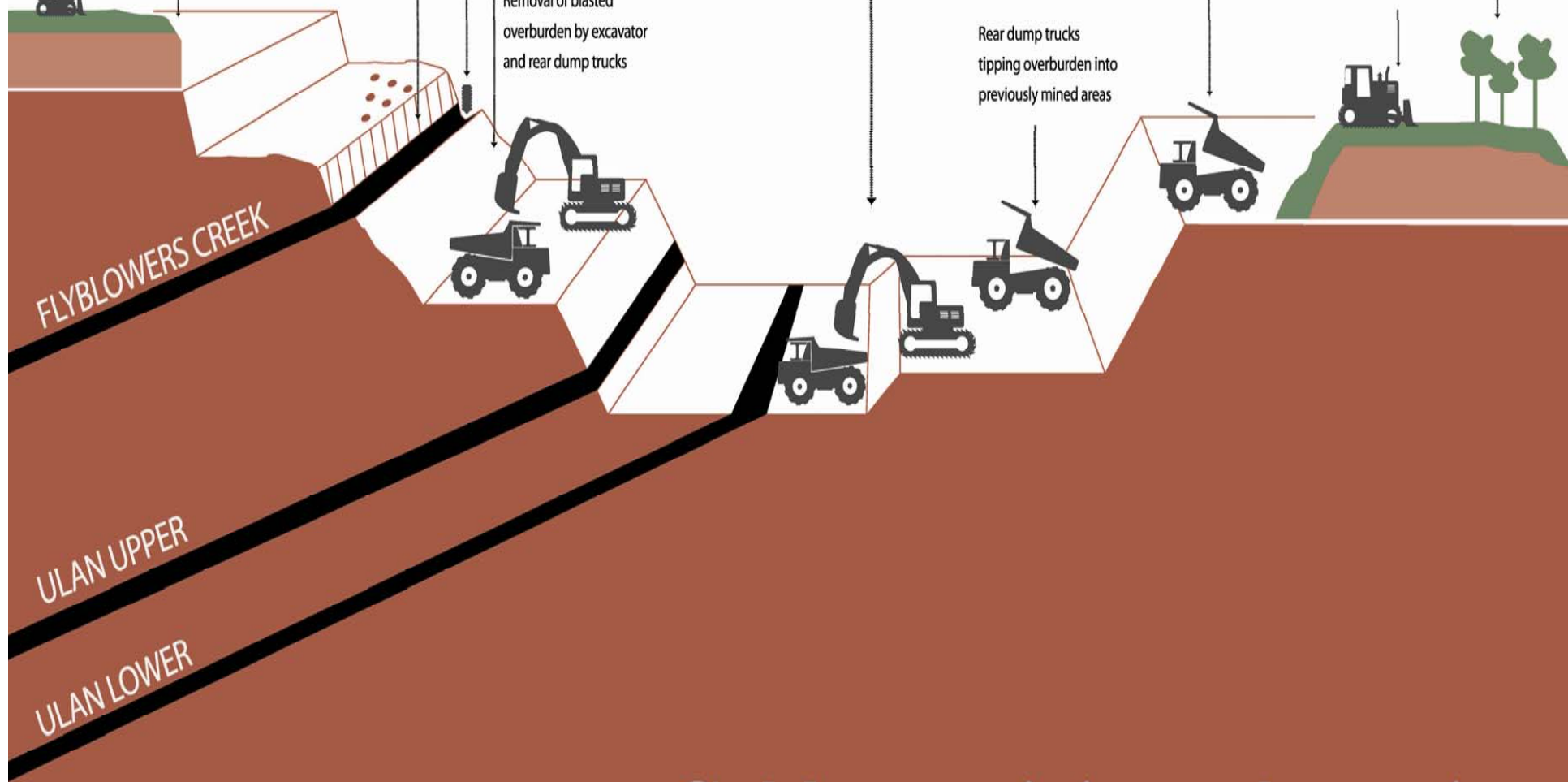
Loading coal by excavator into
rear dump trucks for transport
to the Coal Handling and
Preparation Plant

Rear dump trucks
tipping overburden into
previously mined areas

Rear dump trucks
tipping overburden
into emplacement area

Shaping of overburden
by bulldozer

Topsoiling and
rehabilitation of mined
area with native species



Cobborra mining schematic

Design Considerations

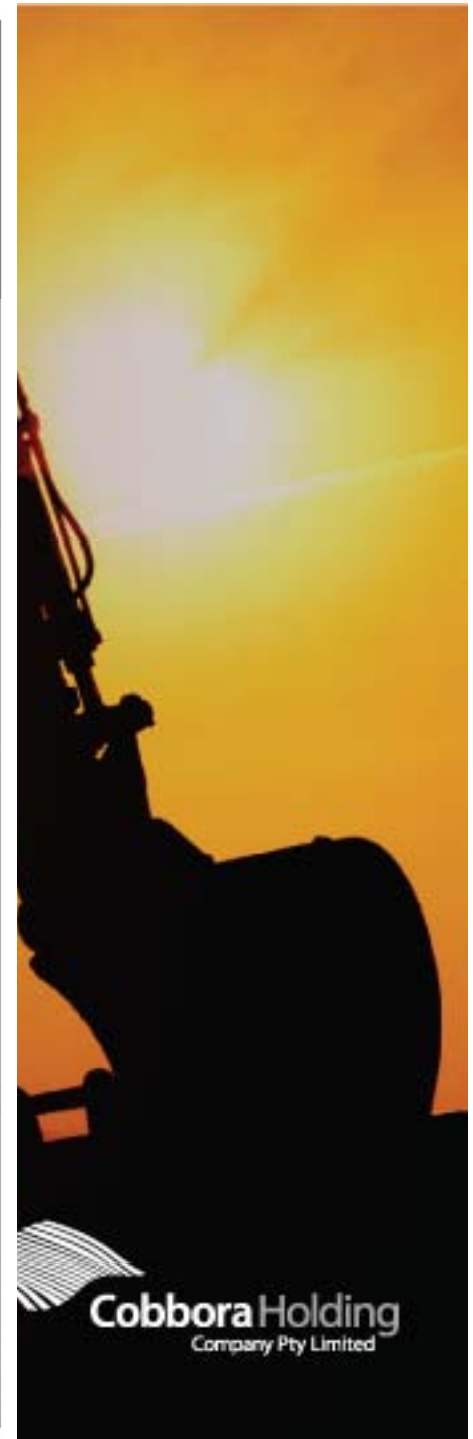
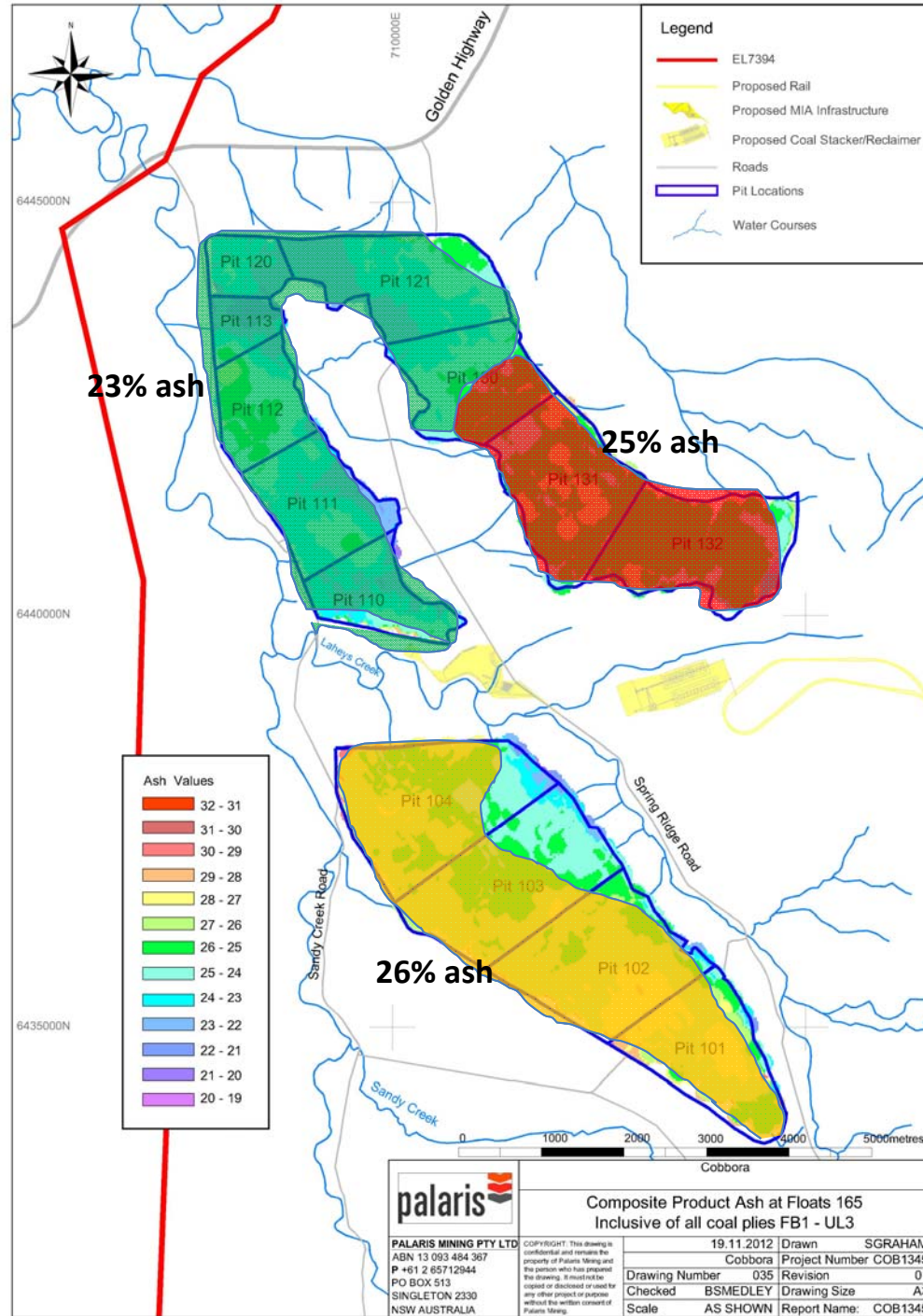
- Mine plan targets:
 - Lowest environmental impact – some areas avoided due to environmental constraints
 - Highest quality coal
 - Lowest mining cost areas
- Minimum material movement
- Minimum equipment requirements
- Variability in coal quality across the deposit - three mining areas required to blend ROM coal to 24% ash specification
- Less impact than the original proposal for a single large pit



Coal Quality

24% ash product required

Blending required from multiple mining areas to meet contract specification over the life of the mine

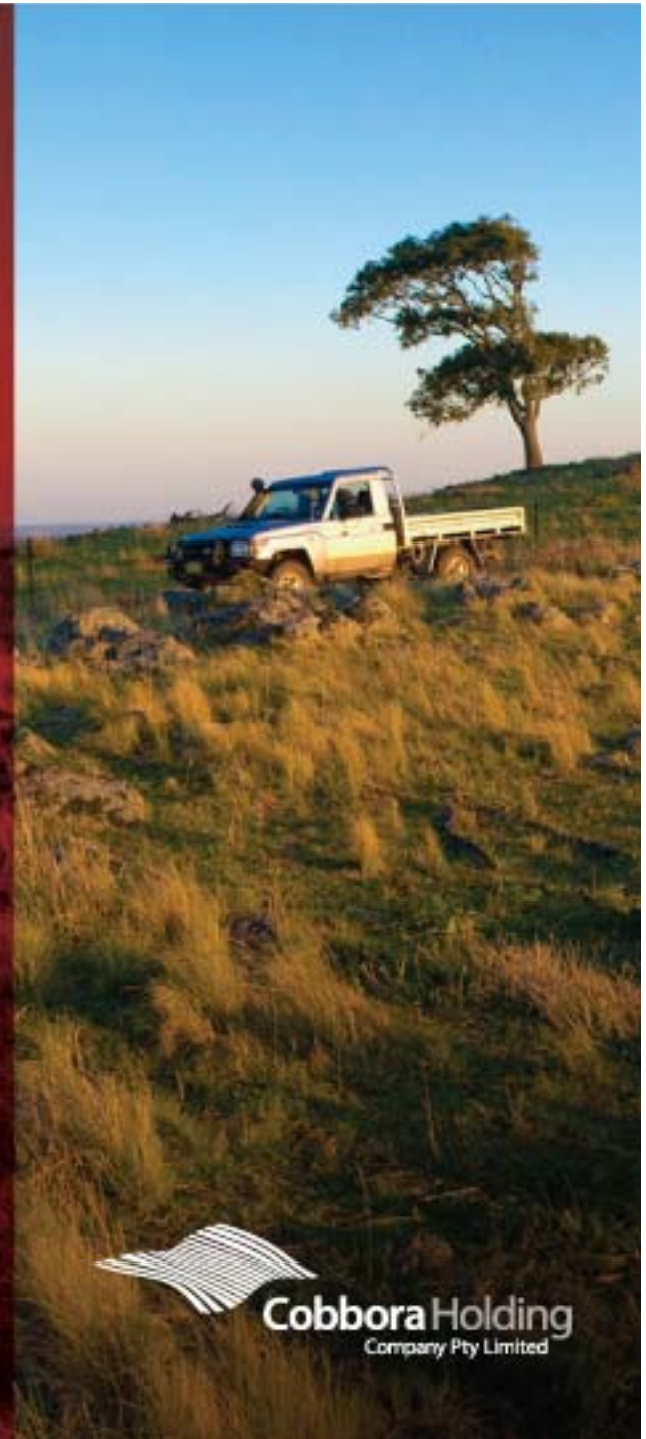


Timing

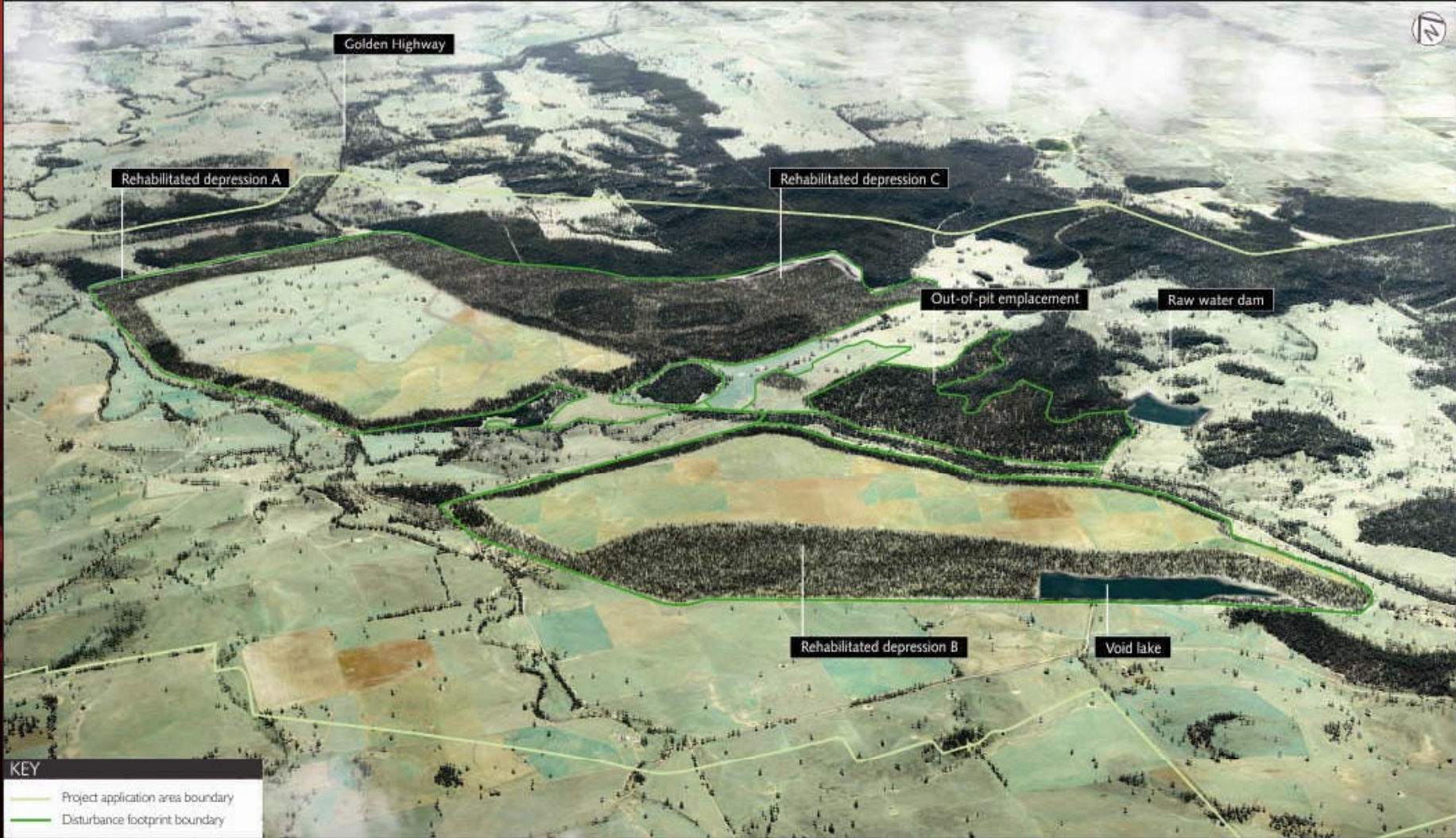
- Mine plan starts in northern pits
- Southern pit later in mine life
- Timing of southern pit development depends on volume and quality demands

Final Voids

- Voids in northern mining areas are backfilled to be free draining depressions
- Final high and low walls are pushed in and some additional material is trucked from out of pit dumps
- Southern pit void is reduced in size but will remain and lake will form

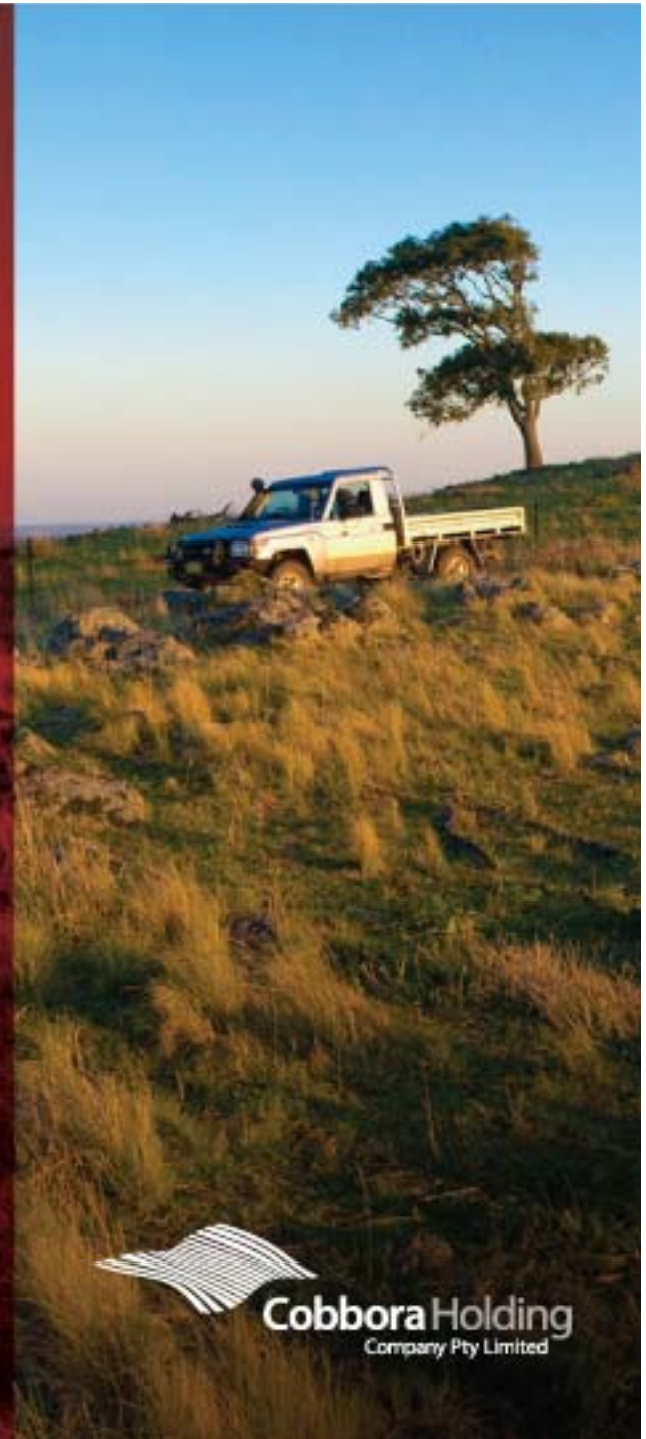


Final Landform



Design Improvements

- In response to adequacy merit-based comments and EA submissions
- Tailings management
 - relocated initial tailings emplacements
 - modified in-pit tailings strategy
 - reconfigured out of pit emplacement (B-OOP E)
 - raw water dam and pipelines
- Rail spur (max. 250 m deviation)
- Water pipeline (max. 350 m deviation)
- Spring Ridge Road diversion extension
- Castlereagh Highway realignment (800m)
- Minor modifications to MIA, a haul road, construction village footprints



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Design Improvements Assessment

- Outline provided in letter to DP&I (7 Dec 2012)
- Updates to be detailed in Response to Submissions Report
- A detailed tailings management strategy and tailings options report will be provided
- No significant additional impacts predicted but assessments will be undertaken to confirm and ensure that the impact assessment is complete



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Community



Community Commitments

CHC will:

- Support the communities as a local employer, economic contributor and community partner
- Utilise local industries and suppliers where cost effective
- Implement recruitment strategies that target a local labour force involvement
- Expand employment opportunities through on-the-job training, external training, apprenticeships and cadetships



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Training and Employment

- CHC announced partnership with the central west training providers **TAFE Western** and **Skillset** in September 2012
- Partnership with Skillset offered 8 apprenticeships:
 - Mechanical fitters (3)
 - Heavy vehicle (3)
 - Electrical (2)
- More than 200 applications were received
- Final 8 candidates selected
- Attend TAFE for 6 months commencing 21 January 2013, then placed with local businesses in their home towns
- Adding to regional labour pool



Training and Employment

- Scholarship and Graduate Training Program to target local high schools
- Ongoing work with TAFE Western, State Training Services and local secondary schools - pilot training program
- CHC has driven the development of the **Central West Aboriginal Mining Steering Committee** chaired by Aboriginal Affairs NSW
 - Working towards an MOU with key stakeholders
- Partnership with **TAFE Western** and **Steering Committee** to support strategies to assist Aboriginal participants complete a newly created mining module





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Questions



Thank you

