

# HUNTER VALLEY COAL REPORT

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Number: 08/19

Anglo American Moranbah North Mine reopens.....	2
Ian Macdonald and John Maitland to face retrial over Doyles Creek corruption charge.....	2
Yancoal’s Mount Thorley Warkworth and Hunter Valley Operations and Moolarben drive record profits .....	3
Low emission technology innovation get \$6.5 million funding boost .....	4
Dartbrook Coal Mine proposed modification - Public Meeting to be held .....	4
NSW businesses awarded grants to progress mining technology .....	5
Mining resumes at Wongawilli following prohibition .....	5
NSW Resources Regulator Compliance priorities report released.....	6
Gloucester Resources Exploration Licence No. 6523 cancelled in part .....	6
Board of Professional Engineers applauds NSW reforms to building industry regulation .....	6
Adaro Energy says Kestrel Coal to increase output by 40% .....	7
RMIT University led research team turn CO <sub>2</sub> back into solid coal.....	7
Adani engages Traditional Owners to undertake environmental monitoring at Carmichael mine .....	8
Greens \$1.8 billion Coal Community and Environmental Trust to assist in transition from coal .....	9
Company News – Atrum Coal, Bathurst Resources, Boom Logistics, Future of Mining, Hitachi Construction Machinery, Hume Coal, Macmahon Holdings, Mitchell Services, Resources Monitor, NRW Holdings, South32, Stanmore Coal, Whitehaven Coal, WorleyParsons, Wyong Coal.....	9
Safety .....	14
Diary Dates .....	14
TransCoal Port Congestion Graph.....	16
HVCCC Weekly Performance Report.....	17
Braemar ACM Weekly Scope .....	17

*In its 30<sup>th</sup> year of publication*

### Anglo American Moranbah North Mine reopens

On Friday 22 February, the Queensland Mines Inspectorate released the incident site at Moranbah North Mine to Anglo American, allowing mining activities to resume following the tragic incident at the mine in which one miner, Bradley Hardwick died and four others were injured.

“Anglo American decided to allow additional time before recommencing operational activities, including the longwall move, at the Moranbah North Mine on Monday 25 February,” the Company said in a statement.

“The Queensland Mines Inspectorate investigation into the incident is ongoing, as is Anglo American’s investigation.”

Anglo American’s Head of Underground Operations, Glen Britton said, “This is a difficult time for our people, their families and the Moranbah community as we come to terms with the tragic loss of our colleague, Bradley Hardwick, and we will continue to provide support wherever needed.”

“Our four colleagues who were injured in the incident are all recovering well. We are providing support to assist in their return to work when they are ready,” he said.

### Ian Macdonald and John Maitland to face retrial over Doyles Creek corruption charge

The NSW Court of Criminal Appeal has handed down judgment in the case of former NSW Resources Minister Ian Macdonald and Chairman of, and a shareholder in, Doyles Creek Mining John Maitland.

The Judgment Summary states:

“The Court of Criminal Appeal has allowed an appeal against conviction, quashed the conviction and ordered a new trial in respect of both Mr. Ian Macdonald and Mr. John Maitland. Mr. Macdonald and Mr. Maitland were charged with offences arising out of a grant of consent to apply for an exploration licence and the subsequent grant of an exploration licence in the Doyles Creek area to Doyles Creek Mining Pty Ltd.

Mr. Macdonald was charged with two counts of willful misconduct in public office. Mr. Maitland was charged with being an accessory to the offences in respect of which Mr. Maitland was charged. Mr. Macdonald and Mr. Maitland were jointly tried before a jury and convicted of the offences. Mr. Macdonald was sentenced to a period of imprisonment for 10 years with a non-parole period of 7 years. Mr. Maitland was sentenced to a period of imprisonment for 6 years with a non-parole period of 4 years.

Both Mr. Macdonald and Mr. Maitland appealed against their convictions and sought leave to appeal against sentence.

The two main issues on appeal were, first, whether the trial judge misdirected the jury in relation to the state of mind required to be found guilty of the offence of willful misconduct in public office, and second, whether the verdicts of the jury were unreasonable and could not be supported having regard to the evidence.

In relation to the first issue, the Court held that the trial judge had misdirected the jury as to the state of mind required to be found guilty of the offence of willful misconduct in public office. The Court held that the trial judge should have directed the jury that Mr. Macdonald could only be found guilty if the power to grant consent to apply for an exploration licence and the power to grant the exploration licence would not have been exercised, except for the illegitimate purpose of conferring a benefit on Mr. Maitland and Doyles Creek Mining Pty Ltd. Therefore, the Court quashed the convictions of both Mr. Macdonald and Mr. Maitland and ordered that a new trial take place.

In relation to the second issue, the conclusion of the Court and its reasons for this conclusion have been suppressed pending further order.”

Yancoal's Mount Thorley Warkworth and Hunter Valley Operations and Moolarben drive record profits  
Yancoal Australia Limited has announced a record profit after tax of A\$852 million (FY2017: A\$229 million) from revenues of A\$4,850 million for the year ended 31 December 2018.

Yancoal achieved a total operating EBITDA of A\$2,180 million, driven by a full year's equity contribution from Mount Thorley Warkworth (A\$718 million) and Hunter Valley Operations (A\$513 million), (acquired on 01 September 2017).

EBITDA contributions included the additional benefit of a full year's underground production achieved at the Moolarben Coal Complex (total Moolarben complex equity contribution of A\$871 million), with the underground mine having commenced longwall mining in October 2017 on budget and ahead of schedule.

"Yancoal's operations produced a record 50.0 million tonnes saleable coal for 2018, up 59% on the year prior, with the Moolarben complex achieving a new annual total saleable coal production record of 16.5 million tonnes, up 33% on the year prior," Yancoal said in its report.

"The Mount Thorley Warkworth and Hunter Valley Operations mines produced annual totals of 12.1 million tonnes and 13.3 million tonnes respectively."

"The three tier-one assets led an increase in total attributable coal sales of 68% on the year prior, with Yancoal achieving total sales of 37.1 million tonnes in 2018, up from 22.1 million tonnes in 2017," the Company said.

Thermal coal sales were up 88% on the prior year, supported by increased market demand and tier-one production rates, achieving a FY2018 total of 29.9 million tonnes (15.9 million tonnes FY2017).

Total metallurgical coal sales were up 16% on the year prior, achieving 7.2 million tonnes (6.2 million tonnes FY2017).

Yancoal Chairman Baocai Zhang said: "2018 has been a year of extraordinary growth and success, with a record dividend declared, debt reduced by more than half a billion dollars, and Yancoal Australia listed on the Main Board of the Stock Exchange of Hong Kong.

Yancoal said that in the year ahead it will continue to focus on exploration and expansion works across the tier-one assets of Mount Thorley Warkworth and Moolarben respectively.

"Key projects include the conceptual underground mine at Mount Thorley Warkworth with an estimated 6 million ROM tonnes per annum, which completed exploration drilling for the prefeasibility on the target seams at the end of 2018," said Yancoal.

Yancoal received approvals to commence mining activities associated with the Lot 1 and Lot 2 areas of Mount Thorley Warkworth during the reporting period, enabling commencement of the extension of the existing West pit on the Warkworth side in 2019.

Proposed modifications for the Moolarben open cut pits are awaiting approval, as Yancoal continues to maximise improved extraction rates in both the open cut and underground mines.

Yancoal Chief Executive Officer Reinhold Schmidt said that in the year ahead, Yancoal will invest in new fleets and operational efficiencies across its open cut mines and progress its pipeline of Australian brownfield projects, with a specific focus on the Mount Thorley Warkworth and Moolarben operations.

### Low emission technology innovation get \$6.5 million funding boost

The NSW Coal Innovation Fund has awarded \$6.5 million in a funding boost for innovative low emission technology.

The Fund was set up via a four-year levy on electricity distribution companies in 2009-2013.

Rick Fowler, Coal Innovation NSW Manager at the Department of Planning and Environment, said that the funding will support 13 projects specifically working towards reducing greenhouse gas emissions from the use of coal in the energy sector.

“The winning 13 research proposals all involve different investigations into cost-effective low emissions coal technologies,” said Mr. Fowler.

“The successful applicants were assessed by an independent and eminent expert panel, reviewed by the Coal Innovation Ministerial Advisory Council and recommended to the Minister.”

For this round of funding, the successful projects include investigations into:

- the use of low emission coal in the manufacture of carbon fibres;
- the integration of a battery energy storage system to a unit at Vales Power Station;
- a feasibility study into using carbon dioxide to create energy;
- reducing greenhouse gas emissions in steel and cement production;
- an assessment of geothermal power generation for NSW coal-fired power plants;
- the design of a solar power system for coal-fired power plants;
- an assessment of bioenergy with carbon capture at NSW coal power plants; and
- the deployment of silica gels for improved carbon dioxide containment.

“These projects have the potential to have a significant impact on low emission coal innovation technology. I look forward to see how the projects develop,” Mr. Fowler said.

### Dartbrook Coal Mine proposed modification - Public Meeting to be held

The NSW Department of Planning and Environment has completed its evaluation of the Dartbrook Coal Mine-Modification 7 and referred it to the Independent Planning Commission NSW for determination.

The Modification proposes:

- to recommence underground mining on site using bord and pillar mining activities within the Kayuga Seam (as an alternative to the approved longwall mining activities),
- An alternative method of delivering Run of Mine coal from the mine workings to the East Site (i.e. an alternative coal clearance system); and
- Extending the project duration by 5 years (until 5 December 2027).

The proposed bord and pillar mining will result in the extraction of up to 10 million tonnes of Run of Mine coal over a 10 year period. The maximum production rate in any given year will be 1.5 million tonnes per annum.

Key community concerns raised by the public following the exhibition in 2018 of the Environmental Assessment for the proposal include the effects on air quality and climate change, particularly in relation to cumulative impacts; concerns that the project would affect the availability and quality of local ground and surface water resources; and concerns about the potential for a future open cut coal mining project at the site.

A public meeting will now be held at Atherstone Room, Upper Hunter Conservatorium of Music, Corner of Bridge and Brook Street Muswellbrook NSW 2333, on Tuesday, 9 April 2019, at 10:00am.

Persons wishing to apply to speak at the public meeting must complete an expression of interest form and return it via email to [ipcn@ipcn.nsw.gov.au](mailto:ipcn@ipcn.nsw.gov.au) to be received by no later than 5 pm on Monday, 01 April 2019.

Those unable to attend/ unaccustomed to public speaking may make a written comment up to one week after the meeting. Written comments are weighed the same as spoken presentations.

#### NSW businesses awarded grants to progress mining technology

Two NSW businesses have been awarded a share of \$5.34 million in the latest round of the Australian Government's Accelerating Commercialisation grants.

Energetique Mining Vehicles (now 3ME Technology) was awarded a grant to support the establishment of a pilot production facility to manufacture its specialised heavy-duty lithium batteries for electric mining vehicles.

ShotTrack's grant will help to develop commercial prototypes and conduct trials at mine sites of its Remote Access Vibration Analysis product which relates to controlled explosions for the mining industry.

Minister for Industry, Science and Technology Karen Andrews said that the grants were designed to accelerate the development of projects with strong local and export market potential to help boost the economy and create more jobs.

"These sorts of high quality ideas will help position Australia's technology capability on a global stage, helping to drive our economic growth further," Minister Andrews said.

"Since we launched this programme in 2014, 375 grants worth over \$186 million have been offered to boost Australian businesses in commercialising their technologies," she said.

#### Mining resumes at Wongawilli following prohibition

Wollongong Coal Limited's Wongawilli mine in the Illawarra, NSW has resumed normal production activities following a short ban.

A section 195 notice that was issued to the Company prohibiting all mining activity and persons remaining underground, other than a minimal number to undertake maintenance activities, has been lifted.

The notice followed an investigation by the NSW Resources Regulator inspectors, which identified that the mine did not have a nominated Manager of Mechanical Engineering, as required by workplace health and safety laws.

The inspection also identified several hazards, which supported a view that the mine lacked appropriate mechanical supervision.

The mine has provided information detailing compliance with the directions in the notice and the Principal Inspector Coal and Petroleum has determined that the matters giving rise to the notice have been addressed.

### NSW Resources Regulator Compliance priorities report released

The NSW Resources Regulator (the Regulator) has released its Compliance priorities report for the January to June 2019 period.

Compliance Priorities reports set out our current priorities and focus areas, as well as the regulatory activities that will be undertaken to meet these identified areas of concern,

The Regulator states that its objectives are to

- ensure a safe, sustainable and innovative mining, extractive and petroleum industry in NSW
- provide information and guidance about safety, environmental and other regulatory obligations to protect and support industry, workers, the community and the State
- promote confidence in how the industry is regulated
- make regulation transparent
- engage with and educate both industry and the community about best practice
- support industry to meet its regulatory obligations.

View the Compliance priorities report [here](#)

### Gloucester Resources Exploration Licence No. 6523 cancelled in part

Gloucester Resources Limited Exploration Licence No. 6523 has been cancelled in part. An area of 599 hectares has been cancelled. Part cancellation took effect on 7 February 2019.

### Board of Professional Engineers applauds NSW reforms to building industry regulation

The Board of Professional Engineers of Queensland (BPEQ) has welcomed New South Wales Government reforms to the building industry, including the introduction of registration for engineers working in the sector.

“The reforms were announced in response to a report into building industry regulation prepared by Chancellor of Western Sydney University Peter Shergold and lawyer Bronwyn Weir which identified the absence of registration as a major problem, BPEQ said.

Queensland is currently the only Australian State or Territory with mandatory and comprehensive registration requirements for engineers working across all sectors.

BPEQ Chairperson Dawson Wilkie said that the registration of engineers was an important public safeguard and other States and Territories could learn a lot from Queensland’s system.

“The services provided by engineers, particularly in the building industry, affect public health and safety, therefore engineers should be held to a certain standard,” said Mr. Wilkie.

“Registration imposed by law and administered by an independent regulator is the most effective way of setting an appropriate standard of professional conduct, holding engineers accountable and safeguarding the public.

“Under the Registered Professional Engineer of Queensland (RPEQ) system only people who are assessed by BPEQ as qualified and competent are registered as RPEQs and legally entitled to carry out professional engineering services,” he said.

“The conduct of any person who provides a professional engineering service in or for Queensland can be referred to BPEQ for investigation and disciplinary action if something goes wrong.”

Queensland's RPEQ system was created in 1929. BPEQ registers more than 14,000 RPEQs across 26 engineering disciplines, including civil, electrical, fire safety, mechanical, mining and structural engineering.

To obtain registration, engineers must first graduate with an accredited engineering degree, then develop competency through work experience and be assessed. RPEQs must renew their registration annually and complete continuing professional development.

#### Adaro Energy says Kestrel Coal to increase output by 40%

PT Adaro Energy has projected a 40% growth in Kestrel Coal's saleable coal production in 2019 compared to 2018.

Kestrel Coal Resources Pty Limited recorded saleable coal production of 0.88 million tonnes (Mt) during 4Q18 (2018 annual total production to 4.76Mt). Total coal sales during 4Q18 were 1.32Mt and 4.8Mt for 2018.

PT Adaro Energy said that the production data represents 100% interest where it has a 47.99% shareholding in Kestrel Coal Resources Pty. Ltd., which has 80% interest in Kestrel Coal Joint Venture.

"Since acquisition of the asset on August 01, 2018, Kestrel Coal Resources has embarked on a changed programme which aims to drive efficiency improvements throughout the business," PT Adaro Energy said.

"The result of the changed programme is expected to significantly increase the production profile for 2019 and beyond.

PT Adaro Energy said that it anticipates the increase to be well absorbed by the market since Kestrel has premium quality coal sought after in the seaborne market.

In 2018, Rio Tinto entered into a binding agreement with EMR Capital and PT Adaro Energy Tbk, an Indonesian listed coal company, for the sale of its entire 80 per cent interest in the Kestrel underground coal mine in Queensland's Bowne Basin for \$2.25 billion.

Kestrel employs longwall mining to produce high quality coking and thermal coal products for export markets. In 2017 the Kestrel mine produced 5.1 million tonnes of saleable coal, comprising 4.25 million tonnes of hard coking coal and 0.84 million tonnes of thermal coal.

As at 31 December 2017, Rio Tinto reported marketable reserves for Kestrel of 146 million tonnes and mineral resources of 241 million tonnes.

#### RMIT University led research team turn CO<sub>2</sub> back into solid coal

An RMIT University, Melbourne research team have developed a new technique that can efficiently convert CO<sub>2</sub> from a gas into solid particles of carbon.

"Researchers have used liquid metals to turn carbon dioxide back into solid coal, in a world-first breakthrough that could transform our approach to carbon capture and storage," RMIT said.

"Published in the journal *Nature Communications*, the research offers an alternative pathway for safely and permanently removing the greenhouse gas from our atmosphere."

"Current technologies for carbon capture and storage focus on compressing CO<sub>2</sub> into a liquid form, transporting it to a suitable site and injecting it underground."

“However, implementation has been hampered by engineering challenges, issues around economic viability and environmental concerns about possible leaks from the storage sites.”

RMIT researcher Dr Torben Daeneke said that converting CO<sub>2</sub> into a solid could be a more sustainable approach.

“While we can’t literally turn back time, turning carbon dioxide back into coal and burying it back in the ground is a bit like rewinding the emissions clock,” Dr. Daeneke, an Australian Research Council DECRA Fellow, said.

“To date, CO<sub>2</sub> has only been converted into a solid at extremely high temperatures, making it industrially unviable.

“By using liquid metals as a catalyst, we’ve shown that it’s possible to turn the gas back into carbon at room temperature, in a process that’s efficient and scalable.”

“While more research needs to be done, it’s a crucial first step to delivering solid storage of carbon,” said Dr. Daeneke.

The research was conducted at RMIT’s MicroNano Research Facility and the RMIT Microscopy and Microanalysis Facility, with lead investigator, Honorary RMIT and ARC Laureate Fellow, Professor Kourosh Kalantar-Zadeh (now UNSW).

The research is supported by the Australian Research Council Centre for Future Low-Energy Electronics Technologies (FLEET) and the ARC Centre of Excellence for Electromaterials Science (ACES).

The collaboration involved researchers from Germany (University of Munster), China (Nanjing University of Aeronautics and Astronautics), the US (North Carolina State University) and Australia (UNSW, University of Wollongong, Monash University, QUT).

#### Adani engages Traditional Owners to undertake environmental monitoring at Carmichael mine

Adani Australia has engaged Traditional Owners to undertake environmental monitoring at Doongmabulla Springs at Adani’s Carmichael mine in Queensland.

“Woongal Environmental Services, a Wangan and Jagalingou certified business and one of Australia’s first Indigenous environmental management and monitoring companies is currently on site at the Carmichael Project with a team of specialist ecologists and five Traditional Owner Field Officers,” Adani said.

Adani Mining CEO Lucas Dow said that Woongal will collect data to monitor and assess potential impacts to groundwater ecosystems at the Carmichael Mine, like the Doongmabulla Springs.

“Traditional Owner Field Officers will assist with monitoring the Doongmabulla Springs, an important area of significance for the Wangan and Jagalingou people,” Mr. Dow said.

“We have more than 200 conditions in place for groundwater monitoring and Woongal and the Traditional Owner Field Officers will assist us with the collection of data in compliance with these conditions.”

“Further, the partnership provides important employment and training opportunities for Traditional Owners in line with our commitment to achieving a minimum \$250 million Indigenous business development and contracting investment.”



Woongal Environmental Services CEO, Bill Haycock said that the practical field work with specialist ecologists was part of a comprehensive training programme being developed for the Traditional Owners.

“Not only will we be delivering the environmental monitoring and sampling that’s required for the Carmichael Mine, but the associated training programme will see Traditional Owners become qualified in conservation and land management,” Mr. Haylock said.

“The Traditional Owners will initially have the opportunity to enrol in a certificate level programme that will ultimately enable them to attend university and study to become Environmental Scientists.

#### Greens \$1.8 billion Coal Community and Environmental Trust to assist in transition from coal

The Greens NSW have announced the Coal Community and Environmental Trust, a \$1.8 billion direct investment programme to support communities transitioning away from coal.

The Trust will be funded by a guaranteed income stream of 20% of all State coal royalties until 2030.

Greens MP, David Shoebridge said that under the plan, communities and regions that are currently coal dependent will receive direct investment across a ten-year period into re-skilling workers and rebuilding their economy.

“It also would see a commitment to new public jobs to replace and improve on the jobs lost with the end of coal, and a regional industries incentive scheme to expand existing successful agricultural, tourism and technology industries,” he said.

“It’s about replacing coal with long term sustainable industries from renewable energy to environmental restoration, agriculture and tourism and having a guaranteed income stream to do this.”

Abigail Boyd, Greens NSW Upper House candidate said that the NSW Government currently receives over \$1.5 billion in royalties from the coal sector each year and that the Greens are committed to supporting the just transition of communities dependent on coal by investing at least 20% of these royalties back into their communities

The Coal Community and Environmental Trust will work in conjunction with PowerNSW.

#### Company News – Atrum Coal, Bathurst Resources, Boom Logistics, Future of Mining, Hitachi Construction Machinery, Hume Coal, Macmahon Holdings, Mitchell Services, Resources Monitor, NRW Holdings, South32, Stanmore Coal, Whitehaven Coal, WorleyParsons, Wyong Coal

**Atrum Coal Limited** has released a further update for the flagship Elan South area of its 100%-owned Elan Hard Coking Coal Project in southwest Alberta, Canada. “The latest results indicate similar or better key coking coal properties relative to the first two cored holes reported in February 2019,” the Company said. These include a higher FSI range (7 - 8 vs. 4 - 8), higher reactive macerals (63 - 75% vs. 51 - 70%), and lower basicity indices (0.06 - 0.18 vs 0.14 - 0.31). Atrum Coal said that samples from these two cores are expected to yield even higher coke strength after reaction (CSR) values than the first two holes. “The new results also show lower phosphorous content, with most values returned at less than 0.040%,” it said.

**Bathurst Resources Limited** has announced a record net profit after tax of \$25.4m for the half year ended 31 December 2018 (previous corresponding period (pcp) loss of \$12.4m) from its New Zealand coal projects. Revenues increased 43.9% increase in to \$144.8m (pcp \$100.6m) and \$24.0m equity accounted profit share from a full six months of BT Mining operations.

“The Stockton export coking coal mine benefitted from strong export prices for the first six months of FY19 at an average price received of NZD \$214/t, contributing \$34.8m equity share of consolidated earnings to Bathurst,” said Bathurst. “North Island New Zealand domestic operations contributed \$14.3m equity share of consolidated earnings.” During the reporting period, the Rotowaro mine was transitioned to owner operator with significant investment made to purchase the contractor mining fleet.” Bathurst said that this will enable the development of a new resource within Rotowaro’s current area of operations, extending the life of the operations for a further four years. “South Island domestic operations earnings increased 27% to \$11.2m for the six month period, reflecting an increase in sales revenue which is primarily volume driven,” it said.

**Boom Logistics Limited** has recorded a statutory net profit after tax for the half year ended 31 December 2018 (H1 FY19) of \$0.2 million (H1 FY18: \$0.4 million). The Company’s Earnings Before Interest and Tax (EBIT) for H1 FY19 was \$2.1 million, which was significantly effected by the industrial action in New South Wales. Boom said that it was on track to achieve its first half EBIT targets prior to the industrial dispute which impacted the half year results by circa \$3.0 million at EBIT, including \$0.3 million of non-trading redundancy costs. “The Group performed solidly in Mining & Resources as demand from customers remains robust with key contracts at BMA, BMC, Curragh.” Boom Resources said. “Further growth in Mining & Resources is expected as Boom continues to build scale and scope around its existing depot infrastructure and explores opportunities for new contracts in the North West.” “The industrial dispute has led to some customers in the Hunter region opting to move to multiple supplier arrangements.” Boom Resources said that it is pursuing new mine sites in the region that are also considering multiple crane suppliers. “Whilst the majority of customers in Singleton have accepted revised rates, the Group is retendering with customers in Newcastle,” the Company said. “Boom is planning to merge the Newcastle and Singleton crane operations to service all customers in the Hunter region.” The Group expects FY19 revenue to be circa \$200 million and trading EBITDA to be between \$25 million and \$27 million.

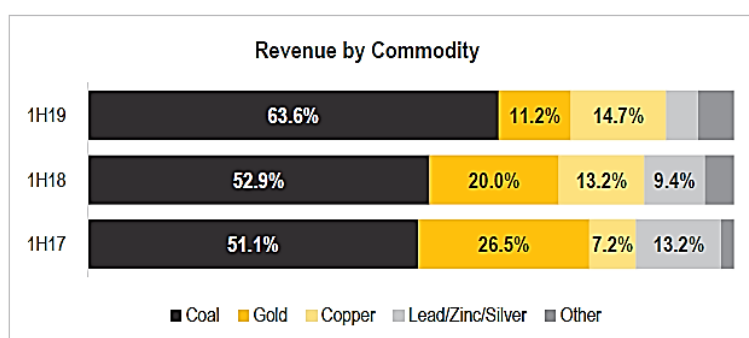
The **Future of Mining Australia** Conference will take place from 25-26 March 2019. The Conference addresses the long-term goals of the industry with an agenda that has been created by bringing together an advisory board of select leading mining experts and new talent. It will cover a vast range of content spanning right across the entire mining life cycle with technology, development and sustainability at its core, focussing on areas of development and the challenges ahead as mining begins to look beyond the now and plan for the future. Over 500 professionals are expected to be in attendance. Hunter Valley Coal Report subscribers are entitled to a 20% discount on event fees by quoting FOM Australia - HV20.

**Hitachi Construction Machinery Co., Limited** (HCA) Hitachi and John Deere Construction & Forestry Company (Deere) have agreed after 29 years of distribution, to end the current distribution arrangement in Australia and increase focus on their individual product lines. “Over the course of the next five months Deere and HCA will work together to execute a seamless transition of business to John Deere Limited’s newly appointed construction and forestry dealers in Australia,” HCA said in a statement. “As of May 1st, 2019, RDO Equipment Pty Ltd (RDO Equipment) will be appointed the authorised John Deere Construction & Forestry Dealer for John Deere Limited in New South Wales, Victoria, Queensland, South Australia, Tasmania, and the Northern Territory. AFGRI Equipment Pty Ltd (AFGRI Equipment) will be appointed the authorized John Deere Construction & Forestry dealer for John Deere Limited in Western Australia,” said HCA.

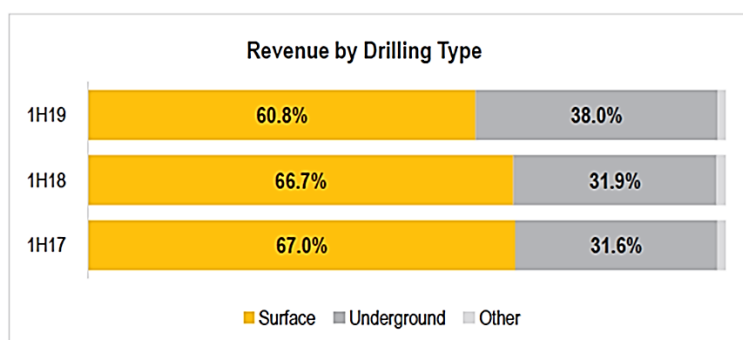
**Hume Coal Pty Limited’s** proposed Hume Coal Project in the Southern Highlands of NSW has undergone two days of Public Hearings (26 and 27 February 2019) conducted by the NSW Independent Planning Commission (IPC) who will now make the final decision on the proposal. Project Director Greig Duncan said late last year that Hume Coal was looking forward to the IPC public hearings which would give the local community and business owners a final opportunity to demonstrate their support for the Hume Coal project. “We have worked for years, undertaking countless scientific studies and technical research to ensure our underground mine design is socially, economically and environmentally sustainable.” “This is the lowest impact underground coal mine design ever proposed in NSW and we look forward to having a fair and independent assessment of the project by the IPC.”

**Macmahon Holdings Limited's** revenue doubled during the half year to 31 December 2018 to \$542.2 million, (1H18 \$270.0m) driven by increased activity at major projects and contributions from the Company's civil business, TMM Group. Underlying Earnings Before Interest and Tax Depreciation and Amortisation (EBITDA) increased by 94% to \$89.1 million, while Underlying EBIT increased to \$39.9 million. The Company said that it remains on track to deliver on its FY19 EBIT guidance of \$70 - \$80 million. Macmahon Chief Executive Officer Michael Finnegan said that the increased activity of new projects during 1H19 including Byerwen (Queensland - coal) had supported the substantial revenue growth.

**Mitchell Services Limited** has reported that the six months ending 31 December 2018 (1H19) were financially transformational for the Group. Revenue for 1H19 was \$63.2m, a 90% increase from the previous corresponding period of \$33.2m, driven, the Company said, by a combination of increased utilisation, productivity and pricing levels as industry activity levels and general market conditions continued to improve. "The Group's revenue mix by commodity remains well balanced with exposures across coal (predominately coking coal) and a range of precious metals and other minerals," it said.



The Group said that it remains mindful of the importance of diversification in revenue streams including the mix between surface and underground drilling and the mix between different commodity types. Underground drilling is generally performed on a double shift basis and is generally not subjected to seasonal fluctuations. "1H19 Revenue from underground drilling has grown by 127% compared to 1H18 and now accounts for 38% of the Group's total revenue," Mitchell Services said.



The Group implemented numerous award-winning initiatives across its safety and risk management systems during the six months ended 31 December 2018 and was rewarded in 1H19 with numerous safety accolades including:

- Winner – 2018 Australian Mining Prospect Awards (Safety Advocate Award)
- Finalist – 2018 Australian Mining Prospect Awards (Excellence in Mine Safety, OH&S)
- Finalist – 2018 Safe Work and Return to Work QLD Awards (Most Significant Improvement to Work Health and Safety Performance and Best Demonstrated Leadership in Work Health and Safety).

**NRW Holdings Limited** has announced revenue of \$521.1 million for the half year ending 31 December 2018, an increase of 50.9% compared to the prior comparative period (pcp). Earnings before interest, tax, depreciation and amortisation increased to \$74.3 million compared to \$40.3 million in the pcp, whilst earnings before interest and tax more than doubled to \$50.0 compared to \$22.5 million in the pcp. The Company's Net Earnings increased to \$28.2 million compared to \$15.3 million in the pcp. During the reporting period NRW completed acquisition of RCR Mining Technologies for \$10 million, funded from cash.

**Orica Limited** has recognised its longest serving employee, Mr. Paul Harrison, for more than 50 years' service with the Company by naming its 300th Bulkmaster (BM300) Mobile Manufacturing Unit after him. Mr. Harrison commenced work at ICI/Orica's doors in February 1969, working in Research and Development to improve the quality of the nitro-glycol based explosives and to develop and enhance watergel based explosives. He has also served in various roles overseeing the production of NG explosives, boosters and watergels and the production of bulk explosives across Australia. "His global experience includes managing a joint venture involving the manufacture of NG explosives and non-electric detonators and emulsion packaged explosives," Orica said. "Since 1996 Mr. Harrison has served as Orica's Statutory Liaison and Security Manager responsible for working closely with regulators across Australia to ensure that Orica's products are licensed and regulated; and that its employees, equipment and vehicles are licensed and authorised." "Mr. Harrison is an active member of the Australian Explosives Industry and Safety Group (AEISG) for promoting safety within the commercial explosives industry and developing codes of practice," said Orica. At a celebration at the Kurri Kurri Technical centre Mr. Harrison said "Fifty years have flown by and I've thoroughly enjoyed it, we've had the ups and downs but basically, the ups have outweighed all the downs. I am absolutely stunned by all of this. I understand the organisation wanted to do something, but I didn't realise how much the organisation appreciated me. I am very humbled by the Bulkmaster 300 dedication. An old hand once said to me, "ducks don't fly during the shooting season" and I've always kept a very low profile while trying to contribute as much as I possibly can to the organisation". The Bulkmaster<sup>TM</sup>7, launched last year for use in the opencut mining sector, is Orica's market-leading delivery system technology, which provides a leap in productivity and safety on bench, and is another significant step towards automating drill and blast operations in the future. Bulkmaster<sup>TM</sup>7 (BM300) will be deployed and operated in Queensland's Bowen Basin from March 2019 and will be the 4th Bulkmaster<sup>TM</sup>7 for the Queensland region. Since 1989 the Bulkmaster<sup>TM</sup> (BM1) has undergone significant innovation and has been part of the transformation of the Australian mining industry by enabling Orica's customers to be competitive on the world stage. Darryl Cuzzubbo, Group Executive President Australia Pacific and Asia said, "As Orica's current longest serving employee, Paul has achieved a great deal for ICI/Orica. We are extremely proud of him and this is a fitting and unique way to celebrate and acknowledge his contribution to our company."

**Resources Monitor** has released ASIA AND THERMAL COAL: A SPECIAL REPORT which examines recent developments in electricity production and thermal-coal use in Asia; gives forecasts of electricity production and thermal-coal use in Asia for the next decade; and assesses how realistic these forecasts are, taking into account issues such as future economic growth in Asia, increasing competition from natural gas and renewables and political pressure to reduce thermal-coal use. Some key findings are that electricity production in Asia will continue to increase strongly at 5% per year and that electricity production per capita will increase, but in most of Asia will still be well below that in developed countries. Other findings include that coal-fired electricity production will continue to dominate total production and that thermal-coal production in Asia (notably China and India) will increase modestly. Thermal-coal imports from outside the region will increase strongly, from around 400 million tonnes in 2017 to 600 million tonnes in 2027. Australia, Russia, South Africa, United States and Colombia are the countries best placed to meet this increased import demand, but they all face barriers in doing so. The Special Report is 35 pages long and includes 14 graphs, 11 tables and four maps. For further information and to purchase the report, please contact Brian Wawn at [melbourne@resourcesmonitor.com.au](mailto:melbourne@resourcesmonitor.com.au)

**South32 Limited** has upgraded Illawarra Metallurgical Coal guidance by 7 per cent to 6.5 million tonnes. The Company reported a 106% increase in production at Illawarra Metallurgical Coal for the half year ended 31 December 2018 (H1 FY19) as the Appin colliery continued to ramp-up towards historical rates. The Company commenced a feasibility study at Eagle Downs Metallurgical Coal, following its acquisition of a 50% interest in the project and assumption of operating control for US\$106M. The Company said that it remains on track to divest South Africa Energy Coal with binding bids expected by 30 June 2019. The Group's statutory profit after tax increased by US\$92M (or 17%) to US\$635M in H1 FY19.

**Stanmore Coal Limited** has provided the following clarification in relation to China's Australian coal import restrictions to the Chinese port of Dalian; *"The significant majority of Stanmore Coal sales and all of its long term contracted sales are to customers in Japan and Korea. Stanmore has limited exposure to China through spot sales which are also made to customers in a range of other countries. Stanmore will continue to monitor the situation to determine whether there will be any impact on the Company's coal sales."*

**Whitehaven Coal Limited** has announced the opening of applications for the Company's two-year Graduate Programme for graduates with Engineering degrees including Mining, Electrical, and Mechanical, and Mechatronics looking to commence in February 2020. "Whitehaven graduates will gain exposure to either underground or open cut mining in the Narrabri & Gunnedah areas in North West NSW, and often rotate between different mine sites, depending on business needs and current projects," the Company said. Whitehaven Coal said that it is looking for Graduates that are passionate, motivated and adaptable with a keen interest in learning new skills and stepping out of their comfort zones. More information is available [here](#) [Applications](#) close in April 2019.

**WorleyParsons Limited** has reported a statutory net profit after tax (NPAT) of \$82.4 million for the six months ended 31 December 2018, (prior corresponding period \$1.4 million). On an underlying basis, net profit after tax was \$98.4 million, up 25.8% on the prior corresponding period. "Driven by continued improvement in market conditions, our resources and energy customers are increasing early phase activity for the next cycle of investment," WorleyParsons said. "This is reflected in the recent level of contract awards and our growing backlog." The Company said that it expects to deliver improved earnings in FY2019, before including the contribution of the Jacobs Engineering Group Inc.'s Energy, Chemicals and Resources division acquired by WorleyParsons in October 2018.

**Wyong Coal Pty Limited's** Wallarah 2 Community Foundation has launched its annual Grants Programme which will see the Foundation provide grant funding to community organisations for projects and initiatives that positively benefit the environment, community wellbeing or education outcomes within the Wyong Region. "A funding initiative of the Wallarah 2 Coal Project, the Foundation actively partners with community groups for the benefit of the entire Wyong community and is currently welcoming applications for individual projects or initiatives ranging up to \$3,000 in value," the Company said. Grant applications can be made by visiting the Community Programmes Page on the Wallarah 2 Coal Project website [www.wallarah.com.au](http://www.wallarah.com.au) Applications close at 4pm on Monday 25 March 2019. Wyong Coal Pty Limited manages the Wallarah 2 Coal Project on behalf of the Wyong Areas Coal Joint Venture.

## Safety

View the Weekly Incident Summary for the week ending 08 February 2019 [here](#)

Source: NSW Government

The NSW Resources Regulator has reported that the NSW Code of Practice: Mine shafts and winding systems has been approved by Minister for Resources, Don Harwin, under section 274 of the Work Health and Safety Act 2011 (WHS Act).

This code of practice provides guidance to assist mine operators in developing and implementing a principal hazard management plan for mine shafts and winding systems, as required under WHS laws.

View the Code of Practice [here](#)

## **Review of the model WHS laws**

Source: NSW Government Resources Regulator

In 2018, Safe Work Australia appointed an independent expert to lead the review into the model work health and safety (WHS) laws. The purpose of the review was to ensure that the laws are operating effectively. It included consultation with safety regulators, businesses, workers, unions, industry organisations, health and safety representatives, health and safety and legal practitioners, academics and community organisations.

The model WHS laws are made up of a model WHS Act, model WHS Regulations and model codes of practice.

SafeWork Australia has released the final report which may be viewed [here](#)

## Diary Dates

**04 – 08**

**Mar 2018**

**From Risk to Remediation - Comprehensive training to manage & remediate contaminated sites globally**

View details [here](#)

**08 Mar  
2018**

**International Women's Day Breakfast and Resources Awards for Women**  
Brisbane Convention and Exhibition Centre  
South Brisbane  
QLD

**15 Mar  
2019**

**Mine Managers Association of Australia OGM Seminar**  
Pacific Hotel  
Brisbane  
QLD

**21 – 22  
Mar 2019**

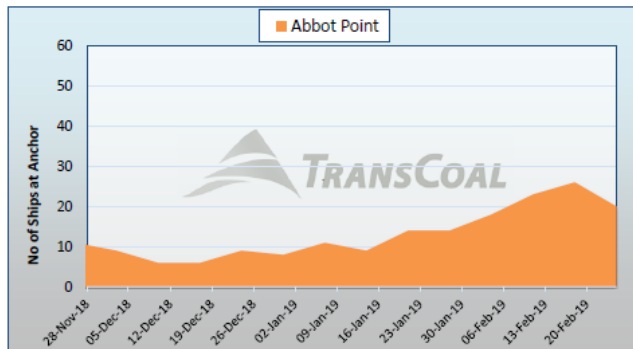
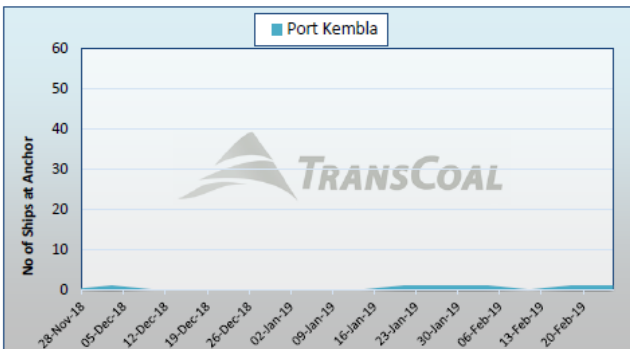
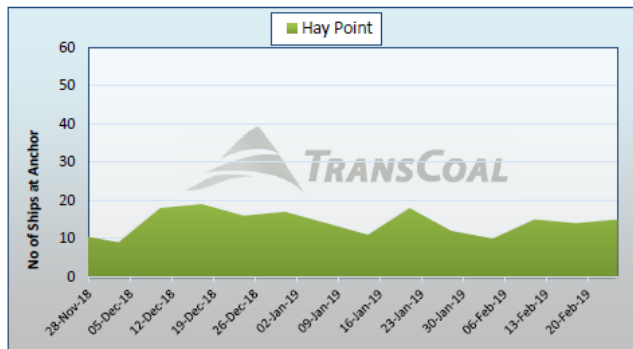
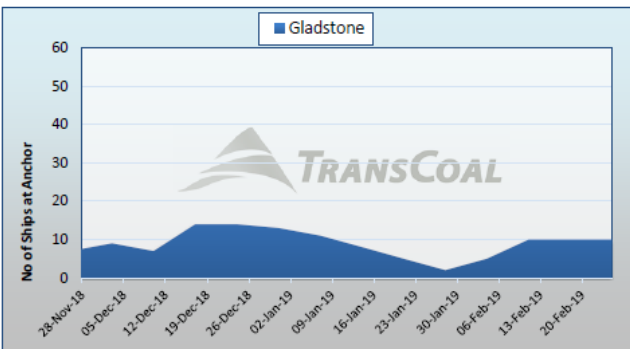
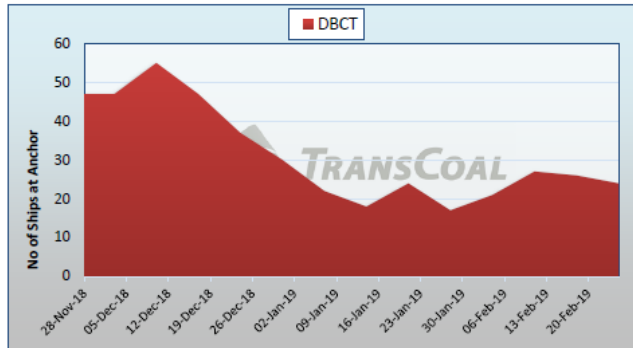
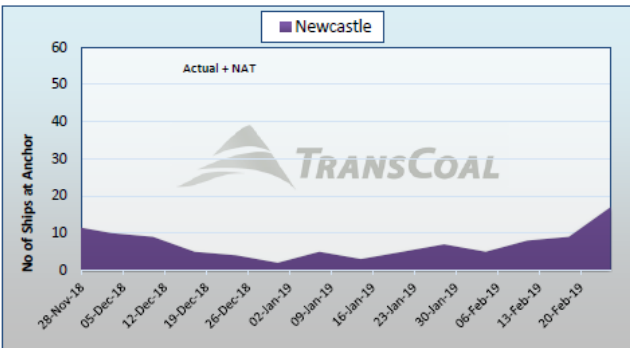
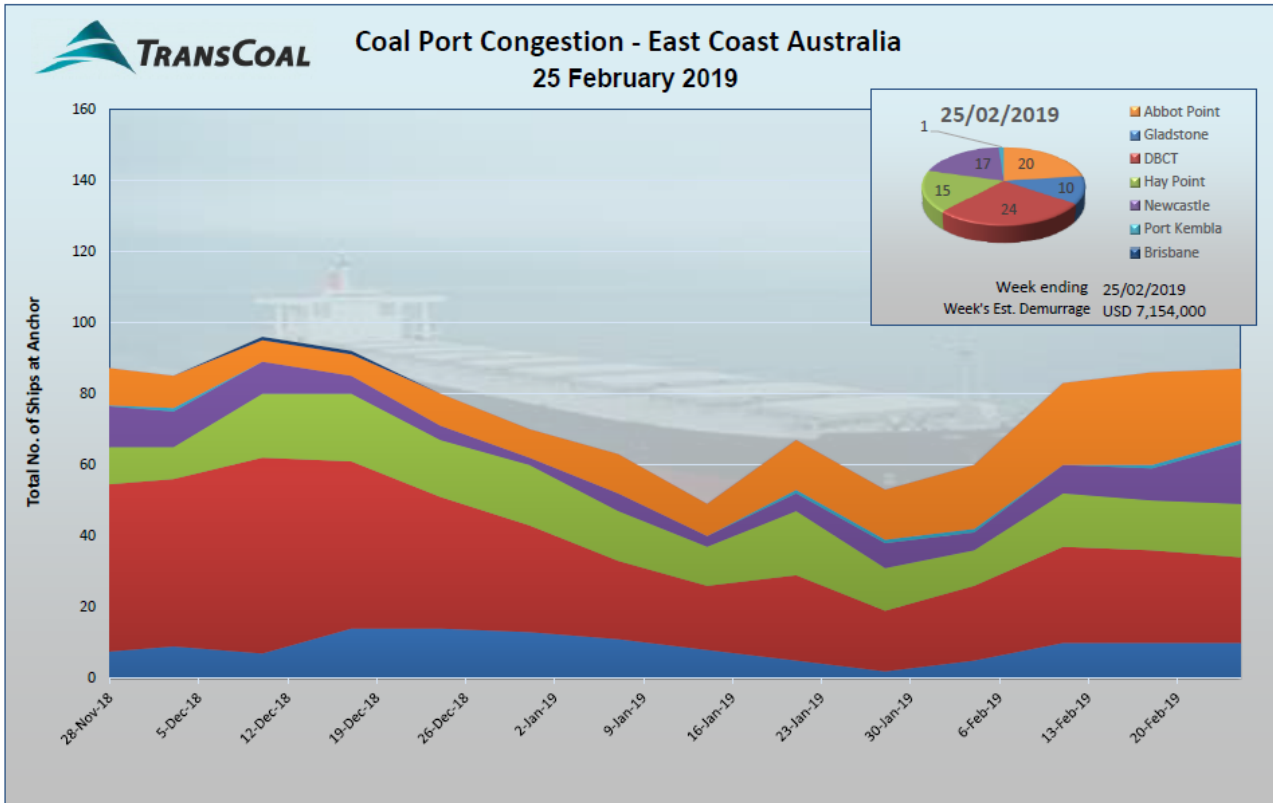
**2019 Resource Industry Network Annual Safety Conference**  
BB Print Stadium & Mackay Entertainment & Convention Centre

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<b>25 – 26 Mar 2019</b>	<b>Future of Mining Australia 2019</b> Sofitel Sydney Wentworth Sydney NSW <a href="https://australia.future-of-mining.com/">https://australia.future-of-mining.com/</a>
<b>13 Apr 2019</b>	<b>Voice for Mining Family Day</b> McDonald Jones Stadium, Newcastle NSW
<b>06 May 2019</b>	<b>NSW Minerals Council Exploration Forum &amp; Awards</b>
<b>21 – 23 May 2019</b>	<b>Austmine 2019</b> Brisbane Convention & Exhibition Centre QLD
<b>23 – 24 May 2019</b>	<b>ICCRCM 2019: 21st International Conference on Coal Resources and Coal Mining</b> London United Kingdom
<b>7 – 29 May 2019</b>	<b>9th International Conference on Sustainable Development in the Minerals Industry (SDIMI 2019)</b>
<b>06 Jun 2019</b>	<b>Annual Coal Lumpers Meeting</b> Enquiries to <a href="mailto:colin@colinrandall.com.au">colin@colinrandall.com.au</a>
<b>19 – 21 Jun 2019</b>	<b>Mined Land Rehabilitation Conference 2019</b> <a href="https://minedlandrehab.weebly.com/">https://minedlandrehab.weebly.com/</a>
<b>05 – 07 Aug 2019</b>	<b>NSW Mining HSEC Conference and Awards Dinner</b> Crowne Plaza Hunter Valley NSW
<b>27 – 29 Aug 2019</b>	<b>Asia-Pacific's International Mining Exhibition (AIMEX)</b> Showground Road Sydney Olympic Park NSW
<b>30 – 31 Oct 2019</b>	<b>Longwall 2019</b> Crowne Plaza Hunter Valley NSW

**TransCoal Port Congestion Graph**

25 February 2019 - The overall vessel queue increased from 86 ships last week to 87 this week. Queensland's queue decreased from 76 ships last week to 69 this week. New South Wales' queue increased from 10 ships last week to 18 this week.





HVCCC Weekly Performance Report

Report for 18 - 24 February 2019

Source: Hunter Valley Coal Chain Co-ordinator (HVCCC)

**Coal Delivery**

- Planned rates were 135kt below target while Actual inbound performance was 119kt below the Declared Inbound Throughput (DIT). Total losses finished the week at 7.8% compared to the 2019 declared target of 8.0%.
- February month-to-date throughput is currently 9,699kt (147.5Mtpa) which is 1,641kt below the DIT, with total losses of 7.1%.

**Shiploading - Port Waratah Only**

- Planned rates were 286kt below target while Actual outbound performance was 10kt below the Declared Outbound Throughput (DOT). February month-to-date shiploading is currently 7,786kt (118.4Mtpa), 690kt below the DOT.
- Port Waratah port stocks finished the week at 999kt, a decrease of 661kt from the previous week.

**Coal Chain Demand**

- February nominations at Port Waratah are currently 9.3Mt.
- Based on terminal demand the Port Waratah vessel queue is estimated to be 15 at the end of February and less than five at the end of March.
- At Port Waratah, there were 17 vessels in the offshore queue at the end of the week.

Braemar ACM Weekly Scope

26 February 2019

Vessel DWT	Australian Round Voyage			Far East Mediterranean/Continent			Mediterranean/Continent Far East		
	Last Week	This Week	Change	Last Week	This Week	Change	Last Week	This Week	Change
28,000	\$4,500	\$5,250	\$750	\$3,000	\$3,500	\$500			
32,000	\$5,500	\$6,000	\$500	\$3,500	\$3,800	\$500			
58,000	\$7,000	\$8,250	\$1,250	\$5,500	\$6,000	\$500	\$11,221	\$13,500	\$2,279
74,000	\$5,918	\$6,554	\$636	\$1,230	\$1,506	\$276	\$10,648	\$11,132	\$484
180,000	\$4,914	\$4,518	-\$396	-\$4,769	-\$4,945	-\$176	\$17,725	\$17,242	-\$483

Note: NOTE: The trades 28K, 32K, 52K & 58K DWT sizes rates are assumed to be DOP South East Asia. All other sizes are assumed DOP North Asia.

Vessel DWT	1 year period	3 years period
38,000	9,750	10,000
58,000	11,500	13,000
76,000	9,200	9,500
82,000	12,625	13,500
180,000	13,000	17,000
210,000	16,000	20,000

## CAPE SIZE

Both Pacific and C3 markets seem to be bouncing along what can be perceived as a new found level this week. Despite a slow start on the C5 routes there's been various tenders from east coast Canada and WC Canada fuelling the demand. We can still see owners willing to commit to shorter duration trade at a discount to C5 TCE levels but we also notice that some owners are taking measure to wait their vessels strategically within the Pacific whilst levels remain as they do.

The ballasting routes have remained at a stand-off with charterers holding cargo for second half March dates still aiming to fix below \$13.00/tonne and no offers seen in that region currently. The volume of tonnage passing Singapore appears to be gradually thinning but the situation from Brazil will need to be monitored more closely before we can assume more robust gains are plausible.

## PANAMAX

The Panamax market saw some uptick in rates as more cargoes were evident in the market, tonnage lists were shortened as renewed optimism from owners, saw rates going up compared to last week. Indonesia to China coal trades were fixing at low \$7,000/day levels and a slight premium for Kamsarmaxes. East Coast Australia round trips for mid-March dates are being looked at now with reports of \$8,000/day to \$8,500/day levels Basis South China to Taiwan range, Nopac cargoes saw some slight increase as rates were being fixed at \$7,000/day levels with a \$1,000/day premium for Kamsarmaxes. In the Atlantic, some optimism was felt but rates for an East Coast South America run still remained at \$12,750/day plus \$275,000 ballast bonus levels for eco-Kamsarmax ships. Short period activity saw a slight pick up as numbers were exchanged and owners getting much better numbers compared to last week bids for Kamsarmax types were rumoured to be fixing at \$11,000/day to \$11,500/day levels for 5 to 8 months.

## HANDYSIZE, HANDYMAX & SUPRAMAX

The Handysize Pacific market has seen a clear improvement in rates in all areas of the Pacific. The New Zealand log market has taken pressure off the East Coast of Australia and allowing non loggers to see improved rates. The West Coast continues to see fresh requirements which is also helping improve the South East Asia market however the continuous flow of coastal grain vessels into the East Coast will not be abating until later

this year at the earliest. In the Far East optimism in owners rates remains high however concluded business is slim, there is however a definite upturn in rates with the APS market being removed. In Southeast Asia, 28,000 dwt ships rates have increased to \$5,250/day for an Australian round voyages out of Singapore and 38,000 dwt ships are around \$7000/day for the same. In North Asia, 28,000dwt ships are still around high \$4,000/day for trips to South East Asia and 38,000dwt ships are around \$6,000/day now for trips south.

A similar start to last week in the Pacific Supramax market with good sentiment surrounding it, but it seemed that business was slow to fix as both sides believed that the market was headed in opposite directions. As expected, we did see more business conclude in the Far East with Owners eventually seeing their number and getting their ships fixed, we saw a small Supramax opening in Sendai fix \$5,800/day for a trip via Japan into the Arabian Gulf. For NoPac runs we saw a Supramax opening in Laizhou fix \$9,250/day for a round trip and Ultramax were fixing around \$1,000/day more for similar. Fairly similar levels seen from what concluded last week in South East Asia, we saw a Supramax open Guangzhou fix a trip via Indonesia into China with Bauxite at \$10,700, slightly up from last week. Although we have seen little movement into the Indian Ocean, we expect levels west to remain similar to what was fixed last.

A less active start to the week from the Indian Ocean, little seemed to move at the start of it and that what did, again did so at just slightly higher levels than last week. A 58,000dwt vessel open in Bin Qasim fixed \$9,650/day for a trip via the AG into Chittagong and further south we saw another Supramax fix \$11,750/day plus a \$175,000ballast bonus for a trip loading Port Elizabeth into China, probably the biggest change we have seen at the start of the week in the Pacific.

After a good week last, the market looks like it could be catching its breath as we start in the Pacific with many feeling it will remain fairly flat during the week.

Commodities (USD)						
Coal (Del. China)	Ther. Newc.6.3k	Change	Ther. Kalim. 5k	Change	Cok.Prem.Oz	Change
	\$89.55	\$2.45	\$55.50	\$0.20	\$212.50	\$4.00

Bunkers (USD)						
Port	380 IFO	Change	180IFO	Change	MDO	Change
Singapore	\$419.75	-\$11.00	\$424.25	-\$10.50	\$604.00	\$2.00
Hong Kong	\$433.00	-\$8.00	\$437.00	-\$8.00	\$625.00	\$19.00
Japan	\$453.25	-\$7.00	\$457.25	-\$7.00	\$547.50	\$0.00
Sth Korea	\$458.50	-\$11.50	\$468.50	-\$11.50	\$658.50	-\$8.50

*Bunkers at 26 Feb 2019 (Source: Universal Bunkering Pty Ltd).*

Indices			
Date	25 Feb 19	18 Feb 19	Change
BHSI	366	322	44
BSI	721	594	127
BPI	685	628	57
BCI 14	520	713	-193
BDI	637	643	-6

*As at 25 Feb 2019 (Source - Baltic Exchange)*

## DRY CARGO / BRAEMAR ACM Event Impact Analysis – 22 February 2019

Dalian bans Australian coal imports

- It has been reported yesterday that Dalian Customs have announced they would not clear any further Australian coal imports until the end of this year
- Dalian Customs serve the ports of Dalian, Beiliang, Bayuquan, Dandong and Panjin
- Total coal imports into the Dalian Custom's port region totalled around 14 million last year of which 7 million tonnes came from Australia
- A total import cap of 12 million tonnes was also announced for the customs area
- Additionally, other ports in China have been reported as taking up to 40 days to clear Australian coal imports through customs
- Imports from other countries have not been affected
- It is estimated there is sufficient coking coal at Dalian for up to two months consumption
- In isolation, this announcement is unlikely to have a major impact on shipping markets as the net lost to bulk shipments is two million tonnes
- However, in light of the recent Vale dam failure and a falling market, this news from Dalian could not have come at a worst time
- Whilst the ban remains regional, significant fears were emerging today whether the ban could be extended to other Chinese ports
- The Australian dollar dropped one cent following the announcement
- With no obvious commodity reason for the selective ban, the news appears to reflect rising diplomatic tensions between the two trading partners