

Jean-Marc Manning

From: Nui Harris
Sent: Friday, 15 January 2016 2:49 PM
To: 'MACDONALD Debbie-Jo'
Cc: Jean-Marc Manning
Subject: This email and contents are 'Commercial in Confidence' - RE: Financial and Technical Information
Attachments: 20160115 Financial and Technical Capability Statement Ver01.pdf; 20160115 Financial Capacity Statement - Cover Letter Ver00.pdf

Commercial in Confidence

Good afternoon Debbie-Jo,

Thank you for your email dated Tuesday 8 December 2015, requesting financial and technical resources as required by section 245(1)(iv) of the Mineral Resources Act 1989 (MRA), by 15 January 2016.

In accordance with the Department's request for further information relating to Ming Lease application 70454, please find attached a cover letter and document supporting Mining Lease application 70454.

I trust this information meets with the Departments' requests, and we are only to please to provide further information, if required. Waratah are pleased the Department are progressing ML 70454 and the development of the Galilee Basin and we look forward to working closely with the Department on the Project.

Kind regards,

Nui Harris
Managing Director



Email: nharris@waratahcoal.com

Phone: 07 32330800

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Postal Address: PO Box 1538, Brisbane QLD 4001

Web: www.waratahcoal.com

Commercial in Confidence

From: MACDONALD Debbie-Jo [<mailto:debbie-Jo.Macdonald@dnrm.qld.gov.au>]

Sent: Tuesday, 8 December 2015 9:15 AM

To: Nui Harris <NHarris@waratahcoal.com>

Subject: Financial and Technical Information

Importance: High

Hi Nui,

In preparation to issue the Certificates of Application and Public Notice as we discussed yesterday morning, I have been reviewing the application documents provided when ML70454 was lodged on 30 May 2011.

I have identified that the Financial Statement lodged, dated 26 May 2011 (see attached), may have changed significantly in the past 4 ½ years. Can you please provide an updated statement and supporting documentation detailing Waratah Coal Pty Ltd's financial and technical resources as required by section 245(1)(iv) of the *Mineral Resources Act 1989* (MRA) by 15 January 2016. I've attached an Information request letter for you.

Please give me a call when you are available if you would like to discuss this. Of course, this means that we won't be issuing the COA or CPN until after the information request has been complied with.

Kind Regards,

Debbie-Jo MacDonald
Principal Mining Registrar Assessment
Coal Assessment Hub
Department of Natural Resources & Mines
Telephone 07 4936 0139 Mobile 0417 789 611
Facsimile 07 4936 0375
Email debbie-jo.macdonald@dnrm.qld.gov.au
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PO Box 3679, Red Hill Rockhampton QLD 4701

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COMMERCIAL IN CONFIDENCE

Waratah Coal Pty Ltd
Financial and Technical Capability Statement
for Mining Lease Application 70454

15 January 2016

- this 71 page document
can be found on
"L:" drive / waratah Tenements/
1.0 Tenements / 1.0 QLD /
1.0 Galilee Basin Project /
Tenements / MLs / ML 70454

Friday 15 January 2016

Debbie-Jo MacDonald
Principal Mining Registrar Assessment
Coal Assessment Hub
Department of Natural Resources & Mines
PO Box 3679, Red Hill Rockhampton QLD 4701
Email: debbie-jo.macdonald@dnrm.qld.gov.au

Dear Debbie-Jo

Mining Lease Application 70454 lodged on Monday 30 May 2011

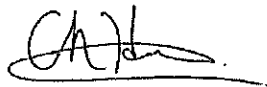
Thank you for your letter dated Tuesday 8 December 2015, relating to a further information requests for Mining Lease Application 740454.

The attached document has been prepared in response to an 'Information Request' made by the Department of Natural Resources and Mines (the Department) to Waratah Coal Pty Ltd (Waratah) on Tuesday 8 December 2015. The request for further information is in relation to Mining Lease Application number 70454 (ML 70454) made by Waratah on Monday 30 May 2011, for their Galilee Coal Project, Northern Export Facility or otherwise known as the China First Project (the Project). Waratah are requested to provide information to the Department in accordance with the provisions of section 245(1) of the Mineral Resources Act 1989 (the Act), by Friday 15 January 2016.

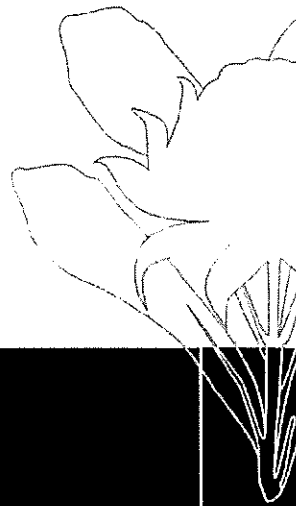
In accordance with the request from the Department made on Tuesday 8 December 2015, Waratah have prepared information relating to Technical Capacity, Financial Capacity, Company Details, and Statement of Truth and supporting Attachments relating to ML 70454, for the Departments' consideration.

I trust this information meets with the Departments' requests, and we are only to please to provide further information, if required. Waratah are pleased the Department are progressing ML 70454 and the development of the Galilee Basin and we look forward to working closely with you on the Project.

Kind Regards,



Nui Harris
Chief Executive Officer





COMMERCIAL IN CONFIDENCE

**Waratah Coal Pty Ltd
Financial and Technical Capability Statement
for Mining Lease Application 70454**

15 January 2016

CONFIDENTIAL

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1. INTRODUCTION

This document has been prepared in response to an 'Information Request' made by the Department of Natural Resources and Mines (the Department) to Waratah Coal Pty Ltd (Waratah) on 8 December 2015. The request for further information is in relation to Mining Lease Application number 70454 (ML 70454) made by Waratah on 30 May 2011, for their Galilee Coal Project, Northern Export Facility or otherwise known as the China First Project (the Project). Waratah are requested to provide information to the Department in accordance with the provisions of section 245(1) of the *Mineral Resources Act 1989* (the Act):

(o)(iv) provide a statement, acceptable to the chief executive and separate from the statement mentioned in subparagraph (iii), detailing the applicant's financial and technical resources;

In accordance with section 245(1) of the Act and requests from the Department, Waratah have prepared information relating to Technical Capacity, Financial Capacity, Company Details, and Statement of Truth and supporting Attachments for the Departments' consideration to further assess ML 70454. See **Attachment A** – the Department, Information Request letter dated 8 December 2015.

1.1 The Proponent

Waratah is a privately owned Australian coal exploration and coal development company that is a fully owned subsidiary of Mineralogy Pty Limited (Mineralogy). Mineralogy is a privately owned resource company with over 20 years of resource, mining, refinery and infrastructure development experience. Key commodities which Mineralogy are involved with include iron ore, nickel, cobalt, coal and oil. Mineralogy is part of a larger entity known as the Mineralogy Group. The Mineralogy Group has extended business interests beyond resources and commodities, which includes holiday resorts and private golf courses. The Mineralogy Group employs over 2,000 people throughout Australia and is one of the largest private employers in Queensland. The Mineralogy Group operates the Yabulu Nickel and Cobalt refinery in Townsville, Nickel dispatch point at the Port of Townsville, Nickel Mine in Marlborough and Greenvale, resort accommodation and golf courses at Coolum, Gold Coast and Port Douglas.

Waratah Coal holds extensive Exploration Permits for Coal (EPC) and Exploration Permits for Minerals (EPM) within the rich mineral basins of Laura, Bowen, Galilee, Styx, Surat, Moreton, Maryborough, Nymboida and the Northern Territory. Waratah Coal has been granted fifteen EPCs, seven EPMs, one Mining Development License and one Mining Lease Application over the Galilee Basin. Waratah Coal's EPCs cover a total area of 10,000 square kilometres (km²) which contain a prospective coal exploration target of 467,030 million tonnes (Mt) of high quality thermal coal. Waratah has successfully explored, developed and managed these tenements since 2006.

Waratah Coal proposes the Galilee Coal Project, Northern Export Facility (the Project) a 40 million tonne per annum (Mtpa) vertically integrated coal and infrastructure project consisting of mine, rail and port. The mine is located north of the township of Alpha, in the Galilee Basin, Central West Queensland and the port site located at the port site of Abbot Point, North Queensland. The rail alignment traverses a predominately north-east alignment connecting the mine to the port. The Project and ML 70454 over lay Exploration Permits for Coal (EPC) 1040 and 1079. Both EPC 1040 and 1079 are own and maintained by Waratah. See Figure 1.1 and web site at <http://waratahcoal.com> for further information.

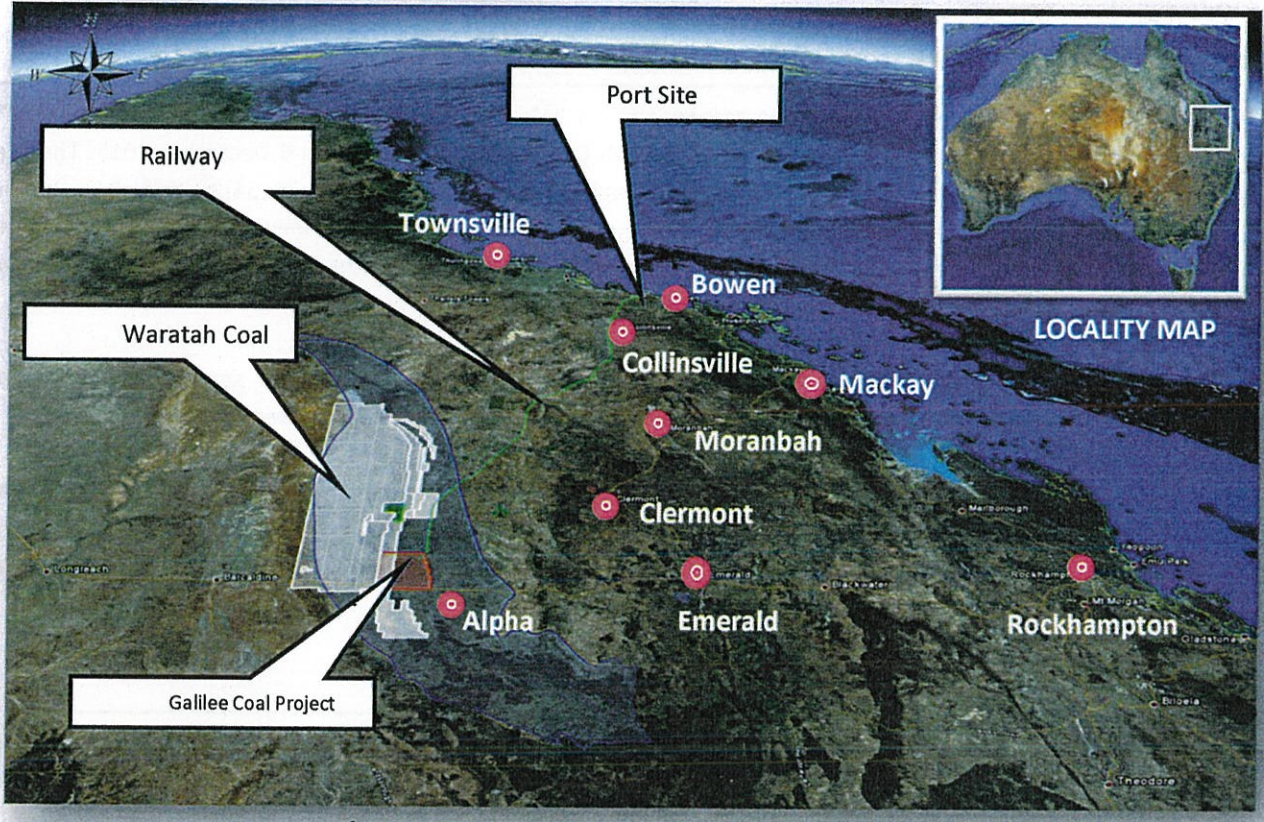


Figure 1.1: Waratah's Galilee Basin Coal Project

2. WARATAH'S TECHNICAL CAPACITY

Waratah and its parent company Mineralogy have both in-house and external technical capabilities to develop and operate the Project and bring forward the grant of ML 70454. Since the inception of the Project in 2008, Waratah have completed an overwhelming amount of project studies and achieved significant project milestones to demonstrate a creditable history of regulatory compliance and technical capabilities, which will deliver the Project to an operational mine and the grant of ML 70454.

Waratah were granted Exploration Permits for Coal (EPC) 1040 and 1079 (underlying tenements for ML 70454) on 22 June 2006 and 2 November 2007 respectively. From grant date to now, Waratah have carried out exploration of EPCs, designed and developed numerous scenarios of mine, rail, port and associated infrastructure plans, developed bankable feasibility studies for mine, rail and port, completed environmental studies and assessments, formed joint venture partnerships, appointed EPC and EPCM contractors, signed take or pay coal sales agreements for twenty million tonnes of coal over twenty five years and secured debt funding for project development of A\$ 6.9 billion.

To that extent Waratah are now at a stage of project development where the Project has defined Joint Ore Resource Committee (JORC) code resources of 3,680 million tonnes of proven resources and JORC code reserves of 1,105 million tonnes of reserves, bankable feasibility studies completed, received approvals from Queensland and Commonwealth Governments for Environmental Approvals for mine and rail, received Commonwealth Government port referral number 2012/6250 and currently have an Initial Advice Statement for a port development at Abbot Point in for consideration with the Office of Co-ordinator General.

The next phase of the Projects' development and works include the detail design, supply and construction of the various project elements. The Project and it's elements are part of a large scale vertically integrated project which will include two open-cut mines and four underground longwall mines in the Galilee Basin, railway from the mine site to Abbot Point and ship berths and coal loaders at the Port of Abbot Point to facilitate the loading and shipment of the Projects' export thermal coal. The schedule time period from project construction to production commissioning is approximately 46 months. This schedule assumes conventional execution strategies will be adopted, including:

- Client based procurement of equipment and vendor packages;
- Vendor design and construction of packages;
- Offshore supply of mining and infrastructure equipment;
- Rail and Port equipment and infrastructure supplied by international vendors;
- Site wide construction packages by discipline;
- Combined worldwide logistics package, ensuring controlled supply to site; and
- Turn-key fixed priced contract with China, Japan, North America and Germany on certain equipment.

Further information relating to the Project work schedule can be found in **Attachment B**.



The Project and the grant of ML 70454 will be developed by an experienced board and management team comprising of members from Mineralogy, Waratah and Joint Venture Partners. Management have been successful delivering on exploration of EPCs, design of mine, rail, port and associated infrastructure, developed bankable feasibility studies for mine, rail and port, completed environmental studies and assessments and approvals for the Project.

Waratah and its board has successfully demonstrated their ability to attract overseas project interest in mine, rail and port infrastructure contractors, forward trading coal sales contracts and project debt financing. With Waratah's experience they will appoint an internationally recognised Australian engineering consultant with strong local experience in delivering successful infrastructure project of this size. As owners' engineers, this group will be responsible for ensuring the design and construction phases of the project are to Australian Standards and in line with the relevant legislative requirements. An outline of the management team, together with proposed or similar strategic partners associated with the Project, is illustrated in Figure 2.1

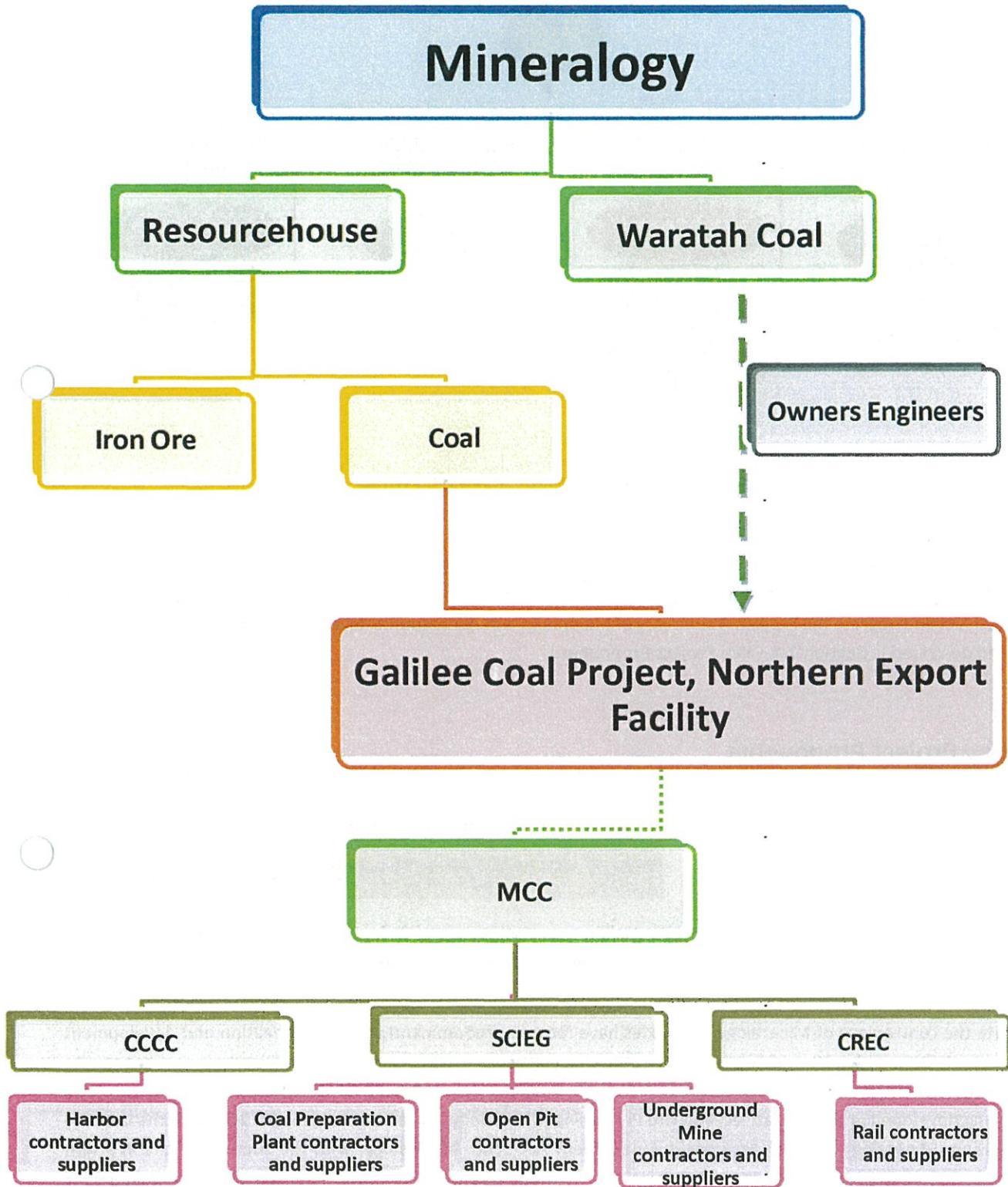


Figure 2.1: Project Construction Management Structure.

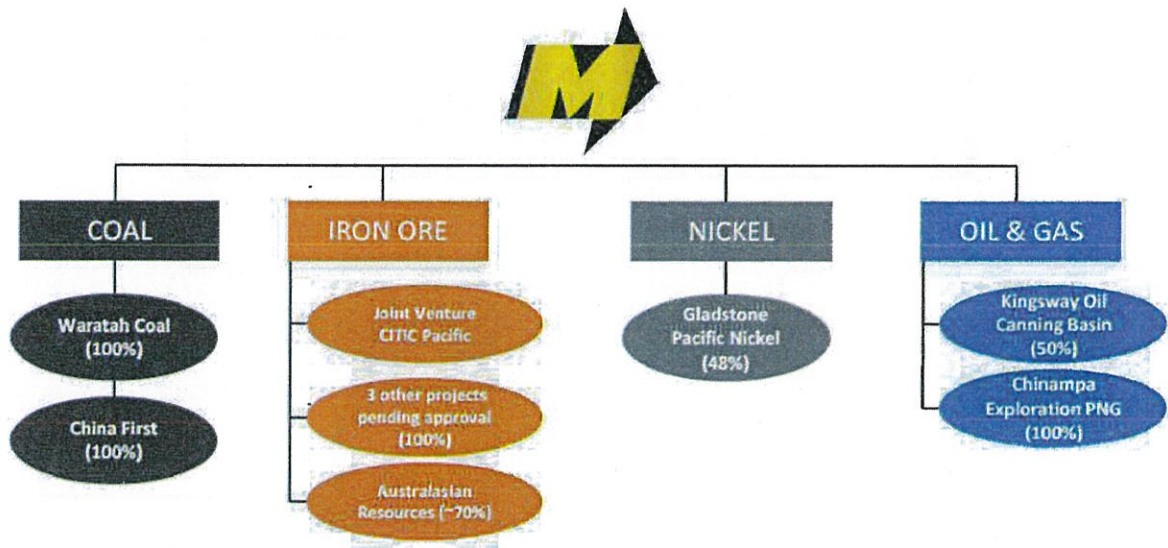


Figure 2.2: - Mineralogy Corporate Profile.

Mineralogy has a history and proven track record of successfully operating large scale mining, rail, port and refinery business and delivering new infrastructure projects. Waratah will draw on this experience and the relevant expertise to construct and operate the Project. A summary of Mineralogy’s major resource developments are provided in **Figure 2.2** and described in Section 2.1 – Key Project Proponents.

2.1 Key Project Proponents

Mineralogy



Mineralogy Pty Limited is a privately-held Australian resource company. It has over 20 years’ experience in the exploration and development of mineral resources, predominantly iron ore, coal, nickel and oil, as illustrated in Error! Reference source not found..

To date the centrepiece of Mineralogy’s activities have focused predominantly on the delineation and development of prospects from within its world class iron ore portfolio, estimated to be in excess of 160 Billion tonnes of magnetite ore resource, located 80 km south of Dampier in Western Australia Pilbara region. All of Mineralogy's iron ore projects are being developed under the ratified Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002 and the Iron Ore Processing (Mineralogy Pty Ltd) Agreement Amendment Act 2008. Mineralogy, with the support of the Western Australia Government to develop multiple projects under these Acts, is well advanced to establish additional projects with its current exploration and development activities of its remaining iron ore deposits in the Pilbara.

CITIC Pacific Sino Iron Project



In April 2006, Mineralogy signed a deal with Chinese trading house CITIC Pacific Mining worth approximately \$415 million to develop a small portion of the 160 Billion tonnes of magnetite iron ore that it owns. The Sino Iron Ore Project is the first magnetite project of its scale in Western Australia and when complete, will be one of the world's largest mines. It is a visionary and innovative new project which will unlock the significant potential of the Pilbara's vast resources. The project is currently in production exporting high grade magnetite to China.

Balmoral South Project



International Minerals (IM) a wholly owned subsidiary of Australasian Resources Limited (ARH), has entered into a series of agreements with Mineralogy Pty Ltd. (Mineralogy) which provide access to all of the Mineralogy tenements necessary to carry out the Balmoral South iron ore Project (Balmoral South Project)

It is reputedly the world's largest undeveloped magnetite resource which, according to estimates by Hellman & Schofield Pty Ltd independent geological consultants, has the potential to host 60 – 100 Billion tonnes of magnetic banded iron formation. International Minerals has the right to mine 1 billion tonnes of magnetite iron ore from the Susan Palmer deposit within the "Southern Block" of the Balmoral resource located approximately 100km southwest of the town of Karratha.

The project involves Mining of magnetite ore, processing the ore into concentrate and subsequently into 12mtpa Direct Reduction (DR) grade pellets. The product will then be exported through a port at Cape Preston, located 20km from the Balmoral South Project.

Gladstone Pacific



In Queensland, Mineralogy holds a large stake in Gladstone Pacific with a vision to build a major long-life nickel cobalt refinery at the deep-water port at Gladstone, in Central Queensland, Australia. The project has the potential to be one of the largest of its type in the world producing some 120,000 tpa nickel and 10,000 tpa of cobalt metal, exported to a growing export market, primarily to meet the increasing demand for stainless steel.



Waratah Coal



Waratah Coal, established in 2006, is an exploration and development company of coal projects in Australia. On January 5th 2009, Mineralogy Pty Ltd acquired Waratah Coal. Waratah Coal has taken a large exploration position within Queensland, with over 15 Exploration Permit for Coal granted. This includes the Project tenements, with further plans to accelerate new project investigations, such Alpha North and Carmichael, on the back of future global economic growth and demand for thermal coal. In Queensland, Waratah Coal presently holds 15 granted EPC's, 7 Exploration Permits for Minerals (EPMs), three Mineral Development Licences and two Mining Lease Applications. Additionally, Waratah Coal holds other EPC's and EPMs in New South Wales and the Northern Territory. Waratah's in-house management team supporting the Project are provided in Attachment C.

2.2 Strategic Partners

The Project will be jointly developed and operated by both International and Australian constituents. The Project was designed and agreements setup for MCC to be the ECPM contractor. Waratah will engage MCC or similar contractor to manage a syndicated group of several vastly experienced construction companies including SCIEG, CREC, CCCC or similar companies. A capability statement for MCC illustrating their vast experience in EPCM contracts in a resource development capacity and letters of support are shown in Attachment D, demonstrating the Project's manager's ability to source credible and capable contracting groups to develop the Project.

ENGINEERING, PROCUREMENT, CONSTRUCTION, MANAGEMENT CONTRACTOR



Metallurgical Corporation of China Ltd (MCC) is one of China's leading industrial construction companies and has been awarded the principal fixed price, lump sum EPCM contract for the entire Project. MCC is listed on the Stock Exchange of Hong Kong and the Shanghai Stock Exchange. MCC have undertaken similar construction management works for other international projects in China, Brazil and Venezuela. MCC boasts total assets of as much as

\$4.6 Billion USD and a wealth of over 56,000 technical and managerial employees.

PRIME TECHNICAL ENGINEERING CONTRACTORS



China Railway Group (CREC) is an integrated construction group in the PRC principally engaged in infrastructure construction, including railways, highways, bridges, tunnels, metropolitan railways such as subway and light railways, buildings, irrigation works, hydroelectricity projects, ports, docks, airports and other municipal works. China Railway Group is listed on the Stock Exchange of Hong Kong. As of 2007, China Railway Group had participated in all of the PRC's major domestic railway construction, with a total length of over 50,000 km, accounting for more than two-thirds of the PRC's total railway operating mileage. At that time, China Railway Group had also participated in the construction of more than 4,230 km of bridges, 3,900 km of tunnels (excluding subways) and 3,400 km of expressways. China Railway Group has also provided construction and construction related services for more than 230 overseas projects in more than 55 countries and regions since the 1950s.



Sino-Coal International Engineering Design & Research Institute (SCIEG) is an internationally recognized designer of state-owned coal mines for the PRC Government. Sino-coal International is a large-scale science-corporation group made up by six comprehensive A-grade survey and design institutes (companies) qualified on project prospecting, designing and contracting, and conformity. Established in 1952, Sino-coal International is one of the oldest professional coal mine design institutes in the PRC. Sino-coal International has taken a leading position in the coal industry and the coal survey and design industry. Sino-coal International undertakes coal mine construction, electric engineering, municipal engineering and civil construction projects including EPC, designing, consulting and supervision. Sino-coal International holds ISO 9001 quality system certification and has over 3,500 employees with approximate breakdown as follows: over 130 professor level senior engineers, over 1,200 senior engineers, 45 grade-1 certified architects, 149 grade-1 certified structural engineers, 63 certified cost engineers, 21 certified public accountants and 543 certified supervising engineers.



China Communications Construction Company First Harbour Engineering Co. Ltd (CCCC) is a large transportation infrastructure group in the PRC principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing. It is a leading port construction and design company in the PRC. It has participated in projects in Asia, Africa, the Middle East and South America in the past 20 years. China Communications Construction is listed on the Stock Exchange of Hong Kong.

3 WARATAH'S FINANCIAL CAPACITY TO IMPLEMENT THE PROJECT

Bankable Feasibility Studies (BFS) for the Project were completed by Worley Parsons and MCC with cooperation from experienced construction companies SCIEG, COVEC and CCCC and an independent third party analysis for the Project's financials was reviewed by financial analysis James F. King. These studies involved a comprehensive financial evaluation of project capital expense (CAPEX), operational expense (OPEX) and potential revenues of the Project and what the Project may reasonably expect to achieve over a Life of Mine (LOM) period of 25 years. The studies concluded that the Projects' forecasted revenues can manage capital costs and deliver sustainable positive long-term cash flow and be strong in solvency and risk resistance. On this basis a decision to proceed with the Project was subsequently made by Waratah, where it is expected that a profit would be realised from year five of production.

3.1 Project Business Model

Waratah's vision when developing the Project is to capitalise on the growing demand for thermal coal, primarily in China and Asia Pacific regions, through the development of its large scale thermal coal project in cooperation with leading world contractor organisations. The Project plans a rate of production of 40 million tonnes per annum of thermal coal over a project production life of 25 years.

The Project is a large scale vertically integrated project which will include two open-cut mines and four underground longwall mines in the Galilee Basin, railway from the mine site to Abbot Point and ship berths and coal loaders at the Port of Abbot Point to facilitate the loading and shipment of the Projects' export thermal coal. The estimated capital cost of the Project is approximately A\$ 8.04 Billion.

The Project has entered into and received the following in support of the development, financing and purchase of export coal from the Project:

- Signed an EPCM Contract for the development of the Project appointing MCC Overseas Ltd (MCC) as the engineering, procurement and construction management contractor. MCC Overseas Ltd is a subsidiary of Metallurgical Corporation of China which is a PRC state-owned enterprise and is one of the largest engineering and construction companies in the world, see **Attachment D**.
- Received a Letter of Intent from the Export Import Bank of China (China Eximbank) for a buyer's credit facility for approximately 85% of the total capital cost of the Project. China Eximbank, which is wholly owned by the PRC Government promotes foreign trade and acts as a key channel of policy financing for offshore engineering and construction contracts and overseas investment projects by PRC companies, see **Attachment E**.
- Signed a Framework Agreement for the appointment of China Railway Group Limited (CREC) as EPC contractor for the construction of the rail and associated infrastructure for the Project. The capital cost of the Project's railway and associated infrastructure is approximately A\$ 2.506 billion. CREC is one of the PRC's leading construction groups (having participated in all of the PRC's major domestic railway construction as of 2007 at a total length of over 50,000 km) and has also provided construction and related services for more than 230 overseas projects in over 55 countries and regions worldwide since the 1950's, see **Attachment F**.
- Signed a Memorandum of Understanding with China Communication Construction Company Ltd (CCCC) to negotiate and finalise an EPC contract for the construction of the port facilities and associated infrastructure

for the Project. The estimated capital cost of the Project's port facilities and associated infrastructure is approximately A\$ 1.705 billion. CCCC is a PRC state-owned enterprise and is a leading port construction and design company in the PRC, see **Attachment G**.

- Received a letter of support from China Coal Technology & Engineering (Sino Coal) to participate in the development of the Project as the contractor for the mine development and associated infrastructure works. Sino Coal is a PRC state-owned enterprise and is an internationally recognised designed of state-owned coal mines for the PRC government, see **Attachment H**.
- Signed a coal purchase and supply agreement with China Power International Holding (China Power). China Power has conditionally agreed to take up to 50% or 20 million tonnes per annum of thermal coal produced by the Project for 21 years. China Power is a leading power generation company in the PRC and is owned by one of the five state-owned power-generating groups in the PRC, see **Attachment I**.

3.2 Project Loan Arrangements

The Project has received a Letter of Intent from the Export Import Bank of China (China Eximbank) for a buyer's credit facility for approximately 85% of the capital cost of the Project (i.e. approximately A\$ 6.834 Billion). China Eximbank, which is wholly owned by the PRC Government promotes foreign trade and acts as a key channel of policy financing for offshore engineering and construction contracts and overseas investment projects by PRC companies. The remaining 15% of the capital cost of developing the Project (ie approximately A\$ 1.2 Billion) is expected to be funded by private equity. Private equity letters to date have come from MCC and CREC, each intending to contribute A\$ 200.0 million, the raising of further equity will continue. See **Attachment I** for further information.

3.3 Project Budget

A Project budget is attached and a review report completed by an independent third party analysis James F. King. The report presents an independent analysis of the Project costs and the financial viability of the Project in today's commodity market environment. The analysis is based on the Project constructing and utilising mine, rail and port infrastructure as part of the vertically integrated project model and extracting 40.4 Mtpa of product coal over a life of mine period of 25 years. The construction period to full production is 46 months. The report relies on information supplied on quantities, capital costs and operating costs provided from studies including works by Worley Parsons and a Project Financing Study completed by MCC. All capital and operating costs in those studies have been verified by Promet Engineers Pty Ltd.

The report details budget elements of capital costs, production costs, financial assumptions and financial cash flows. Overall capital costs for mine, rail and port, report A\$ 8.04 billion, the mine being A\$ 3.831.0 billion, rail A\$ 2.506 billion and Port \$A 1.705 billion. Operating costs for the project at full production of 40.4 Mtpa, averages at A\$ 51.0 per tonne or US\$ 39.3 per tonne. Based on these variables and others the project reports an N.P.V. by year 5 of \$US 7.123 billion. Waratah will commence capital works and draw down construction capital from bank facilities when project equity has been fully raised. Waratah have sufficient funds to engage in preliminary project activities and maintain tenure security. For further budget information see **Attachment J**.

4 WARATAH COMPANY DETAILS

Table 4.0 below provides the full details of Waratah Coal Pty Ltd, Australian Company Number and registered address and company contact person.

TABLE 4.0: PROPONENT CONTACT DETAILS

PROponent DETAILS	
Full name:	Waratah Coal Pty Ltd
Place and date of incorporation:	Brisbane, 6 May 2005
Company number:	114 165 669
Address of registered office:	Mineralogy House Level 1, 380 Queen Street
Address for correspondence and notices (no PO box):	As above
Email address for correspondence and notices:	nharris@waratahcoal.com
Name and position of the individual nominated as Proponent's contact person (must be contactable at the addresses and numbers stated above):	Nui Harris CEO

4.1 Authorised Representative

Table 4.1 below provides the full name, current address, date and location of birth for the authorised project representative.

TABLE 4.1: AUTHORISED REPRESENTATIVE

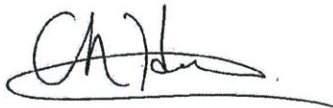
Authorised proponent representatives	Full name and current address	Date and location of birth
CEO	Nui Harris, Lv1 380 Queens Street, Brisbane 4000	23 March 1963, Mackay

5 STATEMENT OF TECHNICAL AND FINANCIAL RESOURCES AND TRUTH

This documents provides a comprehensive view of Waratah's technical and financial resources and a mechanism and strategy to develop the Project. A letter is provide in **Attachment K** describing the same for your information.

This statement can confirm that the information provided is true, complete and accurate including an execution clause signed by an authorised officer such as a Chief Executive Officer.

I, the undersigned, confirm that the information contained in this document is true, complete and accurate,



.....

Mr Nui Harris

Chief Executive Officer

Waratah Coal Pty Ltd



ATTACHMENT A – DEPARTMENT INFORMATION REQUEST LETTER



Information Request

Section 245 of the *Mineral Resources Act 1989*

Reference: ML 70454
Date: 8 December 2015

Waratah Coal Pty Ltd
GPO Box 1538
BRISBANE QLD 4001

Dear Nui,

I refer to Mining Lease application 70454 lodged on 30 May 2011.

To enable further consideration to be given to your application, it is requested that you provide further information in accordance with the provisions of section 245(1) of the *Mineral Resources Act 1989* (the Act):

(o)(iv) *provide a statement, acceptable to the chief executive and separate from the statement mentioned in subparagraph (iii), detailing the applicant's financial and technical resources;*

A statement as above, dated 26 May 2011, was received with your application lodged on 30 May 2011. As this information may have changed significantly since that time, please provide an updated financial statement with supporting evidence.

Please provide this information by 15 January 2016. Failure to provide this information may result in your application being rejected pursuant to section 250(1) of the Act.

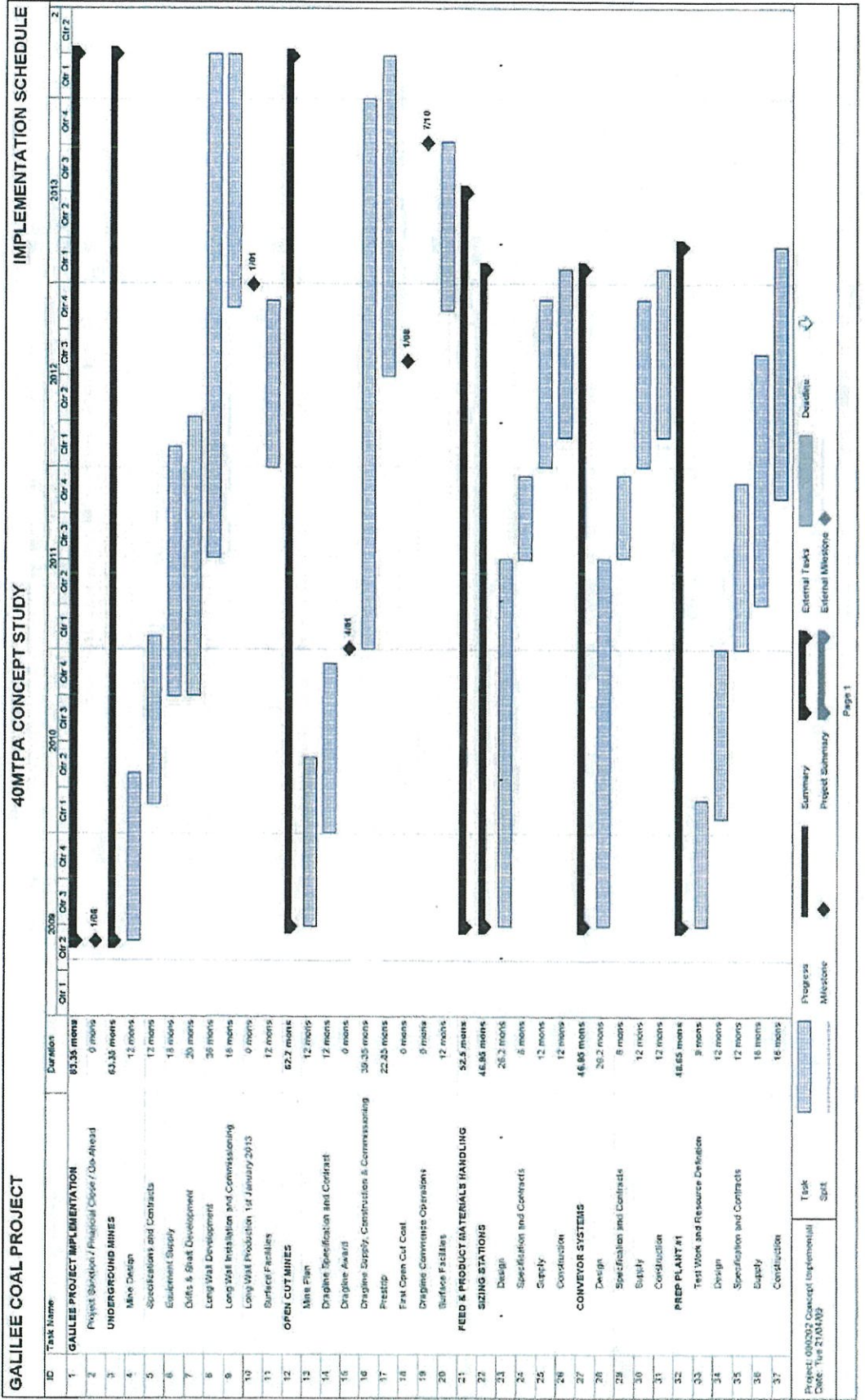
Please do not hesitate to call myself on +61 (07) 4936 0139 or debbie-jo.macdonald@dnrm.qld.gov.au if you require further information.

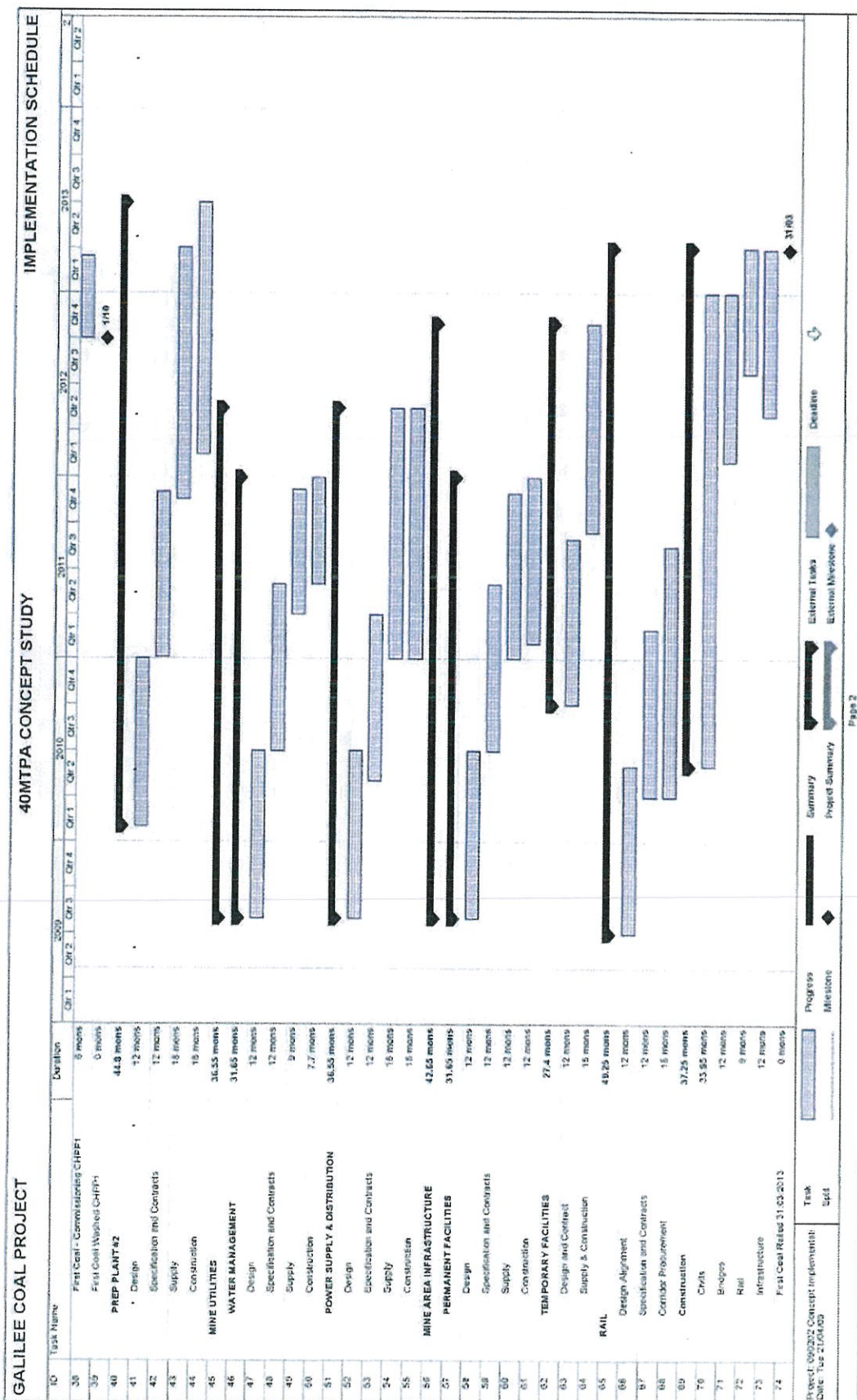
Yours Sincerely

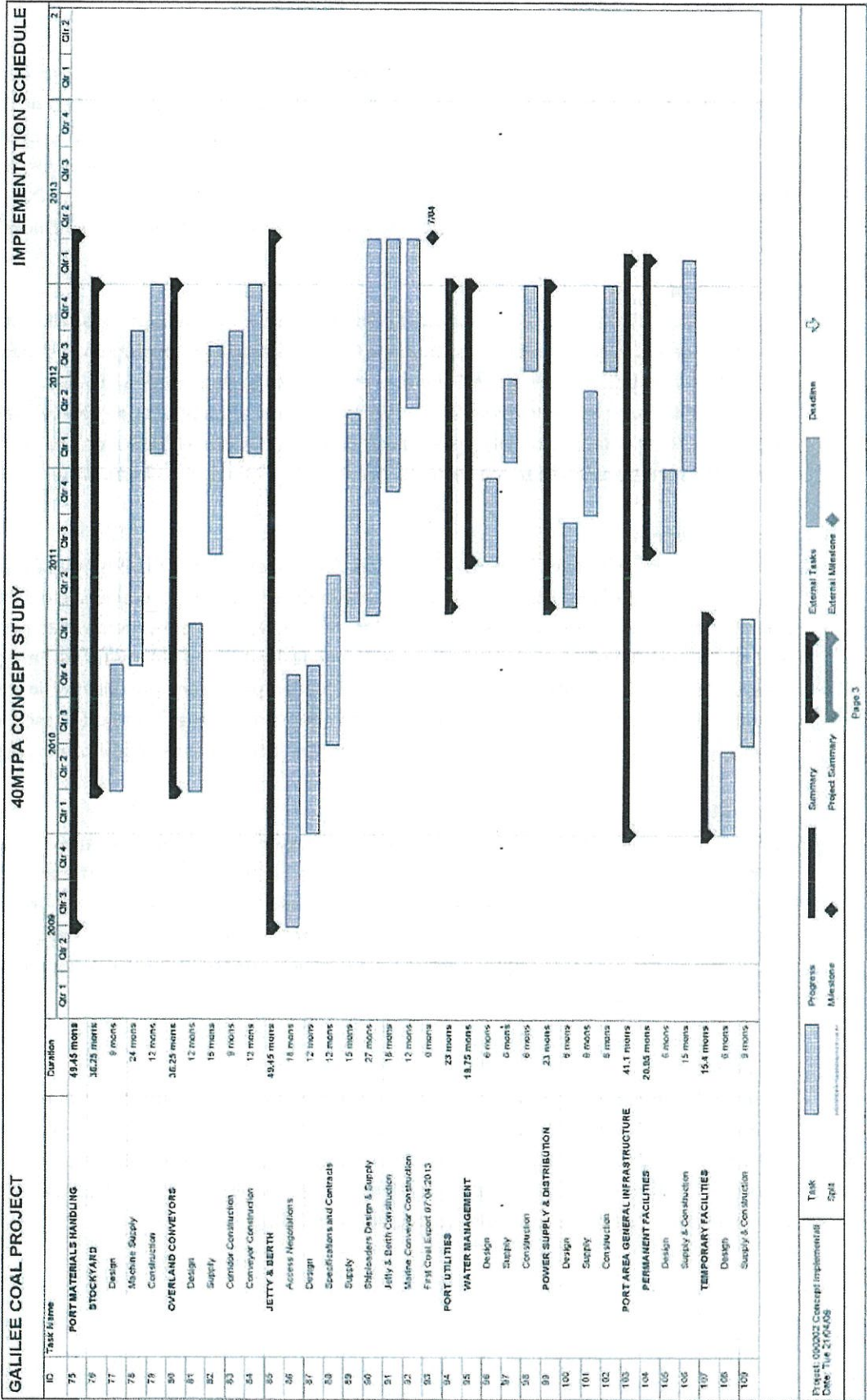
Debbie-Jo MacDonald
Principal Mining Registrar Assessment
Coal Assessment Hub



ATTACHMENT B - PROJECT SCHEDULE







ATTACHMENT C – WARATAH SENIOR MANAGEMENT

Nui Harris

Nui has over 30 years of experience in corporate, operational, construction and exploration phases of mining and construction projects throughout Australia. Currently Nui holds the position of CEO of Waratah Coal Pty Ltd, having held this position since 2012. He also holds directorships in Fairway Coal Pty Ltd, which is part of the Mineralogy Group of companies, a resources, mining and refinery company dealing in oil and gas, magnetite, nickel and cobalt. Prior to Waratah Coal, he held positions of project manager at the mining sites of Oaky North, Oaky Number One, Moorvale, Carborough Downs, Isaac Plains, Ravenswood Gold and McArthur River Zinc mine.

John Blanning

John is a senior mining professional who has gained extensive experience in Australia and West Africa. John has over 30 years in coal in Australia, most recently as the General Manager of Moolarben Coal Operations in the Upper Hunter Valley of NSW and previously as the General Manager at BMA Blackwater Mine after being transferred from General Manager BMA Saraji Mine. John worked in WA as the Head of Mining for Fortescue Metals Group Limited and was responsible for the start-up of Fortescue's Cloud Break and Christmas Creek iron ore operations in the Pilbara region. After FMGL John transferred to the UK to be Vice President Mining for African Minerals Limited.

Shirley Morgan

Shirley is a lawyer with over 16 years' experience. She currently holds the position of Legal Counsel with Mineralogy Pty Ltd and has significant international experience in the energy and resources sector. Shirley is qualified to practice law in Australia, England & Wales and has acted as a legal advisor in connection with major energy projects in Australia and the United Kingdom. These include the Channel-Island based International Energy Group, the UK's biggest independent gas transporter and a major piped liquefied petroleum gas provider in Portugal. She also acted for investment house Babcock & Brown in respect of a number of its energy projects based in the United Kingdom. Her areas of specialisation include corporate law, project law, acquisitions law and corporate finance.

James Muir

James Muir is a senior commercial and coal technology marketer with extensive overseas experience in mining operations bulk earthworks and rehabilitation, safety, scheduling and pit to port transportation. James' career spans infrastructure and mining financing and he was the Head of Infrastructure for 7 years at the European Bank for Reconstruction and Development (EBRD) in London. Following EBRD James continued in London with PriceWaterhouseCoopers (PwC) for 5 years consulting in business strategic development, mergers and acquisitions, and market analysis for public and private sector.

Chris Cooper

Chris is a Chartered Engineer and successful manager with over 34 years of experience in managing and delivering large key underground and marine infrastructure projects. Currently Chris is Project Director, for the construction and delivery of Jaipur Metro. Chris has successfully executed a broad range of key senior managerial positions including : Delhi metro: China First mine rail port linear project, Adelaide desalination tunnels and Marine works, Channel tunnel, Taipei Metro, Marine foundation and drilling.



Richard Van Laeran

Richard is an experienced and highly qualified mine engineer with 25 years' experience in the Australian coal industry in both Open Cut and Underground Mines. While the Technical Services Manager for Moolarben Coal Operations, Richard was instrumental in increasing JORC reserves, improving product yield, reducing Greenhouse Gas Tax Liability.

Luke Bowden

Luke is an environmental practitioner with greater than 20 years' experience in mining, construction, oil and gas in Australia, Singapore, Indonesia and Malaysia. He is a senior environmental manager who has project managed multi-million dollar development approvals and construction projects in QLD, WA, NSW and Victoria. Luke has managed large compliance teams, managed multi-million dollar operational and capital budgets and is a registered environmental auditor and has worked for mining houses such as Xstrata, BHP and Leighton.

Robert Patterson

Robert has 24 years' experience in Work Health and Safety and Human Resource Management, with a particular focus on the mining, quarrying, manufacturing and construction sectors. In successive roles he was instrumental in developing and co-ordinating organisation-wide rollouts of systems and cultural development that have embedded health and safety ownership and a collaboration in working towards zero harm.



**ATTACHMENT D – MCC AGREEMENT AND PRIME TECHNICAL
ENGINEERING CONTRACTORS**

MCC 中国冶金科工股份有限公司
Metallurgical Corporation of China Ltd.

地址 中国北京市朝阳区曙光西里28号中冶大厦 邮编 100028
电话 86 10 59869999 传真 86 10 59869988
网址 www.mcc.com.cn

Ref. No. MCC/2011/China First/09

Date: 04/05/2011

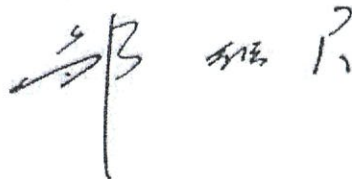
To: Mr. Clive Palmer,
Chairman of Resource House Ltd. and China First Pty Ltd.
Add: Level 10, 60 Edward Street
Brisbane, Queensland Australia
GPO Box 89 Brisbane QLD 4001 Australia
Tel: +61 7 3303 0676
Fax: +61 7 3210 1171

The confirmation letter to China First Project

Dear Mr. Clive Palmer:

Being the EPCM Contractor of China First Coal Project, MCCO will take full responsibility in coordination with China Railway, CCCC, China Coal as well as other relevant project construction enterprises. In relation to China First Coal project duration, we believe it is possible to complete the Project within 3 years from the commencement of the construction with the pre-requisite of no effect on the China First Coal project schedule from EIA, Australian government authority approvals, community coordination, Chinese labors access to Australia and on-time project payment to the Contractors.

Kindest Regards



Zou WeiMin
Chairman of MCC Overseas Ltd.

Add: No. 28 Shuguangxili, ChaoYang District, Beijing, P.C.: 100028
Tel: 0086 10 5986 9348 Fax: 0086 10 5986 9741

Framework Agreement

This Framework Agreement is made on the 22nd of July, 2009

Between

China First Pty Ltd of Level 10, 60 Edward St Brisbane Queensland
(hereinafter referred to as China First)

AND

Metallurgical Corporation of China Limited of No. 11 Gaoliangqiao
XieJie, Haidian Beijing, People's Republic of China (hereinafter referred
to as MCC)

Whereas

A. MCC is a Chinese construction company with international experience and expertise; MCC OVERSEAS LTD. is one of MCC's 100% owned subsidiary and is fully authorized to conduct negotiations and performance of the following mentioned project on behalf of MCC.


B. China First is an Australian resources company with a project to establish a large coal mine in the Galilee Basin in central Queensland to produce a minimum of 40,000,000 tons a year of

coal, a railway with rolling stock to connect a new port and loading facility at Abbott Point with the mine to export all product (Hereinafter referred to as THE PROJECT); The parties acknowledge that based on the Galilee Coal Project 40MTPA Study dated April 22, 2009 prepared by Worley Parsons, the total capital cost for the project was approximately estimated at Six billion US dollars whereas the final price will be decided through negotiations based on site investigation and study between the parties.

- C. Both sides have recognized strengths each party has, and synergies it might produce if two parties work together on THE PROJECT.

The parties hereto have reached an agreement of each other's objectives towards the signing of the project final agreement and agree as follows:

1. MCC proposes to be the EPC (Engineering, Procurement and Civil) main contractor of THE PROJECT in accordance with the front end engineering design of THE PROJECT to be provided to MCC by China First.
2. MCC proposes that the selling of all the product Coals from THE PROJECT over a 20 years period or the production period



of the PROJECT, whichever is longer, is based on exclusive sales agreement by MCC to purchase, Both parties will carry through further negotiations and sign a final sales agreement.

3. MCC has agreed to assist China First for facilitating Export Buyer's Credit from Chinese banks or other sources on normal project finance conditions for up to 70% of the total capital cost including working capital in terms of MCC's bid for THE PROJECT.
4. The parties have agreed that the project will be contracted by MCC as the EPC main contractor and MCC is responsible to procure all the engineering equipments and main architectural materials from China for THE PROJECT, and MCC shall provide a turnkey lump sum proposal with full capital cost in accordance with the front end engineering design of THE PROJECT to be provided to MCC by China First.
5. MCC's bid and EPC contract shall be in accordance with the front end engineering design of THE PROJECT prepared by China First and shall be commercial competitive in accordance with its price and normal industry terms and conditions for such Projects.

VL CP³

6. China First has agreed and MCC has agreed that 75% of the estimated 40 million tons/annum coal products which is 30 million tons coal products per annum will be purchased by MCC over a 20 years period or the production period of the PROJECT, whichever is longer. Both parties will carry through further negotiations and sign a sales agreement.
7. Main work activities, fees in each phase and time schedule towards the completion of the project final legal agreement after the signing of this Framework Agreement are as follows,

No.	Work Activities	Fees	Time Schedule
1	The signing of a Technical study Agreement for Chinese financing		Before the 20 th of July 2009
2	Technical Study Implementation		Four months
3	Project Financing		Three months
4	Preliminary Design	Decide later	Six months
5	Working out and Signing of the final EPC contract		Three months

8. In respect of work activities 1, 2 and 3 in above item 8, China First shall pay one point five million US Dollars (USD 1,500,000) to MCC's designated account within 5 business days of execution of this agreement and a further amount of one point

HL CP⁴

five million US Dollars (USD 1,500,000) shall be paid by China First to MCC in the following two installments: 1) one million US Dollars (USD 1,000,000) shall be paid by China First to MCC within 5 business days upon MCC providing a draft Technical Report to China First. 2) the remaining five hundred thousand US Dollars (USD 500,000) shall be paid by China First to MCC within 5 business days after MCC provides the Technical Report to be used by Chinese Banks to China First. MCC shall be responsible and pay all costs over three million US Dollars (USD 3,000,000) for the Technical Report, which shall be suitable to be used by Chinese Banks for the purpose of Chinese banks providing finance to the project. The report shall be in Chinese and English Language and one copy of the report in each language shall be provided to China First by MCC.

9. China First shall be responsible for obtaining all Australian and Queensland Government Approvals including environmental approval to allow the Project to commence construction in accordance with the completion of item 5 on the schedule above.
10. In respect of the matters contained in this agreement the parties have agreed to conduct negotiations on an exclusive basis for the PROJECT.



11. Governing Law: This agreement will conform to all relevant Australian and Chinese Laws and regulations.
12. Both parties shall negotiate in good faith if there are any other issues occurring in finalizing final legal agreements for THE PROJECT. Failing that, the issue shall be submitted to HKIAC in Hong Kong for arbitration in accordance with its rules.
13. The Parties shall not disclose or use, and shall direct its representatives not to disclose or use, the content of this agreement and any other Confidential Information in connection with this agreement without prior written consent of the other party except for the purposes of THE PROJECT or as required by any Law or the rules of any stock exchange.
14. The official language of this agreement shall be English. Communication between the Parties shall also be in English.
15. This Agreement shall be prepared in four copies, and shall come into force upon signing by the authorized representatives of the parties with each party retaining two originals.
16. If for any reason China First does not receive the export credit from Chinese banks as provided in paragraph 3 by the 31st December 2010 then China First shall be released from

 ⁶ CP

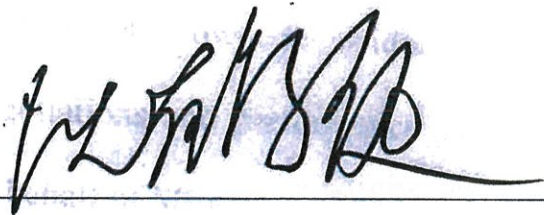
obligations under this agreement except for those as provided in paragraph 8.

EXECUTED by CHINA FIRST PTY LTD

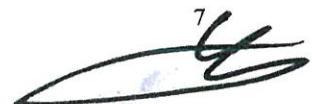


Signature of Chairman · MR. CLIVE PALMER

**EXECUTED by Metallurgical Corporation
of China Limited**



Signature of Chairman MR. SHEN HE TING



ATTACHMENT E – EXIM BANK - PROJECT DEBT FINANCE



中国进出口银行
China Eximbank
THE EXPORT — IMPORT BANK OF CHINA

ORIGINAL

Ref.No.: 2011-147

Date: May 31, 2011

TO: China First Pty Ltd, Australia
Level 8, 380 Queen Street
Brisbane, Queensland, Australia 4000

CC: Metallurgical Corporation of China Ltd.
No.28 Shuguangxili, Chaoyang District, Beijing PRC, 100028

LETTER OF INTENT

On: CHINA FIRST COAL MINE DEVELOPMENT
PROJECT(hereinafter referred to as the “Project”)

This refers to the application for a buyer’s credit facility to finance the captioned project. We (the Export–Import Bank of China) have examined the documents being provided. We would like to issue our Letter of Intent to express our willingness and interest to finance the Project based on the following assumptions:

1. The documents provided by China First Pty Ltd, Australia are true and accurate.
2. The Feasibility Study Report prepared by Metallurgical Corporation of China Ltd (hereinafter referred to as the “EPCM Contractor”) for the Project is acknowledged by and accepted by China First Pty Ltd, Australia .
3. The Project shall meet the conditions and requirements of the credit policy of our bank and there shall be no adverse development in the capital or money markets and in the regulatory environment which could affect the performance of this official paper as of the date first above written throughout to the signing date of the loan agreement to be signed by and between our bank and China First Pty Ltd, Australia (hereinafter referred to

as the "Loan Agreement").

4. The contracts including but not limited to EPCM contract, Coal Purchase Agreement and EPC contracts between China First Pty Ltd and the potential Chinese participants has been duly signed and come into force.

This Letter of Intent will be valid until October 21, 2011. The terms and conditions under this Letter of Intent may be reviewed or revised from time to time exclusively by our bank taking into account of the market conditions then prevailing.

The successful raise of the equity of the Project (30% of the total investment amount) is the precondition for the grant of this facility. The grant of this facility is subject to result of the due diligence and the final approval of the management level of our Bank. The execution of the Loan Agreement by the Lender is subject to the final approval of Chinese Government and Australian Government.

The basic indicative terms and conditions of the proposed financing are as follows:

Borrower	China First Pty Ltd, Australia
Lender	The Export-Import Bank of China, or the bank syndication organized by The Export-Import Bank of China
Contractor	Consortium organized by the EPCM Contractor. The potential participants in the Consortium currently include China Coal Technology & Engineering Group Corp, China Railway Group Co. Ltd and China Communication Construction Co. Ltd.
Currency	US Dollar or RMB
Facility Amount	Up to 85% of the total amount of construction contract
Credit Period	No more than 15 years, the exact tenor of the Credit is to be decided based on the construction period and the cash flow projection of the project

Interest Rate For USD:
When 6 Month Libor is 3.5% or less, the Interest Rate is 6 Month Libor plus 550BP.
When 6 Month Libor is greater than 3.5% up to 8% or less, the Interest Rate is 9%.
When 6 Month Libor is greater than 8%, the interest Rate is 6 Months Libor plus 100BP.
For RMB: to be discussed

Security To be negotiated and decided by the parties based on the advice of the legal counsel.

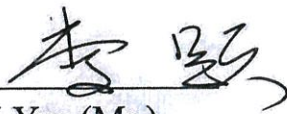
Upfront Fee 0.65% of the Loan Amount payable within a period of 30 (thirty) days after the signing date of the Loan Agreement.

Commitment Fee 1% per annum of the undisbursed amount of Loan Agreement

Management Fee 1% of the Loan Amount, payable prior to the first drawdown from the facility

Repayment Twice a year since the end of the Disbursement Period

Yours truly,


Li Yue (Mr.)
Assistant General Manager
Corporate Banking Department
The Export-Import Bank of China



**ATTACHMENT F – CHINA RAIL ENGINEERING CORPORATION – RAIL
CONTRACTOR**

中国中铁股份有限公司

8 March 2010

To The Board of Directors
Resourcehouse Limited
Level 7
380 Queen Street
Brisbane QLD 4000

Dear Sirs,

We express our strong support for Resourcehouse, as a diversified resources company focused on and supporting the Chinese Economy. It will greatly benefit China, the Chinese economy and its people through the development of major thermal coal, iron ore and oil and gas assets.

In particular, we are proud to be one of the significant Chinese company's which have signed agreements to build, fund and buy most of the product from the China First Coal Project. We are proud to support the China First Coal Project and we have agreed to join Sinocoal International Engineering Group, China Communications Construction Company Ltd and MCC Overseas Ltd in the development of this Project as the contractor for the rail and associated infrastructure works.

We would like to thank the directors and senior management led by Professor Clive Palmer for the cooperation with Chinese executives in the resource industry, and your initiative in developing Resourcehouse's projects with such a strong involvement of Chinese companies and people.

We expect to provide further support to Resourcehouse as you grow and develop the assets in mutual prosperity with China.

Kind Regards,


Chairman
CHINA RAILWAY GROUP LIMITED





**ATTACHMENT G – CHINA COMMUNICATION CONSTRUCTION COMPANY –
PORT CONTRACTOR**



中国交通建设股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LTD.

8 March 2010

To The Board of Directors
Resourcehouse Limited
Level 7
380 Queen Street
Brisbane QLD 4000

Dear Sirs,

We express our strong support for Resourcehouse, as a diversified resources company focused on and supporting the Chinese Economy. It will greatly benefit China, the Chinese economy and its people through the development of major thermal coal, iron ore and oil and gas assets.

In particular, we are proud that significant Chinese company's have signed agreements to build, fund and buy most of the product from the China First Coal Project. We are proud to support the China First Coal Project and we have agreed to join China Railway Group Limited, Sinocoal International Engineering Group and MCC Overseas Ltd in the development of this Project as the contractor for the port facilities and associated infrastructure works.

We would like to thank the directors and senior management led by Professor Clive Palmer for training Chinese executives in the resource industry, and their initiative in developing Resourcehouse projects with such a strong involvement of Chinese companies and people.

Kind Regards,

China Communications Construction Company Ltd.



ATTACHMENT H – SINO COAL – MINE CONTRACTOR

中国煤炭科工集团有限公司

8 March 2010

To The Board of Directors
Resourcehouse Limited
Level 7
380 Queen Street
Brisbane QLD 4000

Dear Sirs,

We, with our subsidiary enterprise - Sinocoal International Engineering Design & Research Institute express our strong support for Resourcehouse, as a diversified resources company focused on and supporting the Chinese Economy.

And we believe that through the development of major thermal coal, iron ore, oil and gas assets, which could bring more benefits for both the Chinese and Australian economy and people.

In particular, we appreciate the kind invitation from the directors and senior management team of Resourcehouse led by Professor Clive Palmer to join the China First Project in Queensland. We are proud to support the China First Coal Project and we have agreed to join China Railway Group Limited, China Communications Construction Company Ltd and MCC Overseas Ltd in the development of this Project as the contractor for the mine development and associated infrastructure works.

We believe that Resourcehouse will achieve great success and enlarge its assets rapidly.

Best Regards

China Coal Technology & Engineering Group Corp.



ATTACHMENT I – CHINA POWER INTERNATIONAL – COAL BUYER

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.



RESOURCEHOUSE LIMITED 源庫資源有限公司

(Registered in Queensland, Australia with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 5,716,220,000 Shares (subject to adjustment and the Over-allotment Option)
Number of International Offer Shares	: 5,144,598,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 571,622,000 Shares (subject to adjustment)
Maximum Offer Price	: HK\$4.93 per Hong Kong Offer Share, plus 1% brokerage, SFC transaction levy of 0.003%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: Not applicable
Stock code	: 394

Sole Sponsor



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around 3 June 2011 and, in any event, not later than 8 June 2011. The Offer Price will be not more than HK\$4.93 and is currently expected to be not less than HK\$4.48. If, for any reason, the Offer Price is not agreed by 8 June 2011 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English), Hong Kong Economic Times (in Chinese) and on our website at www.resourcehouselimited.com and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications for the Hong Kong Offer Shares have been submitted prior to the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. For further information, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This prospectus has not been prepared as a disclosure document in accordance with the Corporations Act and has not been and will not be, lodged with the Australian Securities and Investments Commission. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our Shares may not be circulated or distributed, nor may our Shares be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Australia other than pursuant to offers that do not need disclosure to investors under section 708 of the Corporations Act. Our Company does not issue our Shares with the purpose of the person to whom they are issued selling or transferring our Shares or granting, issuing or transferring an interest in, or options over, our Shares to any person in Australia.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

30 May 2011

OUR HISTORY AND CORPORATE STRUCTURE

- 30 April 2010 China First Coal received a letter of intent from China Eximbank, as amended by a letter of extension dated 22 April 2011, in relation to a buyer's credit facility to partially finance the development of the China First Coal Project.
- 21 June 2010 Our Company entered into the Cooperation Agreement with MCC, China Eximbank and China Power International Holding in relation to the development and financing of and offtake of production from the China First Coal Project.
- 15 September 2010 China First Coal entered into the Vitol Coal Supply Agreement with Vitol, as amended by a variation deed dated 9 March 2011, in relation to the sale of thermal coal produced from the China First Coal Project.
- 28 October 2010 Our Company entered into the MCC Placing Agreement with MCC for the subscription by MCC for US\$200 million of our Offer Shares as part of the International Offering.
- 1 November 2010 China First Coal entered into the Sino-Australian Coal Purchase and Supply Agreement with China Power International Holding in relation to the sale of thermal coal produced from the China First Coal Project.
- 19 January 2011 Our Company entered into the non-legally binding CREC Framework Agreement with CREC in relation to the appointment of CREC as the EPC contractor for the construction of the rail and associated infrastructure for the China First Coal Project.
- 19 January 2011 Our Company entered into the CREC Placing Agreement with CREC for the subscription by CREC for our Offer Shares as part of the International Offering for a total consideration of US\$200 million.

Professor Clive F. Palmer
Chairman
Waratah Coal Pty Ltd.
Mineralogy House
Level 7, 380 Queen Street
Brisbane Qld 4000
Australia

Investment Banking
Alberto Migliucci
Managing Director
+65 6306 7305
alberto.migliucci@credit-suisse.com

Waratah Coal's China First Coal Project - Galilee Basin, Queensland

Dear Professor Palmer,

It is a great pleasure to meet with you today to discuss next steps on Waratah Coal's China First Coal Project in the Galilee Basin, Queensland.


We confirm that our Clients which are major State Owned Enterprises ("SOE's") of the People's Republic of China are interested in investing in the China First Coal Project and the whole of the Galilee Basin. These companies have both the technical and financial capacity to immediately develop the mine, railway and port infrastructure to the highest international standards.

We understand that the development of the Project will require an estimated \$10 billion in capital and provide for 9000 jobs during the construction phase and 2500 jobs during the operations. We positively note that Waratah Coal (China First Project) has already made significant headway with different international groups including executing a substantial coal sales agreement to sell 50% of the Queensland coal exports to China Power International and an EPCM contract for the entire project to China's MCC, both these SOE's are well known to Credit Suisse.

In order for us to assist you in the most effective manner, we would like to re-confirm that our understanding of the expected progress of the China First Coal Project is correct principally the infrastructure approvals. We note that the China First Coal Project needs Government approvals for the Waratah Coal rail corridor (1km wide) which has the capacity to carry multiple projects and can be built to the highest international standards and meeting the necessary flood level and environmental approvals.

We look forward to working with you on the successful development of this landmark deal.

Sincerely,



Alberto Migliucci
Managing Director
Head of Metals & Mining, Asia
3rd September 2012

ATTACHMENT J – PROJECT BUDGET

JAMES F. KING

Spoutwell House, Spoutwell Lane, Corbridge NE45 5LF, England

Telephone: +44 (0)1434 633646

e-mail: James.F.King@btinternet.com

**ANALYSIS OF
CHINA FIRST COAL PROJECT**

January 2016

INTRODUCTION

This report has been prepared by James F. King¹. Its purpose is to present an independent analysis of the costs of production and financial viability of a thermal coal project in Queensland, Australia, known as China First Coal Project. The technical details of the project were set out in reports prepared by Worley Parsons Resources & Energy and data provided by Waratah Coal. This report is an update of a report prepared on 27 November 2011 and uses updated information about price, etc. as described below.

This report is in two sections. The first section describes the project and its costs. The second section analyses the financial viability of the project under specified assumptions.

The report is accompanied by an Excel file to which references are made in the text below.

THE PROJECT

The Project and its Products

The project is for a coal mining operation and associated transport facilities. The proposed mine is situated within exploration tenement EPC 1040 and part of EPC 1079 near Kia Ora, about 13 km west and 35 km north of Alpha in Central Queensland, an area known as the Galilee Basin. Based on the identified resource, currently inferred at 3.68 billion tonnes, China First has acquired rights to mine 1.4 billion tonnes of raw coal. The resource has been further defined to confirm 1.1 billion tonnes of coal and further work is expected to increase this to 1.2 billion tonnes in the near future.

The project is designed to extract this quantity of coal to produce about 40 million tonnes per year of saleable processed thermal coal over an operating period of 25 years of commercial-scale production. This scale of resource provides a sound basis for development of the project based on the principles of project financing.

The mining study has found that the coal deposits are at suitable depth for open pit mining for part of the resource and for underground longwall mining for a larger quantity. The coal will be processed at the mine site in two coal preparation (washing) plants to produce a saleable thermal coal product with the specifications shown in the table.

China First Coal Project – Specifications
by weight

<i>Item</i>		<i>Project coal</i>		<i>Average Australia</i>
		<i>raw</i>	<i>saleable</i>	
Free moisture	%	8 to 12	10 to 11	9.3
Ash	%	14 to 33	8	13.2
Sulphur	%	0.5	<0.5	0.59
Volatile matter	%		34	30.1
Energy	kcal/kg		5800	6882
Energy	GJ/tonne		24.4	28.8

Compared to the average of major Australian thermal coals, the saleable (final) coal product of the project would have moderate ash content, relatively low sulphur, and energy content of 5800 kcal/kg (equivalent to 24.37 GJ per tonne). The price forecast used in this analysis is based on coal with energy content of 6300 kcal/kg and a proportional price adjustment has been applied.

¹ James F. King is an independent consultant specialising in the economic aspects of industrial metals and raw materials. Since 1982 Mr. King has maintained and published information on those industries, with regular reports and forecasts.

To extract the available quantity of 1.4 billion tonnes of raw coal, the coal preparation plants will have production of 40.4 million tonnes per year of saleable coal. This will be supplied from mining of 20m t/y of raw coal from two open pit mines and mining of 36m t/y from four underground mines².

Saleable coal will be loaded to trains of 20,000 tonnes and moved on a purpose-built heavy gauge railway 490 km to the port of Abbot Point State Development Area, near Bowen, where train unloading, stockpiling, reclaim and shiploading facilities will be constructed, suitable to load Capesize ships for export.

The rail and port facilities will be operated by third parties. China First will pay rail and port charges per tonne of saleable coal that permit the third-party operators a margin of 20% above operating costs and a return on capital of 15%.

The China First Project has received both State Government and Commonwealth Government (EPC 200/4737) Approvals for the Mine and Rail Environmental Impact Statements on the 9th of August 2013, and the 19th of December 2013, respectively. The appeal date for these approvals has elapsed. The project has also received an Environmental Authority for the project mining lease 70454, on the 4 December 2015.

FINANCIAL ANALYSIS

In preparing this report, I have made my own financial analysis using the information about quantities, capital costs and operating costs provided from studies made for the project, including the work of WorleyParsons and a Project Financing Study ("MCC Study"). All capital and operating costs in those studies were verified by Promet Engineers (Pty) Ltd and the operating and capital cost data used in this report is consistent with that information. Those costs have not been adjusted for changes since 2011.

Financial assumptions for the project are set out in Table 3. All monetary values in this financial analysis are in US dollars and the analysis has used an exchange rate based on the forecast of Wood Mackenzie showing a rate of A\$ = US\$ 0.75 in 2018 and 2019 and A\$ = US\$ 0.77 from 2020 to the end of the forecast period.

Capital Costs

The total capital cost for the whole project is A\$8.04 bn³, at a base date of 1 January 2010, as shown in Table 2. Of this, the capital cost for the mine and other assets of China First are A\$3.83, the balance being the capital cost for rail and port.

Operating Costs

Information from the studies made for the project shows the value of costs at each stage of the production. These have been summarised in Table 1. They show, for example, that the operating cost per tonne of saleable coal, FOB (on a ship at the port), in the first full year of operation (Year 7) is A\$ 50.48 (equivalent to US\$ 38.86).

Revenues

Revenues are calculated as the volume of sales multiplied by the FOB price of products.

Since 2000 the price of thermal coal has fluctuated widely, from US\$23 per tonne FOB Australia in 2000, up to US\$130 in 2011 and down to below US\$60 in 2015. For this analysis a forecast of the price from Wood Mackenzie, in nominal dollars, including inflation, for thermal coal FOB Australia, rising from US\$69 in 2016 to US\$81 in 2020, US\$99 in 2030 and US\$107 in 2034.

This forecast price is based on a coal with energy content of 6300 kcal/kg. A pro rata price adjustment has been made for the project's coal which has energy content of 5800 kcal/kg. The forecast average price of thermal coal is for coal

² Details are in Tables 7-9 in the Excel file accompanying the report.

³ Phased according to the schedule for the project and adjusted for inflation during construction.

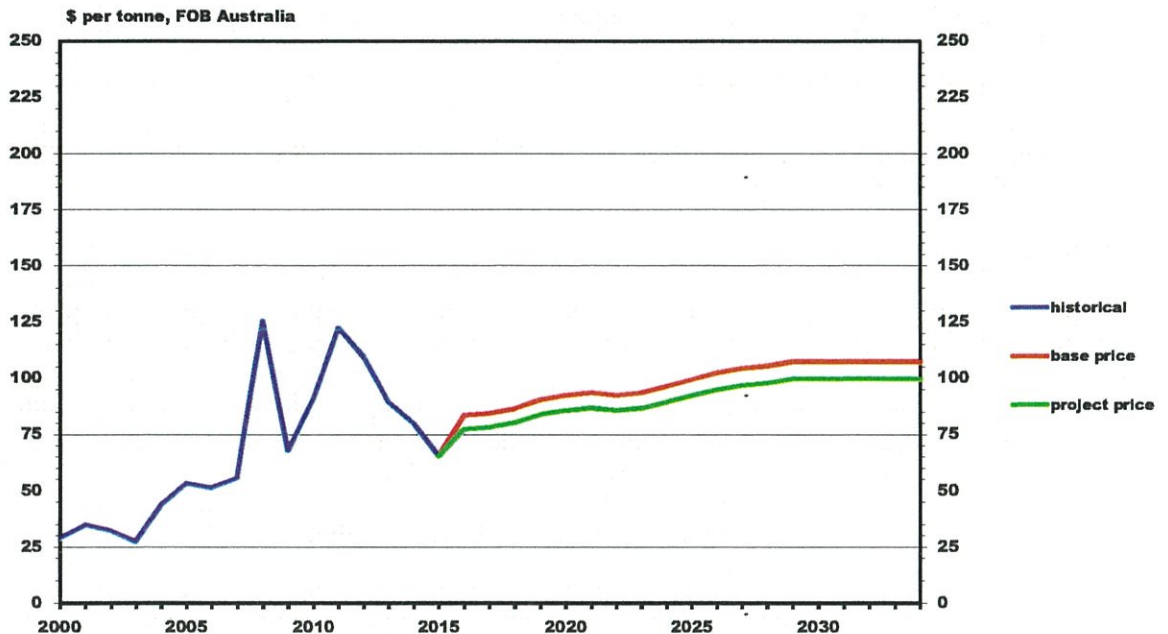
from Newcastle, New South Wales. The project will export coal from Abbot Point in Queensland. For exports to China this port has an advantage of 2 days' sailing over Newcastle for incoming and outgoing vessels. This 4-day advantage means that coal from Abbot Point, Queensland can command a higher FOB price than coal from Newcastle. The freight cost advantage has been estimated as a saving of 4 days at a daily charter rate for a ship of 150,000 tonnes of \$20,000 per day (less than the average rate for the past 20 years). This is a freight cost advantage of US\$0.53 per tonne of coal, plus inflation.

The final price for the project's coal is therefore Woodmac's forecast less the adjustment for quality plus the adjustment for freight, adjusted for selling costs in the form of discounts/commissions.

In the financial analysis the resulting selling price for the project's coal was used. The capital and operating costs was adjusted over the life of the project by the inflation rate. The assumed inflation rate was 2.4%, as used in the previous analysis for the period after 2012.

The chart shows the forecast base and project price for coal, compared with the historical experience.

Prices of Thermal Coal
(US\$ per tonne, FOB Australia, including general inflation)



Project Life and Depreciation

If resources were unlimited, the project would be evaluated over an economic life of 40 years after construction. In practice the project is evaluated over a period 29 years⁴, since this is the date at which the initial resource of 1.4 billion tonnes of raw coal would be extracted. Assets are depreciated over 20 years for commercial purposes and over 10 years for tax purposes.

⁴ This is 25 years of commercial-scale production (including ramp-up) plus the period of construction and a final year to mine the remaining reserves.

Financial Structure

Long-term loans are assumed to be equal to 70% of the capital cost, drawn down as capital expenditure is made over a maximum 5-year period. Short-term loans cover stocks and work in progress. Loan principal is not repaid until the loan drawdown period is over and repayments are made over a 10-year period. The interest rate is 5.5% above LIBOR (London interbank offer rate, currently about 0.6%). For the purpose of analysis, an interest rate of 6.1% was used. Interest is not paid in the first five years, but capitalised and added to the debt for repayment later. An initial fee of 1.5% of the total value of the loan is paid to the lender for arrangement and management.

Discounted Cash Flow

The method of assessment for the project is analysis of the discounted cash flows. It is well understood that a given nominal amount of money received today is worth more than the same amount received in the future. The difference is known as the time value of money and is an underlying principle used for the valuation of businesses. In effect, businesses are valued according to the level of future cash flows they can generate and the timing of, and risk associated with, those cash flows. This discounted cash flow (DCF) method is also considered as the most complete way to evaluate a project, since over the life of the project it:

- takes account of all capital costs and operating costs to take the mineral and convert it to a marketable product
- calculates revenue from the sale of the product
- calculates the cash flows for the project
- expresses the present value of those cash flows as a monetary value, using any selected rate of discount considered appropriate for valuation.

Results

Assuming that the China First Coal Project will commence production in 2019, the results of the financial analysis are shown in Excel Table 3. Excel Table 4 presents a complete calculation of financial flows over the project life.

The return on equity capital before tax is 20.2% per year. The net present values (NPV) shown represent the net present value of total project cash flows using a discount rate. For example, at 8% discount the NPV after tax in Year 1 is US\$2.22 billion. If the NPV is calculated at Year 5, it increases to US\$7.12 billion.

China First Coal Project – Financial Results

<i>Item</i>		<i>US\$</i>
Return on equity before tax	%	20.2%
Return on equity after tax	%	18.6%
NPV after tax at 8% in Year 1	\$m.	2224
NPV after tax at 8% in Year 5	\$m.	7123
NPV after tax at 8% in Year 10	\$m.	6733

It is also indicated that

- the long-term debt service cover ratio⁵ over the life of the loans is in the range of 2.2 to 6.6 and is positive in all years after construction; and

⁵ Cash flow from operations less tax as a ratio to the debt interest and principal payments in each year

- the loan life cover ratio⁶ is 4.3 to 12.0

These financial ratios are strong and indicate that long-term debt can be comfortably serviced.

China First Coal Project Sensitivity Analysis

To test the sensitivity of the project to changes in key factors the Base Case presented in this report has been varied by changing up and down by 30% each of the following:

- operating costs
- capital costs
- selling prices
- exchange rates

Those results are shown in Table 10, which takes the data from Table 3 as the Base Case.

Those results are summarised in the table below and the chart, using the net present value after tax as a key indicator.

**China First Coal Project
Sensitivity of Net Present Value After Tax**

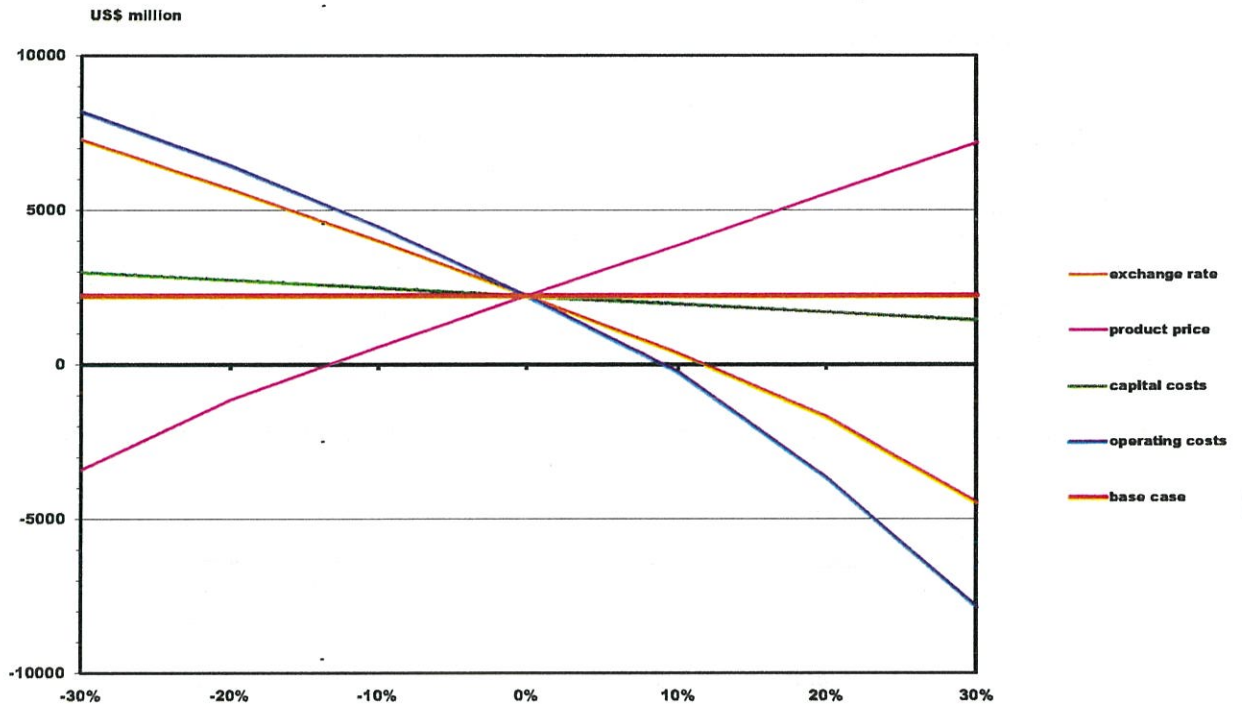
<i>Item</i>		<i>8.0%</i>
Base Case	\$m.	2224
Operating Costs - 30%	\$m.	8201
Operating Costs + 30%	\$m.	-7843
Capital Costs - 30%	\$m.	3003
Capital Costs + 30%	\$m.	1442
Selling Prices - 30%	\$m.	-3388
Selling Prices + 30%	\$m.	7186
Exchange Rate - 30%	\$m.	7292
Exchange Rate + 30%	\$m.	-4468

This shows, for example, that at a discount rate of 8% a reduction in operating costs by 30%, with all other items unchanged, increases the NPV from US\$ 2.2 billion in the Base Case to US\$ 8.2 bn.

The chart below shows how the NPV for the project changes with variations to key items of cost and revenue. It shows that the project is sensitive to the key variables in the following descending order of importance: selling prices, operating costs, exchange rate, capital costs.

⁶ The net present value of cash flows over the remaining life of loans as a ratio to the total of outstanding loans in any year

China First Coal Sensitivity:
NPV After Tax at 8% and Key Variables



APPENDIX 1

CHINA FIRST COAL PROJECT

DETAILED TABLES

TABLE 1 – COSTS OF PRODUCTION

REVENUE AND COSTS AT FINISH OF YEARS		REVENUE AND COSTS AT ACTUAL PRICE	
ASm	1639.21	1639.21	1639.21
ASm	3714.03	3714.03	3714.03
ASm	2610.30	2610.30	2610.30
ASm	3072.01	3072.01	3072.01
ASm	3093.88	3093.88	3093.88
ASm	3124.44	3124.44	3124.44
ASm	3242.30	3242.30	3242.30
ASm	3319.54	3319.54	3319.54
ASm	3398.96	3398.96	3398.96
ASm	3478.68	3478.68	3478.68
ASm	3543.01	3543.01	3543.01
ASm	3629.16	3629.16	3629.16
ASm	3709.51	3709.51	3709.51
ASm	3796.48	3796.48	3796.48
ASm	3879.45	3879.45	3879.45
ASm	3968.97	3968.97	3968.97
ASm	4064.50	4064.50	4064.50
ASm	4166.44	4166.44	4166.44
ASm	4274.18	4274.18	4274.18
ASm	4388.13	4388.13	4388.13
ASm	4508.70	4508.70	4508.70
ASm	4635.41	4635.41	4635.41
ASm	4768.70	4768.70	4768.70
ASm	4909.00	4909.00	4909.00
ASm	5056.84	5056.84	5056.84
ASm	5212.67	5212.67	5212.67
ASm	5376.90	5376.90	5376.90
ASm	5549.00	5549.00	5549.00
ASm	5729.40	5729.40	5729.40
ASm	5917.60	5917.60	5917.60
ASm	6114.10	6114.10	6114.10
ASm	6319.40	6319.40	6319.40
ASm	6534.00	6534.00	6534.00
ASm	6758.40	6758.40	6758.40
ASm	7003.20	7003.20	7003.20
ASm	7268.10	7268.10	7268.10
ASm	7553.80	7553.80	7553.80
ASm	7860.00	7860.00	7860.00
ASm	8187.40	8187.40	8187.40
ASm	8536.70	8536.70	8536.70
ASm	8908.60	8908.60	8908.60
ASm	9303.70	9303.70	9303.70
ASm	9722.80	9722.80	9722.80
ASm	10176.70	10176.70	10176.70
ASm	10666.20	10666.20	10666.20
ASm	11192.10	11192.10	11192.10
ASm	11755.30	11755.30	11755.30
ASm	12356.70	12356.70	12356.70
ASm	12997.20	12997.20	12997.20
ASm	13677.70	13677.70	13677.70
ASm	14399.10	14399.10	14399.10
ASm	15162.30	15162.30	15162.30
ASm	15968.20	15968.20	15968.20
ASm	16816.70	16816.70	16816.70
ASm	17718.70	17718.70	17718.70
ASm	18674.10	18674.10	18674.10
ASm	19683.80	19683.80	19683.80
ASm	20747.70	20747.70	20747.70
ASm	21865.70	21865.70	21865.70
ASm	23037.70	23037.70	23037.70
ASm	24264.60	24264.60	24264.60
ASm	25547.30	25547.30	25547.30
ASm	26886.70	26886.70	26886.70
ASm	28292.70	28292.70	28292.70
ASm	29766.20	29766.20	29766.20
ASm	31307.20	31307.20	31307.20
ASm	32915.60	32915.60	32915.60
ASm	34592.30	34592.30	34592.30
ASm	36338.20	36338.20	36338.20
ASm	38154.30	38154.30	38154.30
ASm	40041.50	40041.50	40041.50
ASm	42000.80	42000.80	42000.80
ASm	44033.20	44033.20	44033.20
ASm	46139.60	46139.60	46139.60
ASm	48321.90	48321.90	48321.90
ASm	50581.10	50581.10	50581.10
ASm	52919.10	52919.10	52919.10
ASm	55336.80	55336.80	55336.80
ASm	57835.10	57835.10	57835.10
ASm	60414.90	60414.90	60414.90
ASm	63077.20	63077.20	63077.20
ASm	65822.90	65822.90	65822.90
ASm	68653.00	68653.00	68653.00
ASm	71568.40	71568.40	71568.40
ASm	74569.90	74569.90	74569.90
ASm	77658.40	77658.40	77658.40
ASm	80834.80	80834.80	80834.80
ASm	84099.10	84099.10	84099.10
ASm	87462.20	87462.20	87462.20
ASm	90925.00	90925.00	90925.00
ASm	94488.40	94488.40	94488.40
ASm	98153.30	98153.30	98153.30
ASm	101920.60	101920.60	101920.60
ASm	105791.30	105791.30	105791.30
ASm	109756.40	109756.40	109756.40
ASm	113916.80	113916.80	113916.80
ASm	118173.40	118173.40	118173.40
ASm	122527.10	122527.10	122527.10
ASm	126978.80	126978.80	126978.80
ASm	131528.50	131528.50	131528.50
ASm	136177.20	136177.20	136177.20
ASm	140924.90	140924.90	140924.90
ASm	145771.60	145771.60	145771.60
ASm	150717.30	150717.30	150717.30
ASm	155762.00	155762.00	155762.00
ASm	160905.70	160905.70	160905.70
ASm	166148.40	166148.40	166148.40
ASm	171490.10	171490.10	171490.10
ASm	176930.80	176930.80	176930.80
ASm	182470.50	182470.50	182470.50
ASm	188109.20	188109.20	188109.20
ASm	193846.90	193846.90	193846.90
ASm	199683.60	199683.60	199683.60
ASm	205619.30	205619.30	205619.30
ASm	211655.00	211655.00	211655.00
ASm	217790.70	217790.70	217790.70
ASm	224026.40	224026.40	224026.40
ASm	230362.10	230362.10	230362.10
ASm	236797.80	236797.80	236797.80
ASm	243333.50	243333.50	243333.50
ASm	249969.20	249969.20	249969.20
ASm	256704.90	256704.90	256704.90
ASm	263540.60	263540.60	263540.60
ASm	270476.30	270476.30	270476.30
ASm	277512.00	277512.00	277512.00
ASm	284647.70	284647.70	284647.70
ASm	291883.40	291883.40	291883.40
ASm	299219.10	299219.10	299219.10
ASm	306654.80	306654.80	306654.80
ASm	314190.50	314190.50	314190.50
ASm	321826.20	321826.20	321826.20
ASm	329561.90	329561.90	329561.90
ASm	337397.60	337397.60	337397.60
ASm	345333.30	345333.30	345333.30
ASm	353369.00	353369.00	353369.00
ASm	361504.70	361504.70	361504.70
ASm	369740.40	369740.40	369740.40
ASm	378076.10	378076.10	378076.10
ASm	386511.80	386511.80	386511.80
ASm	395047.50	395047.50	395047.50
ASm	403683.20	403683.20	403683.20
ASm	412418.90	412418.90	412418.90
ASm	421254.60	421254.60	421254.60
ASm	430190.30	430190.30	430190.30
ASm	439226.00	439226.00	439226.00
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ASm	545218.70	545218.70	545218.70
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ASm	637940.00	637940.00	637940.00
ASm	648075.70	648075.70	648075.70
ASm	658311.40	658311.40	658311.40
ASm	668647.10	668647.10	668647.10
ASm	679082.80	679082.80	679082.80
ASm	689618.50	689618.50	689618.50
ASm	700254.20	700254.20	700254.20
ASm	710990.00	710990.00	710990.00
ASm	721825.70	721825.70	721825.70
ASm	732761.40	732761.40	732761.40
ASm	743797.10	743797.10	743797.10
ASm	754932.80	754932.80	754932.80
ASm	766168.50	766168.50	766168.50
ASm	777504.20	777504.20	777504.20
ASm	788940.00	788940.00	788940.00
ASm	800475.70	800475.70	800475.70
ASm	812111.40	812111.40	812111.40
ASm	823847.10	823847.10	823847.10
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ASm	985511.30	985511.30	985511.30
ASm	998647.00	998647.00	998647.00
ASm	1011882.70	1011882.70	1011882.70
ASm	1025318.40	1025318.40	1025318.40
ASm	1038854.10	1038854.10	1038854.10
ASm	1052489.80	1052489.80	1052489.80
ASm	1066225.50	1066225.50	1066225.50
ASm	1080061.20	1080061.20	1080061.20
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ASm	1108332.60	1108332.60	1108332.60
ASm	1122768.30	1122768.30	1122768.30
ASm	1137404.00	1137404.00	1137404.00
ASm	1152239.70	1152239.70	1152239.70
ASm	1167275.40	1167275.40	1167275.40
ASm	1182511.10	1182511.10	1182511.10
ASm	1197946.80	11	

TABLE 2 – CAPITAL COSTS

TABLE 3 – FINANCIAL ASSUMPTIONS

Table 3 CHINA FIRST COAL PROJECT		Current Project
Item	Units	Values
KEY VARIABLES		
Finished products capacity	000 tpy	40355
Fixed capital cost	\$m.	3004
Operating costs - average nominal	\$/t	61.05
Operating costs - average real	\$/t	35.56
Product price - base	\$/t	92.00
Product price - average nominal	\$/t	83.42
Product price - average real	\$/t	48.58
Exchange rate - average	US dollar per A\$	1.303
OTHER PARAMETERS		
Project recovery value	% of net book	100
<u>Long-term Loan 1</u>		
Percent of capital cost	%	70.0%
Loan coverage of start-up costs	%	
Loan term	years	10
Principal repayment holiday after drawdown	years	1
Capitalisation of interest	years	4
Debt interest rate - nominal	% pa	6.10%
Debt interest rate - real	% pa	3.8%
Total loan approved	\$m	2103
Initial loan arrangement/management fee	% of loan	1.5%
Initial loan arrangement/management fee	\$m	32
<u>Long-term Loan 2</u>		
Percent of capital cost	%	0.0%
Loan coverage of start-up costs	%	
Loan term	years	15
Principal repayment holiday after drawdown	years	0
Capitalisation of interest	years	0
Debt interest rate - nominal	% pa	6.1%
Debt interest rate - real	% pa	3.8%
<u>Long-term Loan 3</u>		
Percent of capital cost	%	0.0%
Loan coverage of start-up costs	%	
Loan term	years	15
Principal repayment holiday after drawdown	years	0
Capitalisation of interest	years	0
Debt interest rate - nominal	% pa	6.1%
Debt interest rate - real	% pa	3.8%
<u>Long-term Loan 4</u>		
Percent of capital cost	%	0.0%
Loan coverage of start-up costs	%	
Loan term	years	15
Principal repayment holiday after drawdown	years	0
Capitalisation of interest	years	0
Debt interest rate - nominal	% pa	6.1%
Debt interest rate - real	% pa	3.8%
Depreciation period - commercial	years	20
Depreciation period for taxation	years	10
Project evaluation period - target	years	40
Project evaluation period - actual based on resource	years	30
Project evaluation period - used for analysis	years	30
Start year for evaluation	year	1
First full year of operation - phase 1	year	5
Inventory	days' sales	30
Accounts receivable	days' sales	30
Accounts payable	days' sales	30
Corporate tax rate	%	30.0
Tax concession 1 - rate of rebate	%	
Tax concession 1 - years from start of profit	years	
Tax concession 2 - rate of rebate	%	
Tax concession 2 - years after concession 1	years	
Tax concession 3 - rate of rebate	%	
Tax concession 3 - years from start of operation	years	
Inflation rate - CPI	% pa	2.3%
Shares issued	m	100
Nominal value per share	\$	1.00
Dividend payout ratio - target	%	100.0%
Special risk factor	% pa	0

KEY RESULTS		
Nominal return on total project cash flows before tax	% pa	17.78%
Nominal return on total project cash flows after tax	% pa	14.8%
Nominal return on equity cash flows before tax	% pa	20.2%
Nominal return on equity cash flows after tax	% pa	18.6%
Real return on total project cash flows before tax	% pa	15.1%
Real return on total project cash flows after tax	% pa	12.2%
Real return on equity cash flows before tax	% pa	17.4%
Real return on equity cash flows after tax	% pa	15.9%
Number of years of full operation to review = N1		10
Earnings after tax in first full year of review	\$m.	193
Earnings after tax in N1 years of reviews	\$m.	5761
Payback period	years	9
EBITDA margin on operating revenue - average	%	26.8%
Net profit margin on operating revenue	%	14.8%
Market Valuation		
Shares issued	m	100
Price per share based on NPV after tax - initial	\$	62.46
Price per share based on NPV after tax - Year 5	\$	145.65
Price per share based on NPV after tax Year 10	\$	149.26
Price per share based on P/E ratio of 12, year 5	\$	23.21
Price per share based on P/E ratio of 12, year 10	\$	85.22
Number of years of full operation to review = N2		20
Market valuation in N2 years of review - low	\$m	2321
Market valuation in N2 years of review - high	\$m	8522
Financial Ratios		
Debt service cover ratio	minimum	2.2
Debt service cover ratio	maximum	6.6
Loan life cover ratio	minimum	4.3
Loan life cover ratio	maximum	12.0
Cash surplus over debt principal + interest in any year	\$m minimum	-50.6
Net Present Value of equity cash flows		
Discount rate for NPV	%	8.0%
NPV before tax at start of Year 1	\$m.	7727
NPV after tax at start of Year 1	\$m.	6246
NPV before tax at start of Year 5	\$m.	16580
NPV after tax at start of Year 5	\$m.	14565
NPV before tax at start of Year 10	\$m.	17356
NPV after tax at start of Year 10	\$m.	14926
Net Present Value of total project cash flows		
Discount rate for NPV	%	8.0%
NPV before tax at start of Year 1	\$m.	3705
NPV after tax at start of Year 1	\$m.	2224
NPV before tax at start of Year 5	\$m.	9138
NPV after tax at start of Year 5	\$m.	7123
NPV before tax at start of Year 10	\$m.	9164
NPV after tax at start of Year 10	\$m.	6733
SENSITIVITY ANALYSIS		
		variation
Operating Costs		0.0%
Capital Costs		0.0%
Selling price		0.0%
Exchange rate (+ is stronger A\$)		0.0%
Corporate tax rate (absolute % addition/subtraction)		0.0
Discount rate for NPV		8.0%

TABLE 4 – FINANCIAL FLOW OVER PROJECT LIFE

Depreciation Schedule on capital expenditure in	46	100	142	152	154	158	162	165	167	168	172	174	176	179	182	184	187	188	147	95	96	49	51	52	53	54					
Year 1	0	-14	-156	-593	51	334	615	665	770	786	643	605	723	886	1043	1085	1092	1019	1040	899	912	832	774	720	666	613	515	442	366	454	
Year 2	0	-14	-169	-763	-712	-378	237	933	1673	2459	3101	3768	4425	5315	6358	7443	8528	9545	10585	11574	12489	13319	14092	14811	15477	16090	16620	17048	17413	17867	
Year 3	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 4	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 5	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 6	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 7	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 8	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 9	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 10	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 11	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 12	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 13	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 14	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 15	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 16	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 17	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 18	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 19	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 20	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 21	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 22	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 23	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 24	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 25	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 26	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 27	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 28	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 29	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 31	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 32	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 33	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 34	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 35	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 36	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 37	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 38	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 39	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 40	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 41	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 42	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 43	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 44	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 45	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 46	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 47	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 48	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0	30	0
Year 49	0	30	0	3																											



ATTACHMENT K – LETTER OF TECHNICAL AND FINANCIAL CAPABILITIES



Waratah Coal

THE NEW ENERGY IN COAL

Friday 15 January 2016

Debbie-Jo MacDonald
Principal Mining Registrar Assessment
Coal Assessment Hub
Department of Natural Resources & Mines
PO Box 3679, Red Hill Rockhampton QLD 4701
Email: debbie-jo.macdonald@dnrm.qld.gov.au

Dear Debbie-Jo

Waratah Coal Pty Ltd - Statement of Technical and Financial Resources

Waratah Coal Pty Ltd (Waratah) is a privately owned Australian coal exploration and coal development company that is a fully owned subsidiary of Mineralogy Pty Limited (Mineralogy). Mineralogy is a privately owned resource company with over 20 years of resource, mining, refinery and infrastructure development. Key commodities which Mineralogy are involved with include iron ore, nickel, cobalt, coal and oil. Mineralogy is part of a larger entity known as the Mineralogy Group. The Mineralogy Group has extended business interests beyond resources and commodities, which includes holiday resorts and private golf courses. The Mineralogy Group employs over 2,000 people throughout Australia and is one of the largest private employers in Queensland.

Mineralogy is developing with CITIC Pacific Pty Ltd the Sino Iron Ore Project in Western Australia which has capital requirements funded by CITIC PACIFIC Management of \$10.0 billion. The project is now in production and exporting product internationally.

Waratah proposes the Galilee Coal Project, Northern Export Facility (the Project) a 40 million tonne per annum (Mtpa) vertically integrated coal and infrastructure project of mine, rail and port. The mine is located north of the township of Alpha, in the Galilee Basin, Central West Queensland and the port located at the port site of Abbot Point, North Queensland. The rail alignment traverses a predominately north-east alignment connecting the mine to the port. The Project and ML 70454 over lay Exploration Permits for Coal (EPC) 1040 and 1079. Both EPC 1040 and 1079 are own and maintained by Waratah.

In my capacity as Chief Executive Officer of Waratah Coal Pty Ltd, I am satisfied that Waratah and Mineralogy has means to acquire sufficient financial and technical resources at the time of this application to meet the exploration and development commitments for ML 70454.

Kind Regards,

Nui Harris
Chief Executive Officer



Waratah Coal
THE NEW ENERGY IN COAL

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Waratah Coal

THE NEW ENERGY IN COAL

Friday 15 January 2016

Debbie-Jo MacDonald
Principal Mining Registrar Assessment
Coal Assessment Hub
Department of Natural Resources & Mines
PO Box 3679, Red Hill Rockhampton QLD 4701
Email: debbie-jo.macdonald@dnrm.qld.gov.au

Dear Debbie-Jo

Mining Lease Application 70454 lodged on Monday 30 May 2011

Thank you for your letter dated Tuesday 8 December 2015, relating to a further information requests for Mining Lease Application 740454.

The attached document has been prepared in response to an 'Information Request' made by the Department of Natural Resources and Mines (the Department) to Waratah Coal Pty Ltd (Waratah) on Tuesday 8 December 2015. The request for further information is in relation to Mining Lease Application number 70454 (ML 70454) made by Waratah on Monday 30 May 2011, for their Galilee Coal Project, Northern Export Facility or otherwise known as the China First Project (the Project). Waratah are requested to provide information to the Department in accordance with the provisions of section 245(1) of the Mineral Resources Act 1989 (the Act), by Friday 15 January 2016.

In accordance with the request from the Department made on Tuesday 8 December 2015, Waratah have prepared information relating to Technical Capacity, Financial Capacity, Company Details, and Statement of Truth and supporting Attachments relating to ML 70454, for the Departments' consideration.

I trust this information meets with the Departments' requests, and we are only to please to provide further information, if required. Waratah are pleased the Department are progressing ML 70454 and the development of the Galilee Basin and we look forward to working closely with you on the Project.

Kind Regards,

Nui Harris
Chief Executive Officer

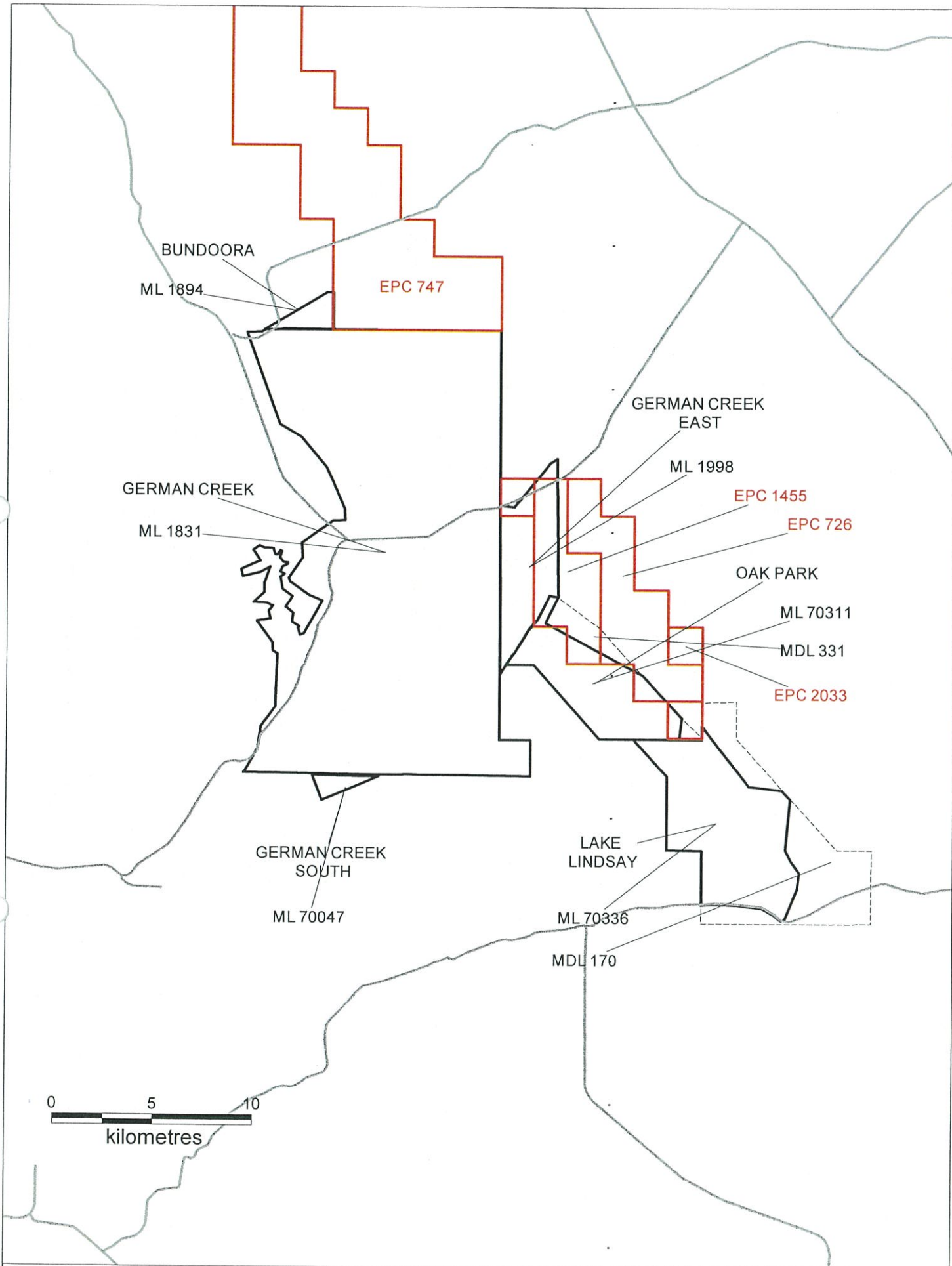


Waratah Coal

THE NEW ENERGY IN COAL

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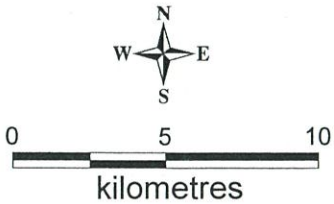
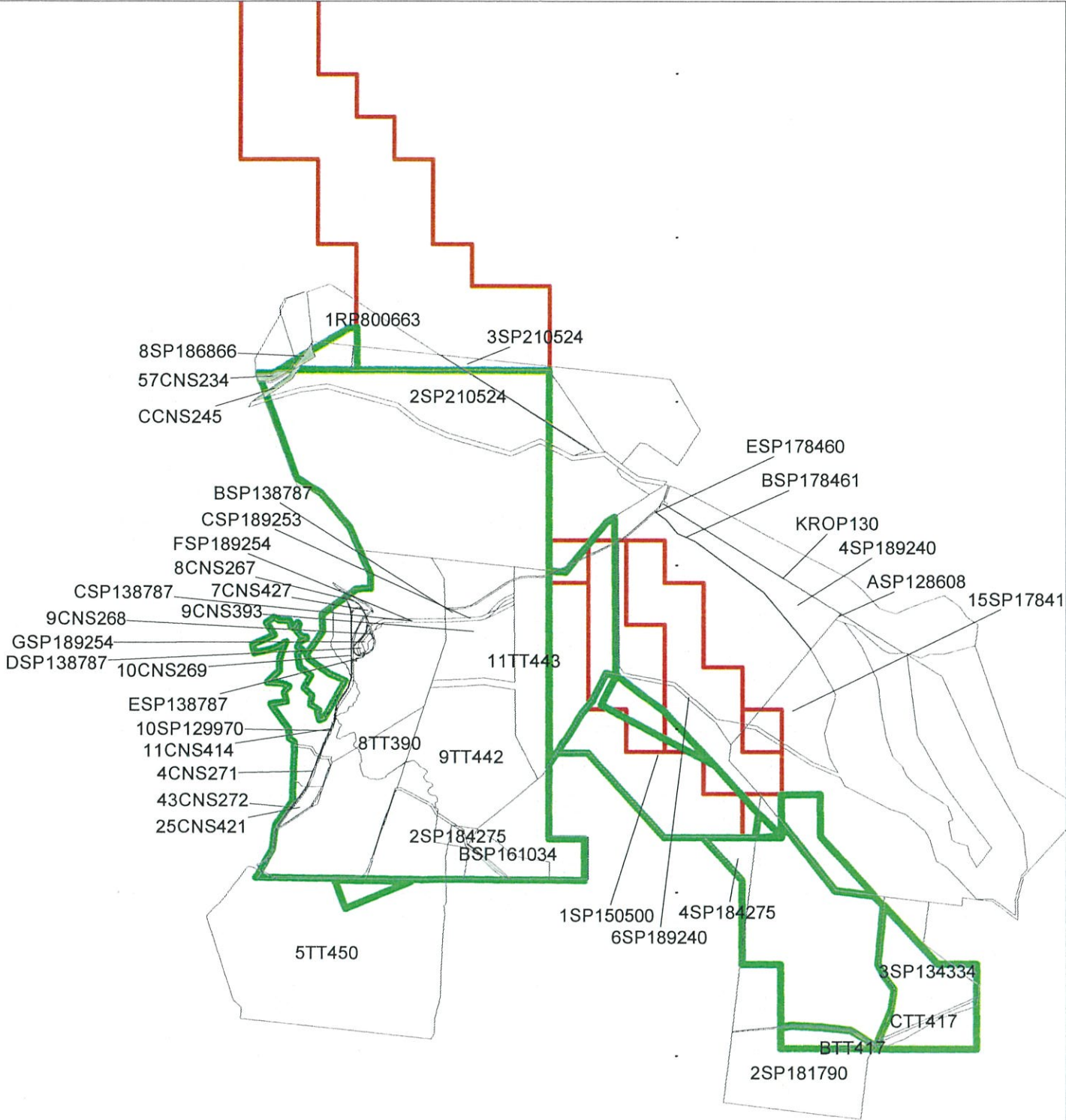




LEGEND

- Mining Lease (ML)
 - Mineral Development Licence (MDL)
 - Exploration Permit Coal (EPC)
 - Major Road
- Scale 1:250,000

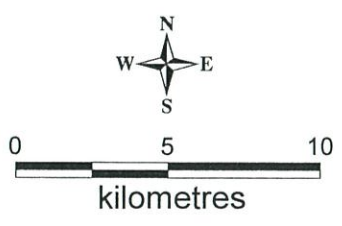
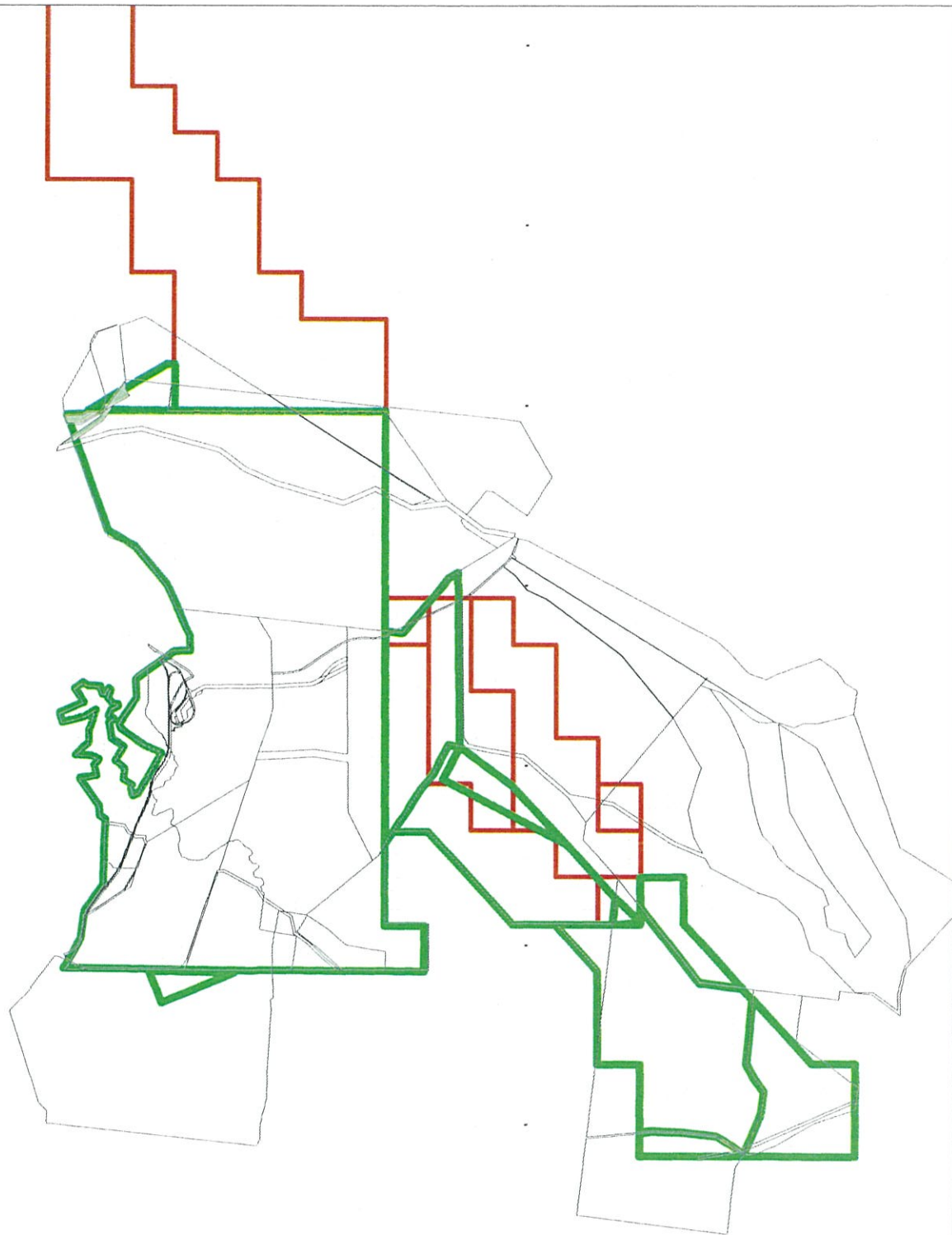
Anglo Coal German Creek Tenure
Mining Leases, MDLs and EPCs



LEGEND	
	Mining Lease (ML)
	Mineral Development Licence (MDL)
	Exploration Permit Coal (EPC)
	Major Road
Scale 1:250,000	

Anglo Coal German Creek Tenure
 Mining Tenure and Overlapping Cadastre





- LEGEND**
-  Mining Lease (ML)
 -  Mineral Development Licence (MDL)
 -  Exploration Permit Coal (EPC)
 -  Major Road
- Scale 1:250,000

Anglo Coal German Creek Tenure
Mining Tenure and Overlapping Cadastre

