

media release

Stanwell reiterates its position on Moreton Resources to the community

25 February 2016

Stanwell today reiterated its position that it has more than enough competitive cost coal to supply Tarong's power stations from its adjacent Meandu Mine until the end of their economic lives.

Stanwell's chief executive officer, Richard Van Breda, said it would not be in Stanwell's commercial interest to source more expensive coal from Moreton Resources' proposed project. In fact it would cost Stanwell hundreds of millions of dollars to make such a change.

Mr Van Breda pointed to Moreton Resources Pre-Feasibility Study to the ASX on 21 December 2015, which included significantly overstated fuel costs for Tarong Power Station which in combination with Moreton's own projected fuel costs, created a misleading impression that their project could save Stanwell millions of dollars.

"The reality is that Moreton Resources' projected coal costs are higher than Stanwell's current fuel costs so their project would end up being a liability for Stanwell if we entered into a coal supply agreement with Moreton," Mr Van Breda said.

Moreton Resources' Pre-Feasibility Statement also advised:

... this project will only progress if a long term government contract is secured to supply our high energy thermal coal product to a state owned power generator for the first 20 years of mine life ...

"As that comment is presumably a reference to Stanwell, I should make it clear to the community that over the past two years Stanwell has reviewed Moreton's developmental challenges and projected costs and I have met with Moreton Resources twice and written to them a further three times.

"I have advised them that Stanwell has no need for, or interest in, coal sourced from Moreton's proposed project. Moreton Resources' recent Pre-Feasibility Study confirms the correctness of that assessment.

"Developing a mine requires a significant investment in the approvals process, land acquisition, mine infrastructure and fleet and would require a corridor to transport the coal 25 kilometres to the power station. Not only do Moreton's estimates seem underdone in this regard, but why invest in infrastructure when it is not needed as we already have a very well run and cost competitive mine?"

"We own Meandu Mine, we own the infrastructure and the equipment and we have a mine plan that provides us with the flexibility to compete in the dynamic and highly challenging wholesale electricity market when conditions change."

Mr Van Breda also described Moreton's claims that they could receive the relevant regulatory approvals within 18 months as unrealistic and that the project would create between 300 to 500 new jobs as misleading.

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“As an example of the complex and thorough process covering mining tenements, Stanwell has been working on the approvals for a relatively simple extension to the area of mining operations within our existing Meandu mining lease for the past two years.

“Sourcing coal from Moreton Resources’ proposed mine would require Meandu Mine, which currently employs 400 people, to close, so the claim that the Moreton project would create additional jobs for the community is unfounded.

“From a Stanwell point of view, maintaining our Meandu mining operations remains in the best commercial interests of Stanwell and Stanwell’s Board, management and people will not be distracted from focusing on this objective.”

Media Enquiries

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Background

Stanwell Corporation Limited (Stanwell) is a diverse energy company. We own coal, gas and water assets which we use to generate electricity for the National Electricity Market (the NEM); we sell electricity directly to major customers; and we trade gas and coal.

With a generating capacity of more than 4200 megawatts, Stanwell is also the largest electricity generator in Queensland. The business has the capacity to supply more than 45 per cent of the State’s average electricity needs through coal, gas and hydro generation at seven geographically dispersed sites.

Stanwell is the owner and operator of:

- 1460 MW Stanwell Power Station (coal) near Rockhampton
- 1400 MW Tarong Power Station (coal) in the South Burnett
- 443 MW Tarong North Power Station (super-critical coal) in the South Burnett
- 385 MW Swanbank E Power Station (gas) near Ipswich
- 218 MW Mica Creek Power Station (gas) near Mount Isa (not connected to the NEM)
- 88 MW Kareeya Power Station (hydro) in Far North Queensland
- 66 MW Barron Gorge Power Station (hydro) in Far North Queensland
- 34 MW Mackay Power Station (gas) in Central Queensland
- 7.3 MW Koombooloomba Power Station (hydro) in Far North Queensland
- 4.7 MW Wivenhoe Small (hydro) located at Wivenhoe Dam

Stanwell owns Meandu Mine, which has the capacity to supply up to seven million tonnes of coal a year to the adjacent Tarong power stations.