Adani Carmichael Coal Mine
ILUA assessment

Coal mine in rural area

December 2017
Over 150 native title negotiations in all Australian mainland States

Negotiations cover 2004 to 2017
### The first 100 projects

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<td>Audax vanadium</td>
<td>Banjima iron</td>
<td>Karlawinda gold</td>
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Carmichael Mine – rail - port

• Up to 60 million tonnes a year over 60 years
• 6 open cut pits, 5 underground mines
• 380km to new port at Abbot Point
• Railway capacity starts at 40 million tonnes a year
• Estimated full project cost $21.7 billion
• Raising the capital has been difficult
Financial Analysis

- The financial analysis in this presentation is based on:
- Acil Allen study of January 2015
  - Supported Land and Environment Court case – Phase 1 only
- Acil Allen comment 2017 – larger project lacks detailed cost information
Acil Allen evaluation Phase 1  
January 2015

- Coal – 30mt a year for 30 years
- Financial averages per year over 34 years
  - Price - $86/t
  - Revenue - $2,574m
  - Capex $242m ($8.24 billion total)
  - Operating costs $419m
  - Net - $1,913m after royalties before Tax
- 30% Internal rate of return
- Phase 1 appears to be a very profitable project
Phase 2

- Phase 2 is a much larger project than phase 1
- But Acil Allen stated in 2017
  - ...that there does not appear to be sufficient detailed costs that allow a proper evaluation of the 60mt a year project

- This presentation assumes Phase 1 only –30 years at 30 mt a year
ILUA Cash Benefits

1. ILUA signed – $550,000
2. ILUA registered - $750,000
3. Surrender of Native Title – up to $398,750
4. First coal - $400,000
5. Annual coal payment - $510,000

6. Value – 30 years – up to $17.4 million
ILUA Jobs

Job-readiness training - $1.0 million
W&J Training coordinator - $1.0 million (first 10 years)
50 jobs (optimistic) over 30 years – up to $112.5m

Total value - up to $114.5 million
ILUA Business & Contracts

Initial contract value
   Bus Service – 50 jobs
   Cultural heritage and walkers – 30 casual
   Environment and land – 20 casual

Value of Environmental Management
Contract not included as jobs counted

Estimated value – up to $21.75m
ILUA Benefits – 30 years

1. Cash – up to $17.4 million
2. Jobs – up to $114.5 million
3. Business – up to $21.75 million
4. Total value - up to $154 million
5. Gross 30 year revenue (Acil) - $77,400m
6. W&J share – 0.2%
ILUA Benchmarks

1. W&J share – 0.2%
2. Industry benchmarks – 0.35% to 0.75% - mid point 0.5%
3. Queensland more like 0.35%
4. 0.35% would be a package of $270 million 1.75 times the ILUA package
Benefits

This is not a well balanced package.

75% of the benefits are delivered as jobs – if these do not materialise, the benefits will be dramatically lower.
Evaluation

1. This is a comprehensive package of benefits with cash payments, jobs and business opportunities
2. The total value is heavily dependant on the jobs and contracts components
3. Jobs and contract targets have not been delivered in most jurisdictions and agreements
4. Given the outlook for coal – mining is unlikely to exceed 30 years
5. The total value if it lasts 30 years is still well below industry benchmark standards
6. The benefits will be larger if the project runs for 60 years but the W&J share of the project revenue will not increase
7. 60 years is very unlikely