

*Welcome to ICN's*  
**accessing resources seminar**

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**2013 FORMULA 1 ROLEX AUSTRALIAN GRAND PRIX**

**Wednesday 13 March 2013, 1.00pm – 6.30pm**



# Agenda

- Overview of the mining sector.
- Management drivers and future of the mining sector.
- Overview of some key projects in Australia & ICN Gateway.
- Considerations



# Overview of Mining Sector – Coal

Under Construction	Committed	Under Consideration	Possible
\$13.6 billion	\$17.4 billion	\$16.9 billion	\$27.9 billion

- Projects under construction = work has commenced on the project
- Committed = decision to proceed has been announced but yet started
- Under Consideration = decision to proceed with project is expected in near future
- Possible = projects announced but where no early decision on whether to proceed with the project is likely



(Deloitte Access Economics Investment Monitor Report – December 2012)

# Overview of Mining Sector – Metal Ore

Under Construction	Committed	Under Consideration	Possible
\$13.6 billion	\$1.5 billion	\$42.9 billion	\$26.7 billion

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- Committed = decision to proceed has been announced but yet started
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(Deloitte Access Economics Investment Monitor Report – December 2012)



# Overview of Mining Sector – Oil & Gas

Under Construction	Committed	Under Consideration	Possible
\$201.5 billion	\$2.5 billion	\$68.0 billion	\$42.6 billion

- Drawing resources from the mining sector
- Value of definite mining projects is \$62.4 billion higher than this time last year
- Significant quantity of mining investment projects in the pipeline - not as many “mega projects”

(Deloitte Access Economics Investment Monitor Report – December 2012)



# Mining Sector – Projects by Region

	Publicly Announced		Feasibility Stage		Committed		Completed	
	No.	Value A\$m	No.	Value A\$m	No.	Value A\$m	No.	Value A\$m
NSW	14	2 180–5 430	30	24 569	16	9 535	3	784
Qld	28	23 204– 31 629+	75	128 094	22	78 400	10	7 048
WA	43	42 476– 66 726+	47	113 475	40	141 084	6	3 311
NT	5	1 801–2 301	8	6 419	4	34 080	1	30
SA	7	7 664–9 414+	5	4 687	2	298	2	112
Vic	4	1 185–2 185	2	532	2	4 300	1	97
Tas	2	0–500	2	203	0	0	1	490
Other*	3	12 500– 15 000+	3	16 412	1	680	0	0
<b>Total</b>	<b>106</b>	<b>91 010– 133 185+</b>	<b>171</b>	<b>291 891</b>	<b>87</b>	<b>268 378</b>	<b>24</b>	<b>11 872</b>

Australian Government Bureau of Resources and Energy Economics October 2012

# Management drivers, decisions & risk

- Mining has to be separated into two groups and managed differently
- Initial infrastructure – Project with a beginning and an end with a different management style traditionally run by a project manager
- Operating Mine – No definitive end date, need companies in close proximity to the asset to prevent down time.
- A fifty cent fuse can cause a \$5,000,000 problem.



# The Future of the Mining Sector



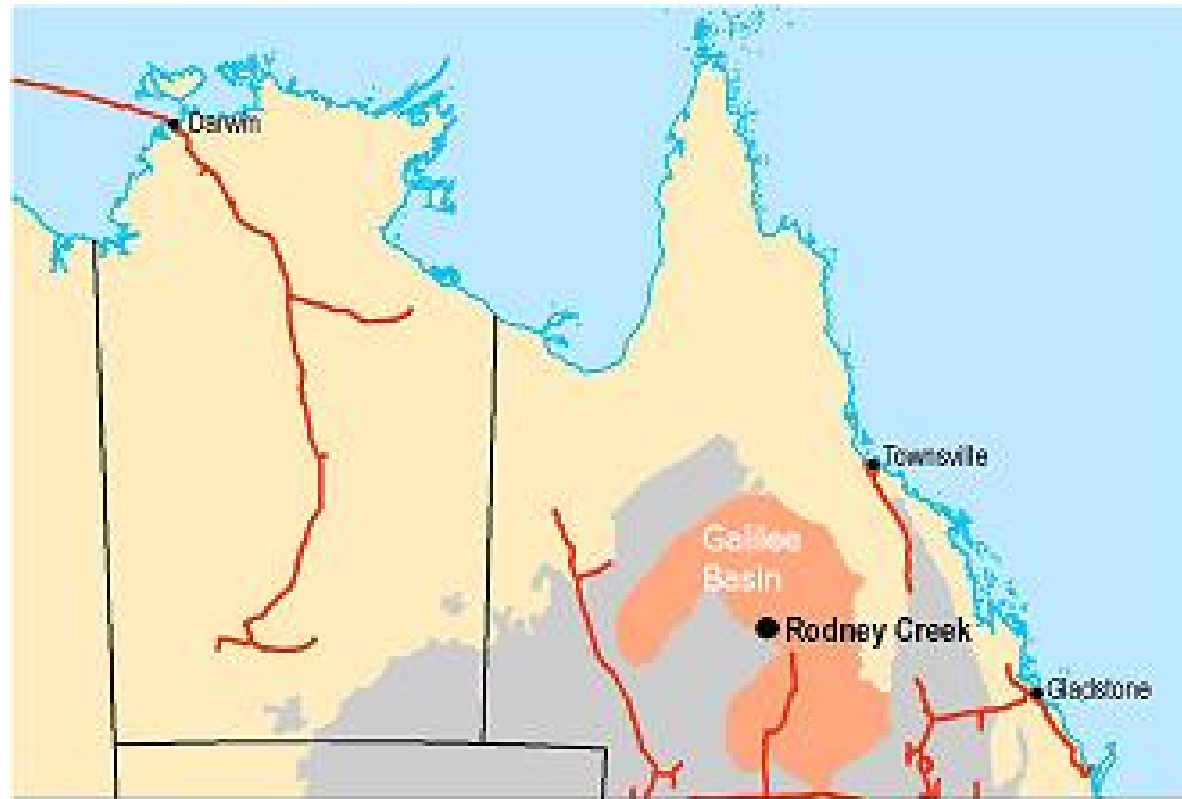


# The Future of the Mining Sector

- The centre has been designed to control and monitor, on a real time basis, the entire operations across the Pilbara:
  - 14 mines
  - 1,400 Km of rail
  - Three ports and power generation facilities
- Coal mining is becoming increasingly computerised- where there used to be 14 people on a long wall now there are only 3.



# Key Projects – Galilee Basin – Coal



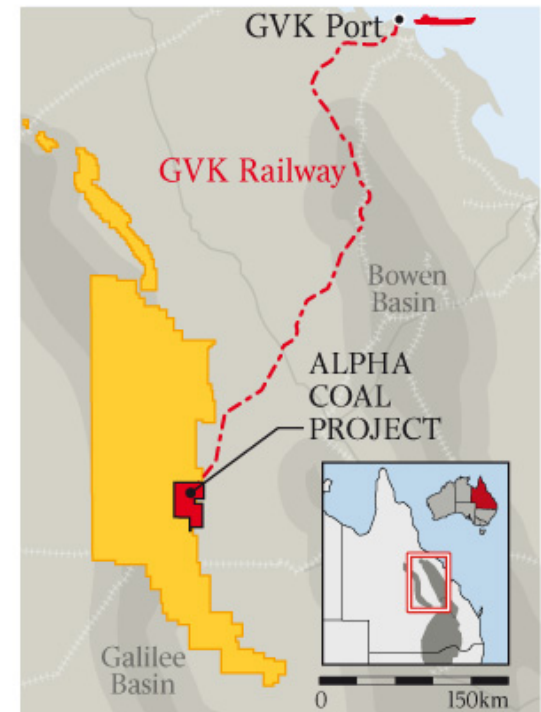
# Key Projects – Galilee Basin – Coal

- The Galilee Basin is 200km west of existing coalfields in the Bowen Basin
- There are five major projects worth collectively about \$25bn, under which 180 million tonnes of coal would be mined each year
- Overview of two companies
  - GVK / Hancock
  - Adani



# Overview – GVK/Hancock

- Two projects under development – Alpha Coal & Kevin's Corner
- Mines similar in scale each to produce 30 million tonnes per annum
- First integrated coal pit to port supply chain in Australia
- Most advanced Project in the Galilee Basin



# Overview – GVK/Hancock

- Recently announced Samsung C and T Corporation and Brisbane based Smithbridge Group have signed a JV to build T3 port terminal
- Successful test pit
- Port –
  - 2 x 30 Mtpa export capacity
  - 2 x ship berths
  - Coal stockyard, stacking & reclaim facilities



# Overview – GVK/Hancock

- Rail – Galilee Basin to Abbot Point
  - 495 km standalone rail link , standard gauge
  - 80 Million tonne per annum capacity
  - 25,000 tonne trains
  - Semi or automated rail system



# Overview – Adani

- Adani, founded in India in 1988, employs 9000 people globally.
- Carmichael Coal Mine and Rail Project - Greenfield open cut and underground mine - Production 60 million tonnes per annum
- Operational plan for 90 years
- Project is not dependent on global pricing



# Overview – Adani

- A mine village & airstrip
- 190 Km of rail between mine and Moranbah in turn connecting to Port at Abbott Point
- Abbot Point Port – redevelopment / loaders etc
- Coal handling and preparation
- Associated project infrastructure





# Overview – Cobbora Coal NSW

- Cobbora Coal Project to supply 9.5 million tonnes of coal per annum to three power stations on central coast of NSW.
- Cobbora is a state owned company – energy security for NSW
- Mine industrial area and coal handling and prep plant
- 28km rail spur line / balloon loop and train loading facilities



# Overview – Cobbora Coal NSW

- Pumping station and 26km water supply pipeline
- Raw water storage dam and numerous sediment and flood control structures.
- 66kV power lines and an electricity substation
- Temporary construction accommodation camp for up to 400 workers



# Overview – Cobbora Coal NSW

- Major project packages
  - Site enabling works
  - River water supply
  - MIA facilities
  - Construction camp
  - Spring Ridge Road (new “upper” section)
  - Bulk earthworks
  - HV electrical works
  - Coal handling and preparation plant
  - Communications / IT / controls
  - Water management (dams, pumps, pipes).
  - Rail spur and loop

# Overview – Roy Hill Iron Ore WA

- World class iron ore mine 105km north east of Newman in the Pilbara - operation for 55 million tonnes per annum
- Crushing, screening and processing lump and fines products
- Stockpiling and train loading – 370km standard gauge, single line dedicated heavy haul railway from site to Port
- Port facility for receiving stockpiling & screening
- Automated operations centre in Perth



# Overview – Roy Hill Iron Ore WA

- Additional infrastructure to support mine construction and operations
  - Construct and operate an airport
  - Accommodation for 3,600 construction workers and approx 2,000 operational staff
  - Site access roads
  - Mining and processing support facilities



# Considerations

- Mining decisions have changed very quickly from production at all costs to cost minimisation and efficiencies
- Understand your value proposition – where and why are you competitive ?
- Think long term – 80% of mining expenditure is spent over the lifecycle of the mine and production.
- The service component of the product or service is as valuable as what you are supplying.
- Prequalification is vital for all mining sites - this can be a different process for every mining entity.

# Considerations

- Mining is about the *relationship*
- Mining companies are *risk adverse* if you have not supplied a mine before it is unlikely you will be successful
- Companies have to start developing relationships in key mining regions with companies already supplying the sites.

***“FISH WHERE THE FISH ARE”***

# Considerations

- Network with national organisations such as MESCA, AUSTMINE.
- Education – through programmes such as Enterprise Connect, Buy Australian’s Resources Connect & understand of the drivers in the industry
- ICN has appointed a mining specialist in each state, collectively they have a fantastic cross section of skills that cover all facets of mining and production
- Visit and revisit ICN Gateway for opportunities, look for awarded contracts as well – will show winning company so you can undertake your own business development activities.



# Contact Details & Advocacy

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