

Digging

in for coal rush

Xstrata's hope in Wandoan

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THE jockeying among coal companies to get the next big Queensland development underway - to protect or increase export market share - has intensified.

Anglo-Swiss mining giant Xstrata is examining a massive long-term mining plan for its Wandoan thermal coal deposits on the Darling Downs.

The \$6 billion Wandoan project, still at the feasibility stage and dependent on rail and port infrastructure being developed, would initially produce up to 30 million tonnes of coal a year.

This output would make it Queensland's largest single coal producer.

But Xstrata chief executive Mick Davis said recently the company believed its coal deposits around Wandoan could eventually support production of 100 million tonnes.

That total would exceed Xstrata Coal's total worldwide production which increased 11 per cent to 95.2 million tonnes in 2009, with 53.7 million tonnes coming from Australia, according to an annual production report yesterday.

But there's a long way to go to get to that stage and plenty of competitors also vying for a piece of the action.

Wandoan will produce thermal coal and is dependent, like many other smaller po-



SURGING AHEAD: Coal companies are vying for the next big Queensland development.



tential projects in the Surat Basin, on development of the planned \$4 billion Wiggins Island coal terminal in Gladstone and a rail line linking

Surat Basin coalfields to the port; likely to cost several more billions of dollars.

There are other major thermal coal competitors, but they

also have their infrastructure problems and are further from a port than Wandoan.

In the Galilee Basin, Queensland's richest man Clive

Palmer, with Chinese partners, is proposing his 30-million-tonne China First project, with railway to Abbot Point near Bowen, where two coal loading

berths would be needed. China First's neighbour, Kevin's Corner - owned by Gina Rinehart's Hancock Prospecting - has a similar proposal on the boil but

Groundswell

POTENTIAL QLD COAL PROJECTS

DEPOSIT	OWNER	POTENTIAL CAPACITY
Wandoan	Xstrata	30-100Mt
China First	Clive Palmer	30Mt
Kevin's Corner	Gina Rinehart	30Mt
Caval Ridge-Peak Downs	BMA	8Mt
Byerwen	QCoal-JFE	5-10Mt

there is no public sign yet that she and Mr Palmer will cooperate to get their expensive plans off the ground.

The Wandoan and Galilee Basin proposals are for thermal coal to produce electricity.

However, those with coking coal deposits are also back at the drawing board as world steel demand picks up.

BHP Billiton, which a few years ago was looking at lifting its Queensland output towards 100 million tonnes - but has only managed about half that amount - recently decided to inject

\$US267 million (\$A288 million) into feasibility studies and procuring long-lead-time items activities for its planned \$1 billion Caval Ridge mine and its Hay Point coal terminal stage three expansion.

BHP and Japan's Mitsubishi - which own the projects jointly through the BHP Billiton Mitsubishi Alliance - expect Caval Ridge to produce 5.5 million tonnes annually of high-quality coking coal, with another 2.5 million tonnes to come from an expansion of the adjacent Peak Downs mine.

Meanwhile, Japanese steelmaker JFE Holdings is about to pay \$600 million for a 20 per

cent stake in the Byerwen coal deposit, from Sonoma coalmine owner QCoal. Byerwen could also cost \$1 billion to develop, to a capacity of up to 10 million tonnes a year of coking coal.

JFE has agreed to take annual delivery on 2 million tonnes initially.

While yesterday it confirmed its long-term dreams for the Wandoan region, Xstrata Coal's communications manager James Rickards said the plans were a long way from being finalised.

The initial Wandoan project was advancing towards possible production in 2014. But three other nearby potential mines were at a much earlier stage of study.

"We are currently exploring three other areas outside of (the initial Wandoan mine area) to consider the possibility of developing those up to be pits of about 25 million tonnes per annum," Mr Rickards said.

"It is still very early stages, and we are yet to complete any of the feasibility, pre-feasibility or environmental studies of those other regions."

Mr Rickards said development of the three new sites was not expected until the 2020s.