



Newcastle Office

Ground Floor, 241 Denison Street, Broadmeadow, NSW Australia 2292

PO Box 428, Hamilton, NSW Australia 2303

T +61 2 4940 1200 F +61 2 4961 6794 E newcastle@rpsgroup.com.au W rpsgroup.com.au

Our Ref: PR111760letter

Date: 2 April 2014

Attn: JAMES WEARNE
CENTENNIAL COAL
PO BOX 1000
TORONTO, NSW, 2283

Via: Email

Dear Sir,

**RE: PROPOSED COAL PREPARATION AND HANDLING UPGRADE
NEWSTAN COLLIERY, FASSIFERN**

Attached is our Capital Investment Value estimate in the amount of **\$186,586,569 excluding GST** for the above development, based on the information listed in the Schedule of Information.

The Capital Investment Value (CIV) has been calculated in accordance with the definition contained in *Environmental Planning and Assessment Regulation* being:

"**capital investment value** of a development or project includes all costs necessary to establish and operate the project, including the design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, other than the following costs:

- a) Amounts payable, or the cost of land dedicated or any other benefit provided, under a condition imposed under Division 6 or 6A of Part 4 of the *Environmental Planning and Assessment Act* or a planning agreement under that Division
- b) costs relating to any part of the development or project that is the subject of a separate development consent or project approval
- c) land costs (including any costs of marketing and selling land)
- d) GST (as defined by *A New Tax System (Goods and Services Tax) Act 1999* of the Commonwealth)".

Please note:

- The above compares with your representatives advice, re: in-house CIV calculation of **\$194,129,200 excluding Contingency and GST**, with the difference between the two amounting to **\$7,542,631, or, 3.89%**
- we advise that we consider the above discrepancy to be within the acceptable industry norm; and
- therefore we confirm we believe your representatives **Contingency and GST exclusive** in-house CIV calculation to be realistic to complete the included components of the project

We trust this information is sufficient for your purposes; however should you require any further details or clarification, please do not hesitate to contact the writer.

Yours sincerely
RPS

Justin O'Brien
Quantity Surveyor
BConMgt (BLDG) (Hons), AAIQS.

Centennial Northern Coal Services Surface Upgrade

Job Name :	<u>PR111760NEWSTAN</u>	<u>Job Description</u>
Client's Name:	<u>Centennial Coal</u>	Newstan - Northern Coal Services infrastructure upgrade

Trd No.	Trade Description	Trade %	Cost/m2	Trade Total
1	Site Preparation	0.94		1,755,000
2	Coal Handling Plant	2.37		4,427,343
3	Coal Preparation Plant	6.34		11,825,845
4	Upgrade of Product Handling Facility	21.33		39,798,320
5	Subtotal			57,806,508
6	Contingency (NB: EXCLUDED)			
7	Subtotal			57,806,508
8	Professional fees (NB: Rate based on similar recent projects/"industry advice")	1.55		2,890,326
9	GST exclusive "Construction Works" subtotal			60,696,834
10	Equipment/Machinery	67.47		125,889,735
11	GST exclusive subtotal			186,586,569
12	SCHEDULE OF INFORMATION			
13	SCHEDULE OF EXCLUSIONS			
		100.00		186,586,569

Final Total : \$ 186,586,569

Trade break-up

Job Name :	<u>PR111760NEWSTAN</u>	Job Description
Client's Name:	<u>Centennial Coal</u>	Newstan - Northern Coal Services infrastructure upgrade

Item No.	Item Description	Quantity	Unit	Rate	Amount
Trade : 1 <u>Site Preparation</u>					
1	Site clearing including vegetation etc removal to allow for upgrade works	1.00	Item	1,755,000.00	1,755,000.00
2	Nominal levelling allowance (NB: Included in last)	1.00	Item		INCL
3	Cut to fill (NB: Included in relevant items rates)	1.00	Item		INCL
<u>Site Preparation</u> Total :					1,755,000.00
Trade : 2 <u>Coal Handling Plant</u>					
1	Piping of LT Creek	1.00	Item	2,041,875.00	2,041,875.00
2	Reclaim Tunnel extension works	1.00	Item	2,385,468.00	2,385,468.00
<u>Coal Handling Plant</u> Total :					4,427,343.00
Trade : 3 <u>Coal Preparation Plant</u>					
	<u>Fines treatment plant addition</u>				
1	Construction of building & support structure (NB: Rate based on "similar" projects)	6,400.00	m2	1,400.00	8,960,000.00
2	Civil works including associated concrete works	1.00	Item	2,865,844.80	2,865,844.80
<u>Coal Preparation Plant</u> Total :					11,825,844.80
Trade : 4 <u>Upgrade of Product Handling Facility</u>					
	<u>Rail loop works</u>				
1	Rail track upgrade	1.00	Item	788,000.00	788,000.00
	<u>Additional stockpile area</u>				
2	Piping section of LT creek (NB: Included in "Coal Handling Plant")	1.00	Item		INCL
3	Clean water diversion drain including geotextile fabric & stone linings	1.00	Item	2,205,900.00	2,205,900.00
4	Civil work including retaining walls	1.00	Item	10,222,200.00	10,222,200.00
5	Installation of Reclaim Tunnel No. 1	1.00	Item	9,569,610.00	9,569,610.00
6	Ditto Reclaim Tunnel No. 2	1.00	Item	5,963,670.00	5,963,670.00
7	Electrical Reticulation throughout the site including substations etc	1.00	Item	10,151,460.00	10,151,460.00
8	Pollution control structures	1.00	Item	897,480.00	897,480.00
<u>Upgrade of Product Handling Facility</u> Total :					39,798,320.00

Trade break-up

Job Name : PR111760NEWSTAN		Job Description			
Client's Name: Centennial Coal		Newstan - Northern Coal Services infrastructure upgrade			

Item No.	Item Description	Quantity	Unit	Rate	Amount
Trade : 5 Subtotal					
				<u>Subtotal</u>	<u>Total :</u>
Trade : 6 Contingency(NB: EXCLUDED)					
1					
				<u>Contingency (NB: EXCLUDED)</u>	<u>Total :</u>
Trade : 7 Subtotal					
1					
				<u>Subtotal</u>	<u>Total :</u>
Trade : 8 Professional fees (NB: Rate based on similar recent projects/"industry advice")					
1					
				<u>Professional fees (NB: Rate based on similar recent projects/"industry advice")</u>	<u>Total :</u>
Trade : 9 GST exclusive "Construction Works" subtotal					
1					
				<u>GST exclusive "Construction Works" subtotal</u>	<u>Total :</u>
Trade : 10 Equipment/Machinery					
	<u>Allowance for industry specific machinery for the following areas (NB: Based on specialist advice):</u>				
1	- Coal Handling Plant	1.00	Item	8,770,200.00	8,770,200.00
2	- Coal Preparation Plant	1.00	Item	41,860,000.00	41,860,000.00
3	- Fines treatment plant addition	1.00	Item	22,005,500.00	22,005,500.00
4	- Product coal handling & Train loading system upgrades	1.00	Item	41,550,000.00	41,550,000.00
5	Subtotal				<u>114,185,700.00</u>
6	Builders work to the above	1.00	Item	5,709,285.00	5,709,285.00
7	Subtotal				<u>119,894,985.00</u>
8	Professional fees	1.00	Item	5,994,749.25	5,994,749.25

Trade break-up

Job Name :	<u>PR111760NEWSTAN</u>	Job Description
Client's Name:	<u>Centennial Coal</u>	Newstan - Northern Coal Services infrastructure upgrade

Item No.	Item Description	Quantity	Unit	Rate	Amount
<u>Equipment/Machinery</u> Total :					125,889,734.25
Trade : 11 <u>GST exclusive subtotal</u>					
<u>GST exclusive subtotal</u> Total :					
Trade : 12 <u>SCHEDULE OF INFORMATION</u>					
1	Section 7 Coal Preparation Plant Feasibility Study dated November 2011		Note		
2	Drawing, re: Existing site plan		Note		
3	Verbal & written information provided by Neal Drakeford of Centennial Coal, re: Scope clarification etc		Note		
<u>SCHEDULE OF INFORMATION</u> Total :					
Trade : 13 <u>SCHEDULE OF EXCLUSIONS</u>					
1	Land costs & legal fees		Note		EXCL
2	Authorities & Consultants fees & charges UNO		Note		EXCL
3	Holding costs & interest charges		Note		EXCL
4	Future costs escalation		Note		EXCL
5	Design development allowance		Note		EXCL
6	Unknown ground conditions or Engineering design		Note		EXCL
7	Work outside site boundaries UNO		Note		EXCL
8	Contingency Sum		Note		EXCL
9	GST		Note		EXCL
<u>SCHEDULE OF EXCLUSIONS</u> Total :					