



MANILDRA GROUP

Commitment to Excellence

Paul Freeman

Mining & Industry Projects

NSW Department of Planning & Environment

RE: Invincible Coal Mine (Southern Extension Project)

On behalf of Shoalhaven Starches I strongly support the Invincible Coal Mine (Southern Extension Project).

Shoalhaven Starches

Shoalhaven Starches is a wholly owned subsidiary of Manildra Group, a 100 per cent family owned Australian agribusiness. Over three generations, Manildra Group has evolved from a family flour mill to a diverse international agribusiness value-adding to wheat, canola, sugar, beef and lamb.

Shoalhaven Starches is a production facility in Bomaderry, south coast NSW. Shoalhaven Starches runs a wheat starch and gluten plant using the most advanced industry technology to extract value-added products from 100 per cent of the wheat grain, in conjunction with a world-first sustainable ethyl alcohol (ethanol) distillery.

Processing quality flour from three flour mills in the NSW wheat belt and from the onsite Nowra flour mill, Shoalhaven Starches supplies domestic and export markets with a range of gluten, starch, glucose, ethanol and stockfeed products crucial to a variety of industries from food, confectionery, brewing and building.

Energy at Shoalhaven Starches

Energy is among one of the highest costs incurred in running the production facility at Bomaderry. Our energy costs are incurred across a variety of sources including electricity, gas and coal. As a guide, the Bomaderry plant incurs energy costs of up to \$1million per week. Coal is a major component of these costs and our coal fired boilers and coal handling equipment, which supply approximately 50% of our steam requirements, are designed to handle only nut coal. Nut coal is low ash coal with minimal amounts of coal fines.

The coal handling equipment is a pneumatic system which transports the coal from an in-ground hopper to the boiler bins. The coal then flows by gravity into the coal spreaders and to the furnace of the boilers. High ash coal causes clinkering as well as increased freight costs. The coal size is critical as oversize pieces do not fully burn out without being discharged with the ash.

Nut coal

There is limited nut coal mines in New South Wales, to our knowledge there are only four including one at Newcastle, two at Lithgow (Invincible and Clarence Collieries and one at Boggabri.

The Newcastle facility is only able to deliver coal by rail and there is no rail unloading facilities at Nowra for coal. The road freight costs from other coal mines (including interstate) significantly increases our energy costs, which are unsustainable long-term.

In January 2011 Shoalhaven Starches entered into a long term contract with Coalpac for the supply on a take or pay basis of up to 72, 800 tonnes per annum of nut coal from the Invincible Colliery to the plant. However, due to the approval delays and unapproved mining applications Coalpac was unable to supply coal under the contract beyond December 2012.

Accordingly, Shoalhaven Starches entered into a contract for nut coal supply from Clarence Colliery near Lithgow at a cost of approximately \$4.5m delivered to the plant for 30,000 tonnes covering the period from 1st January 2013 through to 30 June 2013. This contract was \$1.35m more expensive than coal we had previously purchased from Invincible Colliery. The Bomaderry plant continues to source nut coal from the Clarence Colliery today.

Future of Shoalhaven Starches

The New South Wales coast is currently experiencing local industry and business closures of a number of large employers in the region and with high unemployment rates, above the nation's average – Shoalhaven Starches plant is one of the region's largest private employers, employing around 300 directly on site and thousands of indirect jobs in industries from transport, food service, grain handling, engineering, maintenance and construction - viability of the Plant is critical to the region.

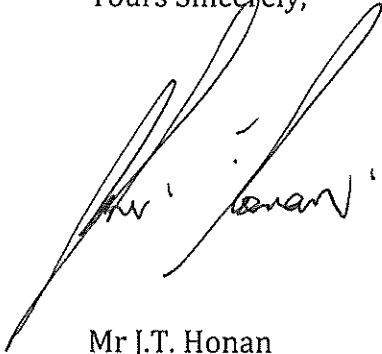
Our drive to maintain international competitiveness has positioned Shoalhaven Starches as a major exporter of containers through Port Botany, Sydney's main port. We export to over 38 countries on every continent and we domestically transport our products to more than 5,000 locations across Australia. It is critical for Shoalhaven Starches to remain internationally competitive.

Countries we compete with internationally and export to have significantly lower operating, labour and energy costs. Manildra Group has a gluten manufacturing facility in Kansas City, United States and its operating, labor and energy costs are significantly lower than that of our Australian facilities.

A cost-effective and viable fuel source is imperative to the sustainability and long-term future of Shoalhaven Starches and the hundreds of direct and indirect local jobs that it creates.

It is vital that the Invincible Coal Mine (Southern Extension Project) is approved, not only for the employment and regional development in the Lithgow but for the long-term sustainability and jobs at Shoalhaven Starches and the long-term future of the NSW manufacturing industry.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Mr J.T. Honan', written over a horizontal line.

Mr J.T. Honan
Chairman
Manildra Group