STANWELL TARONG COAL CONTRACT CORPORATE ADVISOR





The Client

Operation of a coal fired base load power station. Tarong Energy is a subsidiary of Stanwell Corporation.

The Project

- Converting the coal supply from an adjacent mine from purchase of coal from Rio Tinto to the ownership and operation of the mine by Tarong Energy
- Undertaking studies for the potential of sourcing coal from a new mine some 20+ km from the power station



The Challenge

- Development and implementation of a plan to convert the operation of the coal mine from existing owner to Tarong Energy without any risk to continuity of supply
- Develop a new mining contract and obtain Board approval of the contract details and risk allocation
- Manage the procurement process up to award of contract
- Brief the Tarong Board as to their recommended role in overview of the mining operation
- Provide concept level pricing and scheduling of a cross country conveyor system
- At the time of assignment another Member of Flagstaff was also on the Board of Tarong Energy

The Outcome

- The ownership and operation of the mine was transferred from Rio Tinto to Tarong energy without any loss of production or mishaps
- The new mining contract was awarded on time
- The form of contract served both parties well over the duration of the mining contract
- The Board was fully informed throughout process to allow for smooth transition and operation of the mine under Tarong control
- Additional reserves were proven viable at the existing mine to support the business plan which resulted in the elimination of the need for a new mine.
- The Flagstaff member servped out his specified duration as Board Member without conflict and added value to the various board discussions and decision making

'experience makes a difference'

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