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Asciano and Whitehaven Coal enter into long term coal haulage contract

Today, Asciano and Whitehaven Coal have signed a long term contract for the provision of coal haulage services from Whitehaven's Narrabri, Werris Creek and Gunnedah loadpoints in the Gunnedah Basin of New South Wales.

The contract provides Whitehaven Coal with long term certainty of their coal haulage requirements going forward. The agreement includes clear performance hurdles and capacity obligations from Pacific National to ensure Whitehaven's port and rail capacity commitments are matched by above rail obligations through Whitehaven's growth phase over the next decade.

This long haul, take or pay contract is expected to generate at least [\$600 million] of revenue for Asciano over the term of the agreement. The new contract includes more than a doubling of the rail haulage task for Whitehaven Coal over the next 2 years and is expected to deliver a return on capital to Asciano in line with the benchmarks achieved on recent coal haulage contracts.

The new contract requires one new train set to be ordered immediately. This additional train set is part of Asciano's \$160 million capital commitment announced in June 2009 and means all 4 trains provided for in that commitment are now ordered and underwritten by long term take or pay contracts.

Whitehaven Coal has already invested in one train set itself which is expected to be operational in June 2010. Pacific National will lease and operate this train set from Whitehaven as part of this contract. Pacific National has obligations to invest in further trains as required by Whitehaven as their growth volumes come online during the contract period

Whitehaven Coal's Managing Director, Tony Haggarty commented, "we are extremely pleased to have entered into this partnership with Asciano for our long term coal haulage requirements. Entering into a contract with performance based hurdles is extremely important for Whitehaven as we expand our operations significantly in the Gunnedah Basin."

"We are aligning our port, track and above rail contracts to ensure we can deliver our long term growth objectives in the NSW coal export market," Mr Haggarty said.

Asciano Managing Director and CEO, Mark Rowsthorn commented, “this recent contract is a significant achievement for Asciano. As a result of the increased tonnes and longer haulage distances, Whitehaven is now becoming one of Asciano’s largest customers in NSW.”

“This is a great outcome for the Pacific National Coal business as it delivers growth in volumes, and high quality earnings for the next 10 years. At the same time, we have committed to providing Whitehaven with superior customer service to support their long term objectives,” Mr Rowsthorn said

“Asciano will continue to pursue performance based partnerships with coal companies in both NSW and Queensland to meet the demands of the coal market and to grow our coal haulage business within the Group,” Mr Rowsthorn said.

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