

THE LAND

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HD	Bad timing for thermal mining?
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LP	<p>The plan for Caroona outlines production of 10 million tonne per annum of thermal coal, making it one of the biggest underground coal mines in the country.</p> <p>With Drayton South, Maules Creek and Wallarah, all mired in controversy and public protest any new development would, undoubtedly, come under similar scrutiny.</p>
TD	<p>The price of thermal coal, which Australia supplies to South Korea, Japan, India and China for electricity production, has fallen from \$140 a tonne in 2011 to \$72 today.</p> <p>The Bureau of Resources and Energy Economics forecast thermal coal will rise to \$90 a tonne by 2019, with a positive outlook driven by Asia's increasing electricity demand.</p> <p>But BHP is playing a longer game.</p> <p>BHP's future plans for Caroona are clouded by the company's recent announcement it will divest "non-core" assets and streamline operations to focus on iron ore, copper, petroleum and coking coal which is used for steelmaking and is more valuable than thermal coal.</p> <p>BHP's global head of coal, Dean Dalla Vale, won't rule out the sale of thermal coal assets.</p> <p>It is not uncommon for mining companies to increase the value of assets such as Caroona by steering them through government approval processes and realising a return on investment by selling them, ready to mine, to a third party.</p> <p>Were the mine to be sold after approval, it would be up to the new owner to adopt BHP's commitment to never seek to extend the mine under floodplain.</p> <p>MIKE FOLEY</p>
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