

Delta Electricity Enters into Agreement to Purchase Chain Valley Colliery

Delta Electricity today announced that it had executed agreements to purchase the Chain Valley mine, located adjacent to its Vales Point power station. Completion of the transaction will occur once mining titles have transferred.

The Agreement removes threats to the future employment of approximately 250 employees at the mine.

Chain Valley mine has been in receivership since early October 2018. Investment Bank, Houlihan Lokey, conducted the sale on behalf of the Receivers, Barry Taylor and Todd Gammel of HLB Mann Judd.

Delta's Managing Director, Greg Everett, said 'This purchase is an important step in securing affordable and reliable base load electricity supplies in NSW. Whilst many power stations elsewhere have the security of mine-mouth coal mine supplies to power stations, New South Wales power stations have traditionally relied on market based contractual arrangements for fuel supplies. In recent years fluctuations in the availability and price of coal has impacted the cost of electricity to consumers.'

Whilst Chain Valley has recently experienced financial difficulty, Delta expects the mine will become a consistent, long term supplier of good quality coal to the power station. "Delta's owners, Trevor St Baker and Brian Flannery, have made significant investments in Vales Point since acquiring the asset. They intend to bring the same productive investment and shrewd business acumen to the mine, which will benefit by replacing old infrastructure and hired equipment to improve production costs." Mr. Everett said.

The mine purchase adds to the growing Delta Electricity portfolio which includes a recently announced solar offtake agreement for 150MW, a 230MW pumped hydro project near Port Augusta in South Australia and a 45MW solar farm on the rehabilitated ash dam lands at Vales Point. Delta has also commenced retailing electricity to large industrial customers.

"Delta's increasing vertical integration from fuel supply through to end users, together with a business that embraces traditional and new sources of power, will provide a more sustainable business into the future for all stakeholders" added Mr. Everett.

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