Statement in response to declaration request

North Queensland Export Terminal (NQXT)

Declaration request from QCoal Pty Ltd and Byerwen Coal Pty Ltd (QCoal Users)

Statement of: Mark Bradley Smith
Address: Level 9, 120 Edward Street, Brisbane, Queensland, 4000
Occupation: General Manager, North Queensland Export Terminal Pty Ltd
Date: 22 August 2025

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A. Introduction

I, Mark Bradley Smith, General Manager, North Queensland Export Terminal Pty Ltd of Level 9, 120 Edward Street, Brisbane, QLD, 4000, say that:

1 I am the General Manager of North Queensland Export Terminal Pty Ltd (**NQXT**), and I am authorised to make this statement on NQXT's behalf.

2 NQXT is the sub-lessee of the North Queensland Export Terminal at the Port of Abbot Point in Queensland (**Terminal**). NQXT is part of the Adani Group of companies that operate under the Indian publicly listed company Adani Enterprises Limited.

3 I have prepared this statement on behalf of NQXT in response to the application by the QCoal Users to the Queensland Competition Authority (**QCA**) seeking a recommendation that the coal handling service at the Terminal be declared under Division 2 of Part 5 of the *Queensland Competition Authority Act 1997* (Qld) (**QCA Act**).

4 The matters set out in this statement are based on my own knowledge of NQXT's operations, information available to me from NQXT's books and records and my experience in the coal industry over the past 20 years.

5 Where I refer to documents in this statement, I identify those documents by their annexure number.

6 Where I state that information has been provided to me for the purpose of this statement, I believe that information to be true after due enquiry.

B. My experience and employment history

7 I have been employed by NQXT since I was appointed to my current role as General Manager on 4 January 2021. In my role as General Manager:

(a) I have access to the books and records of NQXT;

(b) I have day-to-day responsibility for NQXT's commercial strategy and its lease of the Terminal; and

(c) I am responsible for:

(i) managing the terms of access to the Terminal and pricing;

(ii) representing NQXT in dealings with users and potential users of the Terminal;

(iii) liaising with the Terminal's operator; and

(iv) liaising with other stakeholders, such as North Queensland Bulk Ports Corporation (**NQBPC**) which is the lessor of the Terminal and owner of the Port of Abbot Point.

8 I have been working in commercial and operations roles in the coal industry in Queensland and New South Wales for more than 20 years. Prior to my current role, I was the Director, Infrastructure at Peabody Energy Australia Pty Ltd from around August 2011 to January 2021 where I managed the Port and Rail portfolio of that business. From around 2012 to 2020, I held various Nominee Director positions on the boards of several coal export terminals, including

Dalrymple Bay Coal Terminal Pty Ltd, Newcastle Coal Infrastructure Group, Hunter Valley Coal Chain Coordinator and Port Kembla Coal Terminal Limited. Prior to this experience, I worked in commercial and operational roles for Anglo American, Mitsui & Co Ltd and Dalrymple Bay Coal Terminal Pty Ltd.

9 I am a Certified Practising Accountant and hold a Bachelor of Business (Accounting) from Central Queensland University.

C. The Terminal

C.1 Overview of the Terminal

10 The Terminal is located within the Port of Abbot Point, approximately 25 kilometres north of Bowen in Queensland. The Terminal is owned by the Queensland Government and leased to NQXT under a 99-year lease acquired in 2011.

11 The Terminal is a multi-user export terminal that provides coal handling services to coal producers in order to enable loading of bulk transport ships for export. Both metallurgical and thermal coal are exported via the Terminal.

12 The day-to-day operation and running of the Terminal is managed independently from NQXT by Abbot Point Operations Pty Ltd (**APO** or the **Operator**) under an Operating and Maintenance Contract.

13 APO is also an entity within the Adani Group of companies however, as I explain in further detail in section E below, [redacted]. This means that APO is required to perform the services at the Terminal [redacted]. APO employees (based in Bowen, near the Terminal) are separate from NQXT employees (based in Brisbane) and the two entities operate under separate management teams.

14 The current nameplate capacity of the Terminal is 50 million tonnes per annum (**mtpa**) which is facilitated by the following infrastructure:

(a) a rail in-loading facility, including two dump stations used to receive coal from trains;

(b) three coal handling and stockpiling areas with six stacker reclaimers;

(c) a 2.8-kilometre trestle jetty and conveyors connecting to two offshore berths; and

(d) two ship-loaders.

15 Coal is delivered to the Terminal via the Newlands System, which is one of the interconnected below rail systems that (together with other systems) form the Central Queensland Coal Network (**CQCN**). The CQCN is operated by Aurizon Network. The Newlands System connects to the broader CQCN via the Goonyella to Abbot Point Expansion (**GAPE**) System.

16 The Terminal operates 24 hours a day, 364 days a year. Christmas Day is the only day on which we do not operate.

C.2 History of the Terminal

(a) <u>Overview and expansions</u>

17 The Terminal opened in 1984 and was originally developed and managed by the Queensland Government through Ports Corporation of Queensland (**PCQ**), a wholly owned subsidiary of NQBPC. The Terminal was built in partnership between Mount Isa Mines (which later became Glencore) and the Queensland Government to open export access for coal producers in the Bowen Basin. Until around 2005, Mount Isa Mines was the sole user of the Terminal.

18 At the time it opened, the Terminal's nameplate capacity was up to 15 mtpa. The Terminal has undertaken several expansions since opening in 1984 to increase its capacity to its current nameplate capacity of 50 mtpa.

19 Capacity in the coal industry came under a great amount of pressure during the 2000s. Over this period, the commodity 'super-cycle' led to surging demand for both thermal and metallurgical coal, particularly from China. The Queensland coal sector responded with substantial investment in new and expanded mines.

20 However, a lack of export infrastructure, coupled with a mismatch between contracted and operational capacity led to significant problems – with long queues of coal vessels waiting off the coast of Queensland and Newcastle, in New South Wales. This led to a number of projects designed to increase the capacity of both export coal terminals, including the Terminal, as well as the CQCN.

21 In relation to the Terminal, in around 2007 major upgrade works were completed which increased the Terminal's capacity to 21 mtpa.

22 In around 2008 further major upgrade works were completed, which included the addition of expanded stockyard space, construction of a second rail dump station and inloading stream that increased the Terminal's capacity to 25 mtpa.

23 Finally, in around 2011 a significant project to effectively double the Terminal's capacity to its current nameplate capacity of 50 mtpa was completed (the **X50 Expansion**). The program of works for the X50 Expansion commenced in around 2008 and included developing a new shiploader, second offshore shipping berth, additional stockyard capacity and a jetty conveyor system. The X50 Expansion also involved the construction of new administration facilities to support an expanded workforce.

24 The total cost of the X50 Expansion was approximately $820 million. The X50 Expansion was undertaken when the Terminal was owned and managed by PCQ. The X50 Expansion was supported by the Queensland Government entering into a number of standard form long-term user agreements with the following coal producers in Central Queensland (referred to in this Statement as the **Legacy Users** and the **Legacy User Agreements**):

(a) [redacted]

(b) [redacted] This agreement was subsequently separately novated from [redacted] to both [redacted] and to [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

(f) [redacted] (this agreement was originally held by [redacted]

(g) [redacted] and

(h) [redacted] (this agreement was originally held by [redacted]

(together, the **Legacy Users** and the **Legacy User Agreements**). I discuss these legacy contractual arrangements further in section F below.

25 As I outline above, coal is supplied to the Terminal via the Newlands System. At the time of the X50 Expansion, work was also undertaken to connect the Newlands and Goonyella Systems through the construction of the Goonyella Abbot Point Expansion (**GAPE**) (a project that included the construction of the so-called, 'Northern Missing Link').

26 The purpose of the construction of the GAPE and these improvements was to:

(a) enable mines located proximate to the Goonyella System (south of the Terminal) to access the Terminal for export; and

(b) align the volume of coal that could be railed to the Terminal through the newly connected Newlands and Goonyella Systems with the Terminal's increased capacity of 50 mtpa.

(b) Acquisition of the Terminal by the Adani Group

27 In around May 2011, the Adani Group, through its subsidiary Mundra Port Pty Ltd (**Mundra Port**), acquired a 99-year lease of the Terminal from PCQ for a total consideration of $1.829 billion (the **Terminal Sale**). The Terminal Sale was effected by the Queensland Government executing a Transfer Notice pursuant to the *Infrastructure Investment (Asset Restructuring and Disposal) Act 2009* (Qld), which comprised of (in summary):

(a) 99-year leases by NQBPC to the Adani Group of the land and fixtures used for the operation of the Terminal for an up-front lease premium of [redacted]; and

(b) the acquisition by Mundra Port from NQBP of the shares in APCT #1 Pty Ltd (a wholly owned subsidiary of NQBPC), being the owner of non-fixed assets and Terminal business and contracts, for a consideration of [redacted].

28 The Terminal Sale was completed on 1 June 2011. On 6 June 2011 APCT #1 Pty Ltd changed its name to Adani Abbot Point Terminal Pty Ltd (**AAPT**). AAPT later changed its name again to NQXT on 8 October 2020.

29 As a result of these transactions:

(a) NQXT is the owner of the Terminal businesses, contracts (including all Legacy User Agreements) and the non-fixed assets associated with the operation of the Terminal;

(b) NQXT Holdings Pty Ltd (**NQXT Holdings**) as trustee of the NQXT Holdings Trust has 99-year leases with NQBPC for the onshore and offshore land which the Terminal operates on; and

(c) NQXT entered into 99-year sub-leases of the Terminal land from NQXT Holdings.

C.3 Overview of current users of the Terminal

30 There are currently [redacted] contracted users of the Terminal, all of whom are contracted to ship coal through the Terminal in 2024/2025 and 2025/2026. These users are:

(a) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

(f) [redacted];

(g) [redacted] and

(h) [redacted].

31 As I explain further in section F below, with the exception of [redacted] each of the above users (being the existing Legacy Users) is contracted with the Terminal under a Legacy User Agreement. These Legacy Agreements are all due to expire between [redacted] (which as I explain below [redacted]). [redacted]

32 Table 1 below lists each user's contracted volumes the Terminal over the last seven financial years including this year (excluding users with only short term or spot arrangements). All of the Terminal's users export both metallurgical and thermal coal, except for [redacted] and [redacted] which only export thermal coal.

Table 1: Contracted volumes for each long-term user of the Terminal (2019 – 2026)

[redacted]

[redacted]

33 From time to time, NQXT also enters into short term or spot agreements with coal producers. [redacted]. I discuss some of these previous arrangements in further in section I.1 below.

34 The actual Terminal throughput has [redacted]. The total contracted tonnages for the Terminal and actual Terminal throughput for the period 1 July 2019 to 30 June 2025 are set out in Table 2 below.

Table 2: Actual and contracted volumes at the Terminal (2019 – 2025)

[redacted]

35 As evident from Table 2, the Terminal [redacted]. The largest volume of coal serviced by the Terminal in its history (in actual throughput) was [redacted] in the [redacted] financial year.

D. The Adani Group

36 NQXT is part of the Adani Group of companies that operate under the Indian publicly listed company Adani Enterprises Limited. The Adani Group was established in 1998 by its chairman Gautam Adani and is still largely controlled by the Adani family. The Adani Group operates in the resources, logistics, energy and agribusiness sectors.

37 In Australia, the Adani Group's operations are focused in Queensland. The Adani Group owns and operates the following businesses and assets in Queensland:

(a) The Terminal, which is leased to NQXT from the Queensland Government under a 99-year lease. In around April 2025, NQXT was acquired by Adani Ports and Special Economic Zone Ltd (**APSEZ**) in a related party transaction following an internal restructure within the Adani Group. APSEZ is an Indian multinational port operator and logistics company. I understand that APSEZ does not acquire or trade coal.

(b) The Carmichael Mine, which is an open cut thermal coal mine located in the Galilee Basin in Central Queensland. The Carmicheal Mine currently produces approximately [redacted] of thermal coal and is operated by Adani Mining Pty Ltd (trading as **Bravus**).

(c) The Carmichael Railway, which is a 189 km below-rail line that connects the Carmichael Mine (and the Galilee Basin) to the CQCN. The Carmichael Rail Network is operated by Bowen Rail Company Pty Ltd (**Bowen Rail**).

(d) Bowen Rail also operates a coal haulage service on the Carmichael Railway and Newlands System to deliver Bravus' coal to the Terminal. Bowen Rail currently only provides services for the Carmichael Mine.

(e) APO, which is the operations and maintenance contractor for the Terminal under an Operating and Maintenance Contract.

D.1 Separation within the Adani group

38 Each of the Adani Group businesses identified above in paragraph 37 operate separately and independently from each other. [redacted].

D.2 Adani Information Security and Ringfencing Protocol

39 In September 2017, the Adani Group established an information security and ring-fencing protocol whic [redacted] (**Adani Information Security and Ringfencing Protocol**). A copy of the Adani Information Security and Ringfencing Protocol is attached to this Statement as **Annexure MBS-1**.

40 The Adani Information Security and Ringfencing Protocol applies to all Australian entities within the Adani Group and their officers, employees, contractors (including subcontractors and their employees), representatives and agents carrying out or engaged in business with a connection to the Terminal including NQXT, APO and Bravus.

41 The Adani Information Security and Ringfencing Protocol recognises that [redacted] For example, the Adani Information Security and Ringfencing Protocol [redacted]

42 The Adani Information Security and Ringfencing Protocol also [redacted].

43 NQXT takes the following steps each year to monitor and reinforce internal compliance with the Adani Information Security and Ringfencing Protocol:

(a) bi-annual reviews of computer drive access to ensure only NQXT personnel have access to information about the Terminal and its users;

(b) annual refresh of information security training by all NQXT personnel; and

(c) information training to new personnel joining NQXT as a part of their induction.

44 The Adani Information Security and Ringfencing Protocol is also supplemented by the NQXT and APO Information Security Protocol which I outline at section D.3 below.

45 NQXT has operated the Terminal for more than 14 years under the current operational arrangements and while part of the Adani Group. I am not aware of any allegations made against NQXT or other Adani related entities subject to the Adani Information Security and Ringfencing Protocol of discrimination or misuse of information.

46 In relation to the Terminal, there is also strict separation between NQXT as the owner of the Terminal (responsible for negotiating user agreements as the contracting entity and Terminal lessee), and APO as Terminal operator (responsible for the day-to-day operation of the Terminal including all Terminal operations and maintenance). I explain the separation between NQXT and APO in further detail in section E.3 below.

D.3 Updated NQXT Information Security Protocol

47 In August 2025, APO introduced an additional ringfencing protocol to provide additional comfort concerning the open access and non-discrimination principles that have applied at the Terminal since the Adani Group acquired the facility in 2011 (the **NQXT / APO Protocol**). As I explain in section H.3 below, NQXT implemented the NQXT / APO Protocol [redacted] To provide further assurance to Terminal users regarding open access and non-discrimination, [redacted].

48 The NQXT / APO Protocol sets out the following obligations on NQXT and APO regarding open access and non-discrimination:

(a) [redacted];

(b) [redacted]; and

(c) [redacted].

49 The NQXT / APO Protocol [redacted]. The NQXT / APO Protocol also [redacted]

50 The NQXT / APO Protocol contains the following obligations on APO:

(a) [redacted]; and

(b) [redacted].

51 A copy of the NQXT / APO Protocol is attached to this Statement as **Annexure MBS-2**.

E. Terminal Operator

52 As I note above, APO is the Operator of the Terminal and is responsible for the day-to-day operation, functioning and maintenance of the Terminal and for ensuring that the Terminal infrastructure is in good working order. In practical terms, this means that APO run the ground operations at the Terminal and manage rail scheduling and inloading, stockpile allocation and vessel scheduling.

53 As I explain in further detail in section E.3 below, APO performs its obligations independently of NQXT.

E.1 History of Terminal Operator

54 The Terminal was originally operated by Abbot Point Bulk Coal Pty Ltd (**APB**) under an Operating and Maintenance Contract between PCQ (as Terminal owner) and APB (the **2000 OMC**).

55 When NQXT acquired the Terminal in 2011, it replaced PCQ under the 2000 OMC and APB continued as Terminal operator (which was then owned by Glencore, the Terminal's main user at the time).

56 In November 2016, APO, a company within the Adani Group, acquired the shares in APB from Glencore. As a result, APB became wholly owned by APO and APO replaced APB as Terminal operator.

57 In July 2015 (prior to APO's acquisition of APB) NQXT (as Terminal owner) entered into an OMC contract with APO (the **2015 OMC**).

58 At around the same time, APO and APB entered into a Terminal Operation and Maintenance Subcontract (**OMC Subcontract**). Under the OMC Subcontract, [redacted]

59 In practical terms this means that [redacted]. The 2015 OMC is in [redacted]

E.2 Terminal is operated on principle of multi-user, equitable access

60 In addition to the OMC, APO performs its functions and services users in accordance with the Terminal Regulations. The Terminal Regulations broadly cover how APO conducts rail scheduling and inloading, stockpile allocation and vessel scheduling. The Terminal Regulations are based on the following core principles:

(a) [redacted];

(b) [redacted]; and

(c) [redacted].

61 The current Terminal Regulations were established by APO with NQXT's consent. They have been in place for the last six years and were developed in consultation with all users. The Terminal Regulations were developed to ensure that they operate equitably amongst all users and [redacted]. As a condition of access to the Terminal, [redacted].

62 As General Manager of NQXT, I participate in the quarterly User Committee meetings, which is comprised of [redacted]. The User Committee was [redacted]. In my view, the User Committee meetings are beneficial for NQXT and users of the Terminal as they provide a forum in which parties can meet and discuss [redacted].

63 To the best of my knowledge, there has been no dispute raised by users regarding the adequacy of the services provided by the Terminal, including in relation to the efficiency or non-discriminatory nature of the Terminal's operation, since APO commenced as Operator of the Terminal.

E.3 Terminal operation is independent of NQXT

64 The Terminal is operated independently of NQXT and other parts of the Adani Group (including Bowen Rail and Bravus) and while NQXT and APO are each ultimately entities in the Adani Group, they are functionally independently of each other.

65 The commercial relationship between the parties is based on the arms' length terms set out in the 2015 OMC and OMC Subcontract. The 2015 OMC provides that:

(a) [redacted]; and

(b) [redacted].

66 Functional independence between NQXT as Terminal 'owner' and APO as the Terminal's Operator is further achieved in a number of ways. As General Manager I have responsibility for NQXT's dealings with the Terminal's users and NQXT's dealings with APO as to the management and discharge of obligations arising under the 2015 OMC. Damien Dederer, in his capacity as APO's General Manager, Port Operations, is responsible for the day-to-day operations and management of APO and APB. Except for contractual obligations under the 2015 OMC, I have no authority or control over Mr Dederer or over APO and/or APB and Mr Dederer has no authority or control over me or NQXT.

67 I also note that:

(a) [redacted]. The current directors of NQXT and APO / APB are:

(i) NQXT

(A) [redacted]

(B) [redacted]; and

(C) [redacted].

(ii) APO / APB

(A) [redacted];

(B) [redacted]; and

(C) [redacted].

(b) NQXT and APO / ABP do not share personnel or employees. NQXT has an internal Service Level Agreement with Adani for corporate services such as IT, HR, Facilities Management and Communications (as is common in larger organisations to enable cost efficiencies and standardises processes). Some of these services may be shared across other Adani group entities, but NQXT does not have visibility of this.

(c) NQXT and APO / ABP independently engage separate external auditing firms. NQXT engages [redacted] (among others), while and APO / APB engage [redacted]

(d) NQXT and APO / APB operate out of separate offices in different locations. NQXT operates out of its head offices in Brisbane and APO / APB is physically located on the Terminal site at Abbot Point.

68 Moreover, as I set out in section D.2 above, the NQXT / APO Protocol has been recently updated and implemented, which contains [redacted] In particular, the NQXT / APO Protocol provides that [redacted].

E.4 Operator's costs

69 Under NQXT's agreements with each user, the Operator's costs are passed through to the users and recovered through [redacted]. Each year the Operator submits an operation, maintenance and capital plan to NQXT. This plan includes an annual operating budget comprising fixed and variable costs for the coming year, together with a longer-term forecast for the succeeding two years.

70 The Operator's [redacted] These costs relate to matters such as [redacted] and the like. The Operator's [redacted] These costs relate to matters such as [redacted]

71 For 2024-25, the Operator's budgeted operating costs are [redacted] per tonne ([redacted] and [redacted] per tonne ([redacted]

72 The Operator is remunerated for its services through the payment of [redacted] on the costs it incurs. This [redacted] forms part of the Operator's annual budget. The Operator invoices NQXT on a monthly basis, by reference to the budgeted rates agreed at the beginning of each year, with a reconciliation and 'true-up' carried out at the end of each year. Any adjustments from the reconciliation are made back to each user.

73 The User Committee also provides a forum in which any issues regarding the Operator's budget may be raised by users. To the best of my knowledge, there has been no dispute raised by users regarding the reasonableness of APO's costs since APO commenced as Operator of the Terminal (the litigation I describe at paragraph 97(d) below involved QCoal and Lake Vermont Resources asserting that NQXT had not demonstrated the reasonableness of operating costs having regard to the efficient operation of the terminal, but they did not assert that the costs themselves were unreasonable).

74 Finally, as I explain below in paragraph 108, [redacted]

F. Legacy User Agreements

F.1 History of Legacy User Agreements

75 As I explain in paragraph 24 above, the X50 Expansion of the Terminal to its current nameplate capacity of 50 mtpa was underwritten by the Queensland Government (via PCQ) entering into a number of long term 'take or pay' agreements with the following coal producers in Central Queensland (being the Legacy Users and the Legacy User Agreements):

(a) [redacted]

(b) [redacted]

(c) [redacted]

(d) [redacted]

(e) [redacted]

(f) [redacted]

(g) [redacted]

(h) [redacted]; and

(i) [redacted]

76 The Legacy User Agreements are a standard form of user agreement put in place by PCQ at or around the time of the X50 Expansion. A copy of the standard form of Legacy User Agreement is attached to this Statement as **Annexure MBS-3**.

77 The key features of the Legacy User Agreements are discussed in further detail in section F.2 below. While the Legacy User Agreements are [redacted]. For

example, [redacted].

78 As I discuss above at paragraphs 19 to 26, based on my observations and experience in the coal industry over the last 20 years, I understand that the Legacy User Agreements were developed at a time when there was:

(a) rapid and strong growth in the coal market as part of a 'super cycle' which saw high global demand and prices, primarily driven by the industrialisation of emerging economies such as China and underinvestment in domestic export capacity over the previous decade;

(b) pressure on supply chain capacity, which resulted in NQXT rapidly expanding through the X50 Expansion to meet this growing demand;

(c) alignment of the Terminal's capacity and timing of the X50 expansion with the introduction of the GAPE rail project by Aurizon Network (as explained in paragraph 25 above); and

(d) an expectation that there would continue to be strong demand for Terminal capacity over the term of the Legacy User Agreements.

79 In this regard, in my view, the Legacy User Agreements are best understood as commercial arrangements entered into between the Legacy Users, who had a commercial incentive to obtain capacity at the Terminal, and PCQ, which was seeking to underwrite the capital cost of the X50 Expansion of the Terminal.

80 At the time of the Terminal Sale, the Legacy User Agreements were transferred to NQXT by the Queensland Treasurer under the Transfer Notice (rather than being contractually novated). It was therefore not possible at the time for NQXT and/or users to reconsider the terms of the User Agreements prior to the lease of the Terminal being acquired by the Adani Group.

F.2 Key features of the Legacy User Agreements

81 As set out in Table 3 below, the initial terms of each of the Legacy User Agreements ranged from [redacted] years, which reflected the purpose of the agreements to underwrite the substantial capital expenditure of the X50 Expansion.

82 The Legacy User Agreements are 'take or pay' agreements where each user is subject to the following charges:

(a) [redacted];

(b) [redacted]; and

(c) [redacted]

83 [redacted].

84 [redacted]

85 In this regard, the Terminal's revenue requirement is determined in accordance with the building block approach and recovered on a 'socialised' basis across the contracted tonnage of all users as at the commencement date of each pricing period.

86 Under the Legacy User Agreements, [redacted] As I explain in paragraph 95 below, [redacted]

87 The Legacy User Agreements also allow Legacy Users to [redacted] I refer to this process below at section H.

F.3 Issues with Legacy User Agreements

88 Based on my experience as General Manager of NQXT with responsibility for pricing and negotiating terms of access to the Terminal, I observe that there are a number of issues with the pricing model adopted under the Legacy User Agreements.

89 First, the building block approach that is reflected in [redacted] exposes users to socialised volume risk. Under this model, a revenue requirement is set to reflect the cost of providing access, including a return on invested capital. The revenue requirement is then recovered across contracted demand of all users.

90 While NQXT has a degree of revenue certainty under this approach, the Terminal's users are exposed to an increase in prices payable under the agreement where contracted volumes decline over time. This is because the [redacted]

91 While this approach may have been seen as appropriate during a period of growing or stable demand for Terminal capacity (with most of this capacity contracted under stable, long-term Legacy User Agreements), it exposes users to significant price risk where demand is more uncertain or declining (or where the volume or timing of recontracted demand is volatile or uncertain).

92 In this more uncertain environment, the building block approach as set out in [redacted] can lead to large movements in the TIC at each review, depending on actual contracted volumes at the time.

93 As I describe above at paragraph 78, at the time that the Legacy User Agreements were entered into by PCQ, there was sustained growth in the coal sector during the global commodities 'super cycle' which significantly increased demand for Queensland coal and export capacity. However, in more recent times, my observations from my experience as General Manager of NQXT and more generally in the industry is that the coal sector has been characterised by far more demand uncertainty.

94 I set out my volume projections and demand forecasts for the Terminal in section I.2 below. In this context, I believe there is little sense in the current pricing model under the Legacy User Agreements that includes a revenue requirement that is recovered on a socialised basis. This is not a price approach well suited to the uncertain and challenging environment that now faces the wider coal sector and the Terminal.

95 Second, the Legacy User Agreements resulted in a number of protracted arbitral and legal disputes, including about asset values and other inputs into the building block model or the implications of socialisation.

96 The model relies on arbitrated price outcomes when there is a dispute which results in all parties incurring significant expenses including legal costs. In practice, this means that a costly and time-consuming arbitration has been required every time the price review process has occurred under Schedule 7.

97 By way of example:

(a) **2012 Price Review**

[redacted].

(b) **2017 Price Review**

[redacted].

(c) **2022 Price Review**

[redacted]

(d) ***AAPT v Lake Vermont* litigation**

Finally, the socialisation impact on the TIC and TPC following the early termination of QCPL's Legacy User Agreement gave rise to litigation in the Supreme Court of Queensland and the Queensland Court of Appeal by the same QCoal users and Lake Vermont

Resources (see *Adani Abbot Point Terminal Pty Ltd v Lake Vermont Resources Pty Ltd & Ors* [2021] QCA 187).

These proceedings were commenced in 2017 in the Supreme Court of Queensland, with judgment being delivered by that Court in August 2020. An appeal of the Court's decision was heard and determined by the Queensland Court of Appeal in August 2021. The High Court dismissed a special leave application brought by the QCoal users and Lake Vermont Resources in June 2022 (nearly five years following the commencement of the initial proceedings).

Amongst other things, this ongoing litigation resulted in significant uncertainty for NQXT, which impacted on its ability to plan for capacity and efficiency improvements to the Terminal. NQXT further did not receive approximately 50% of the disputed costs for a significant period of time, while continuing to incur substantial costs to provide its ongoing services.

98 Third, under the approach set out in the Legacy User Agreements, [redacted]. For example, [redacted]. Rather, an allowance can be made for the financing costs based on benchmark bond rates and an assumed level of debt. In effect, the Building Block method enshrined in Schedule 7 does not provide for NPV=0 and embeds a risk of under-recovery for NQXT.

99 NQXT incurs financing costs in relation to obtaining and maintaining finance. This is whether it is unsecured or secured such by way of a mortgage, debenture or lien, and would include the repayment of a loan and interest, and expenses incurred in obtaining finance and also in refinancing a debt facility. [redacted].

100 Finally, certain aspects of Schedule 7 framework mean that TIC determined under that framework will not reflect the economic cost or value of the service to users. In particular, the 'depreciated asset value' that is referred to in Schedule 7 does not reflect a current economic value of the NQXT assets.

F.4 Expiry of Legacy User Agreements

101 The current Legacy User Agreements that are still on foot are [redacted] As I discuss in further detail below, NQXT has [redacted].

102 Table 3 below sets out each of the current Legacy User Agreements that are still in place at the Terminal.

Table 3 Legacy User Agreements currently on foot at the Terminal

[redacted]

[redacted]

103 The following Legacy User Agreements have now expired:

(a) [redacted]; and

(b) [redacted]

104 As I explain in further detail in section G.1 below, [redacted]

G. New Access Agreement

G.1 Origins of the New Access Agreement: NQXT's negotiations with Glencore

105 As I describe above, Glencore (through Mount Isa Mines) was the foundation user of the Terminal and has been its largest user for many years. In around August 2008, Glencore entered into a Legacy User Agreement with PCQ for a [redacted] term (expiring [redacted]). This term was subsequently extended by [redacted] years (to [redacted]).

106 Although the negotiations commenced prior to my employment with NQXT, I understand that:

(a) [redacted]

(b) [redacted]; and

(c) [redacted]

[redacted].

107 I commenced my current role as General Manager NQXT in around January 2021. Following this, [redacted].

108 [redacted]

(a) [redacted]:

(i) [redacted]

(ii) [redacted]

(iii) [redacted];

(iv) [redacted] and

(v) [redacted]

(b) [redacted] and

(c) [redacted].

A copy of the [redacted] is attached to this Statement as [redacted]

109 [redacted]. As I explain in section G.2 below, [redacted]

[redacted]

110 [redacted]

G.2 Development of the New Access Agreement

111 Following the execution of the [redacted], in early 2024 NQXT developed a new form of user access agreement based on the agreement reached with [redacted] to be offered to access seekers and renewing users who were approaching the end of their initial terms at this time (**New Access Agreement**). A copy of the standard form of New Access Agreement is attached to this Statement as **Annexure MBS-5**.

112 I set out the key features of the New Access Agreement in section G.3 below. While there are [redacted] (particularly to address the issues identified in section F.3 above), NQXT considered that [redacted] In particular, [redacted].

113 As I explain in further detail in this section, the New Standard Agreement [redacted].

114 In developing the New Access Agreement and negotiating proposed variations to the terms of this agreement with new and existing users, I had (and continue to have) regard to:

(a) the need to be flexible and differentiate our offering, [redacted], to meet the needs of our customers and to remain competitive with other terminals such as the Dalrymple Bay Coal Terminal (DBCT) and the two export terminals at Port of Gladstone;

(b) NQXT's desire to [redacted];

(c) [redacted];

(d) [redacted]; and

(e) wider supply chain challenges, including a significant below-rail existing capacity deficit (**ECD**) facing the Newlands System (which connects the Terminal with the wider CQCN) which undermines then Terminal's ability to operate at its full nameplate capacity.

115 I briefly explain these factors in the below sections of my Statement as follows.

(a) Competition from other Terminals

116 NQXT faces competition from other coal terminals which are accessible to users through the CQCN, particularly DBCT which (as I explain below):

(a) is the closest export terminal to NQXT;

(b) provides a directly substitutable service to coal producers;

(c) services customers who currently use NQXT, have used it in the past, or may use it in the future. For example, to the best of my knowledge, [redacted] and

(d) provides capacity through a primary market and secondary trading market – both of which are a source of competition for NQXT.

117 Most mines in the Bowen Basin are located in close proximity to DBCT which results in cheaper below and above rail costs for DBCT users. Based on my experience working at both terminals where I have had responsibility for engaging with current and potential users, I recognise that this proximity (and therefore lower rail transport costs) is one factor that makes DBCT attractive as an export terminal for Bowen Basin based users.

118 DBCT currently has a nameplate capacity of 84.2 (often rounded to 85) mtpa. I am aware that DBCT is proposing to increase capacity from 84.2 to 99.1 mtpa in four incremental expansions to be commissioned between 2024 and 2028 (referred to as the **8X Expansion**). I understand that the 8X Expansion has been proposed to meet demand from DBCT's access queue.

119 The 8X Expansion is significantly advanced and will be underwritten by users with costs socialised among existing users and new users accessing the expanded capacity. Completion of the 8X Expansion will increase DBCT's capacity to almost double that of the Terminal's current capacity.

120 As facilitated through their Access Undertaking and Standard Access Agreements, contracted DBCT users can transfer capacity amongst themselves creating a secondary market for terminal capacity at DBCT. Unlike DBCT, the Terminal has never operated a secondary market and does not contemplate users warehousing capacity to sell to third parties. As I explain below in paragraph 122(a), NQXT has negotiated with one prospective new access seeker who ultimately chose to not proceed with the Terminal and to instead export via the secondary capacity market at DBCT.

121 I explain the history of recent contractual negotiations with the Terminal's Legacy Users in further detail in section H below. [redacted]:

(a) [redacted];

(b) [redacted]

[redacted];

(c) [redacted]; and

(d) [redacted]

122 [redacted]

(a) [redacted]

(b) [redacted]

(c) [redacted]

123 [redacted]

124 In addition to those listed in paragraph 122 above, [redacted]

(a) [redacted]; and

(b) [redacted]

125 Finally, I note that [redacted].

(b) Need to differentiate service offering and compete on non-price terms

126 In my view, while [redacted] is obviously critical for our customers, a key area in which NQXT can differentiate itself from other terminals during negotiations [redacted] These can add significant value to users.

127 This is particularly the case in terms of [redacted]

128 Following the development of the New Access Agreement (being the base for commercial discussions), [redacted]

129 The following are examples of [redacted]

(a) [redacted]

(b) [redacted].

(c) [redacted]

(d) [redacted]

(a) [redacted]

130 The above demonstrates NQXT's willingness to be flexible and [redacted] that increase its attractiveness to current and potential users.

(c) NQXT's new pricing approach

131 In my view, the changes to the pricing structure under the New Access Agreement address the issues with the Legacy User Agreements identified in section F.3 above concerning the current exposure of Legacy Users to volume risk in the current environment where demand for coal produced in Queensland remains uncertain and volatile at best. The new approach will also avoid the cost and angst of the periodic disputes that are associated with the current model.

132 I consider one of the main benefits of the [redacted] approach is that it gives users and NQXT certainty around price over the life of their agreement and reduces users' exposure to uncertain future contracted use of the Terminal by other users (compared to the socialised approach under the Legacy User Agreements).

133 The [redacted] approach was also desirable as a way of avoiding the same protracted, periodic legal and arbitration disputes that arose in the context of pricing resets under the Legacy User Agreements which were lengthy and expensive. For example, in the most recent arbitration process (referred to in paragraph 97(c) above, NQXT incurred approximately [redacted] in costs.

134 [redacted]

(d) NQXT's financing constraints including rehabilitation costs

135 In my experience, [redacted]

136 [redacted]

[redacted]

137 [redacted]

138 Further, under the terms of the lease with PCQ, [redacted]

139 [redacted]

(e) Demand uncertainty

140 [redacted]. Indeed, as evident from Table 2, [redacted]. The largest volume of coal serviced by the Terminal (in actual throughput) was [redacted] in the [redacted] financial year. In this regard, there is currently [redacted] given the Terminal [redacted].

141 Coal mines also typically have long economic lives, often in excess of 30 years, with many of the mines that use the Terminal approaching the end of their economic life over the next decade (or have initial leases expiring sooner). Other factors such as the availability of finance for investment in new coal related projects in Queensland also feeds into this uncertain demand as most banks are moving away from coal completely and increasing exposure to renewables and other future-facing commodities.

(f) Wider supply chain issues (i.e., capacity constraints on the Newlands System and GAPE)

142 There are currently significant below-rail capacity constraints on the Newlands and GAPE rail systems which disadvantage NQXT and mean the Terminal cannot operate at its full nameplate capacity of 50 mtpa.

143 The Newlands and GAPE systems can only handle ~41 mtpa (i.e. there is a capacity deficit of approximately 9 mtpa as recognised by an independent capacity assessment conducted under Aurizon's UT5 undertaking to the QCA). This deficit is expected to remain until at least 2030 (but this assumes a reduction in committed capacity as the Legacy User Agreements expire). In my view, without significant investment in capacity expansion projects by Aurizon Network, this deficit

is likely to remain. I understand that the QCA has recently approved some spending by Aurizon Network to slightly reduce the deficit, but this is only likely to bring capacity to approximately 45 mtpa and the Terminal's nameplate capacity is 50 mtpa.

144 Competing export terminals are situated on other rail systems which do not have the same below-rail capacity constraints. I understand that the Goonyella System, which connects users to DBCT, is expected to have at least 3 mtpa of available capacity (beyond currently contracted entitlements) in 2026.

G.3 Key features of the New Access Agreement

145 In this section, I outline and explain some of the key features of the New Access Agreement.

(a) Commercial terms

146 [redacted]

147 [redacted]

148 [redacted].

149 [redacted]

150 [redacted]

(b) Price terms

151 [redacted]

[redacted]

152 [redacted]

153 [redacted]

154 [redacted].

H. Contractual negotiations with users of the Terminal

155 In the following section, I explain the [redacted], other than those relating to [redacted] which I have previously discussed at section G.1 above.

H.1 [redacted]

156 [redacted]

157 [redacted]

158 [redacted]

159 [redacted]

160 [redacted]

(a) [redacted];

(b) [redacted]

(c) [redacted]

(d) [redacted] and

(e) [redacted]

161 [redacted]

162 [redacted]

(a) [redacted] and

(b) [redacted]

163 [redacted]

H.2 [redacted]

164 [redacted]

165 [redacted]

166 [redacted].

167 [redacted].

168 [redacted]

169 [redacted]

170 [redacted]

(a) [redacted];

(b) [redacted]

(c) [redacted]

(d) [redacted].

(e) [redacted]

(f) [redacted]

(g) [redacted]

(h) [redacted]

(i) [redacted]

H.3 [redacted]

(a) [redacted]

171 [redacted]

172 [redacted]

173 [redacted]

174 [redacted]

175 [redacted]

(a) [redacted]

(b) [redacted]

(c) [redacted] and

(d) [redacted]

[redacted]

176 [redacted]

177 [redacted]

(a) [redacted]

(b) [redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted] and

(iv) [redacted]

(c) [redacted]

(d) [redacted] and

(e) [redacted]

[redacted]

178 [redacted]

179 [redacted]

180 [redacted]

181 [redacted]

[redacted]

(b) [redacted]

182 [redacted]

183 [redacted]

184 [redacted]

185 [redacted]

H.4 [redacted]

186 [redacted]

187 [redacted]

188 [redacted]

H.5 [redacted]

189 [redacted]

190 [redacted]

191 [redacted]

H.6 [redacted]

192 [redacted]

193 [redacted]

H.7 [redacted]

194 [redacted]

I. Current and future capacity of the terminal

I.1 Terminal nameplate capacity and current contract profile

195 Since opening in 1984 the Terminal has been developed and expanded to its current nameplate capacity of 50 mtpa.

196 The current contracted tonnages at the Terminal are set out in below in Table 4.

Table 4 Contracted tonnages at the Terminal (2025-2026)

[redacted]

197 For completeness, I note that NQXT has previously entered into various short term or spot arrangements with users. There are currently no short term or spot arrangements on foot with contracted tonnages in the future with the Terminal. Some of the previous flexible short term or spot arrangements NQXT has entered into include:

(a) [redacted]);

(b) [redacted]

(c) [redacted]

[redacted]; and

(d) [redacted]

I.2 Demand and revenue forecasts

198 In this section I set out NQXT's forecast contracted capacity and revenue at the Terminal. [redacted]

199 In developing the below forecast contracted capacity and revenue, I have considered:

(a) [redacted];

(b) [redacted]; and

(c) [redacted].

200 Table 5 below sets out [redacted] It can be seen that [redacted].

201 The assumptions in each scenario are as follows:

(a) [redacted]

(b) [redacted].

(c) [redacted]

[redacted].

Table 5 Estimates of the Terminal's forecast contracted capacity [redacted] (2026-2032)

[redacted]

202 [redacted]

203 [redacted]

Table 6 Estimates of the Terminal's forecast revenue (in nominal terms) [redacted] (2026-2032)

[redacted]

I.3 Potential future capital expansions

204 In this section, I set out the various early-stage proposals to expand coal export capacity at the Terminal. While a theoretical pathway exists to increase coal export capacity at the Port of Abbot Point, [redacted]

[redacted]. Among other reasons, this is due to:

(a) [redacted];

(b) as discussed in section G.2(f) above, there are significant issues with Aurizon's CQCN capacity [redacted]; and

(c) [redacted].

205 First, NQXT has previously investigated the feasibility of a proposal to expand the Terminal's capacity to 60 mtpa (the **X60 Expansion**). The X60 Expansion would involve expanding the capacity of one of the berths and shiploaders at the Terminal and increasing conveyor handling speeds. The proposed X60 Expansion would require various environmental approvals and potentially approval from the Queensland Government. [redacted].

206 Second, there is a conceptual proposal for the Adani Group to construct and operate a new export terminal at the Port of Abbot Point (the **T0 Expansion**). In around December 2013, the Federal Government gave environmental approval to the T0 Expansion under sections 130(1) and 133 of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**), which has effect until 30 November 2053. In my experience, approval under the EPBC Act is generally the one of the earlier types of approvals sought for any major expansion works as it can take a long time to be considered (and is not generally a reliable indicator that the project will proceed). [redacted]

207 Third, there was an early-stage proposal by BHP Billiton Limited (**BHP**) to develop a second terminal at the Port of Abbot Point (referred to as the **T2 Expansion**). I believe that in around 2012 BHP announced that it was abandoning the T2 Expansion. To the best of my knowledge, no further similar expansion is planned.

208 Fourth, there was an early-stage proposal in 2012 by GVK Limited to construct and operate a second coal export Terminal at the Port of Abbot Point with capacity up to 60 mtpa (referred to as the **T3 Expansion**). To the best of my knowledge, this proposal has not progressed.

209 In my view, [redacted]

J. Recent Bravus announcement regarding plans for Carmichael expansion

210 Bravus announced on 18 August 2025 that it will make a substantial capital investment to increase production at its Carmichael mine to 16 mtpa. A copy of this announcement is attached to this Statement as **Annexure MBS-22**.

211 [redacted] As discussed in section G.2(f), above, [redacted]

_____

Signature

22 – August - 2025

_____

Date

Mark Bradley Smith, General Manager

ANNEXURE MBS1

Confidential

ANNEXURE MBS2

Confidential

ANNEXURE MBS3

ANNEXURE MBS4

Confidential

ANNEXURE MBS5

ANNEXURE MBS6

Confidential

ANNEXURE MBS7

ANNEXURE MBS8

ANNEXURE MBS9

ANNEXURE MBS10

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Confidential

ANNEXURE MBS18

ANNEXURE MBS19

ANNEXURE MBS20

ANNEXURE MBS21

ANNEXURE MBS22

MEDIA RELEASE

Tuesday, 18 August 2025

Bravus Mining and Resources commits to major investment to increase mine production in central Queensland

In a vote of confidence in the future of Queensland's coal industry, Bravus Mining and Resources* has today announced it will make a substantial capital investment to increase production at its Carmichael mine near Clermont in central Queensland by a third over the next four years to 16 million tonnes per annum.

Bravus Mining and Resources Chief Operating Officer Mick Crowe said the decision to export more coal from Carmichael would create hundreds of new jobs for Queenslanders during construction and ramp up.

"Over the last three years our Carmichael mine has safely and efficiently ramped production up to more than 10 million tonnes per annum, which has boosted the Queensland economy and created thousands of jobs in regional Queensland," Mr Crowe said.

"This new investment will increase Carmichael's output by a third and create more benefits for Queensland.

"Our investment in the infrastructure to support this growth means more contracts for local businesses and suppliers and more high-paying mining industry jobs for people living in places like Clermont, Rockhampton, Mackay, Bowen, Townsville, and Cairns.

"It also means Carmichael will remain strategically positioned to efficiently deliver high-quality Queensland thermal coal to the global seaborne coal market at scale."

Engineering studies and assessments have been completed, and work to deliver increased production will begin with adding more capacity to the Carmichael mine accommodation village.

Global demand for the type of thermal coal mined at Carmichael is increasing as developing nations industrialise and their citizens seek a modern lifestyle with reliable energy for better health, education, and employment, and by the uptake of AI and big data around the world.

Bravus Mining and Resources is part of the Bravus group of diversified Australian businesses delivering integrated energy and infrastructure services.

More than 2,000 Queenslanders currently work in full-time jobs at Bravus' Australian businesses which span thermal coal, solar energy, port operations, and rail network and rail freight operations.

Bravus is part of the global Adani Group, which has invested more than AUD$7 billion in Queensland since 2010.

ENDS

EDITORS' NOTES:

*Adani Mining Pty Ltd t/a Bravus Mining and Resources

Photo files attached with release.

Photo captions:

1. Coal mining operations at Bravus Mining and Resources' Carmichael mine near Clermont in central Queensland.

About the Carmichael mine

- The Carmichael mine is producing high quality coal for export to nations around the world that want to lift their people out of energy poverty.
- The mine has safely and efficiently ramped up to a consistent rate of production which is more than 10 million tonnes per annum.
- Townsville and Rockhampton remain the primary employment hubs for the Carmichael mine and we continue to recruit workers who can drive to site from Clermont and the Isaac Region.
- More than 1200 people work in permanent roles at Carmichael with more than 750 workers on site at any time while the others are on days off.
- More than A$2 billion has been paid to regional Queensland contractors and businesses since construction began on the Carmichael project in 2019 and the mine entered operations in 2022.
- Carmichael coal is sold into the international seaborne export market and its ultimate destination depends on market demand.

About the Adani Group

- With a global market capitalisation** exceeding all but one of the top 50 ASX-listed companies, Adani is the largest Indian investor in Australia and remains firmly committed to Queensland's economic development, job creation, and long-term prosperity.
- The Carmichael mine plays a strategic role in supporting India's long-term energy security and economic development. As one of the world's fastest-growing economies and with a population of more than 1.4 billion people, India continues to rely on a diversified energy mix to meet ever increasing industrial, commercial, and residential demand.
- The Adani Group, through Adani Green Energy Limited (AGEL), is India's largest renewable energy company and one of the world's leaders in clean energy solutions. AGEL is targeting 45 gigawatts (GW) of renewable capacity by 2030 and is behind the world's largest wind-solar hybrid power plant in Jaisalmer and the Khavda Renewable Energy Park, which is poised to become the world's largest renewable energy installation with a planned capacity of 30 GW.

**According to National Stock Exchange of India Ltd valuations at 8am AEST on Tuesday 19 August 2025.

(ends)