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To: _____
Subject: _____
Date: Thursday, 18 March 2010 8:30:54 AM

Mining windfall handed to union boss

CLANCY YEATES, MICHAEL WEST AND ANDREW CLENNELL

March 18, 2010

A former union boss, John Maitland, has amassed a \$9.8 million stake in a controversial coalmining project, after the state government granted an exploration permit through a deal which has been slammed as a favour to union mates.

Mr Maitland, previously the national secretary of the Construction, Forestry, Mining and Energy Union, holds the stake in NuCoal, which recently listed on the sharemarket with plans to export up to 4.3 million tonnes of coal a year.

Its key asset is an exploration licence granted by the state Minister for Primary Industries, Ian Macdonald, in 2008 to Doyles Creek Mining, in which Mr Maitland held an 11 per cent stake.

Through a press release issued on Christmas Eve, Mr Macdonald granted the licence for \$1.2 million without running a tender, sparking accusations of a special deal for union mates.

In response to the criticism, the government has argued the mine is in the community's interest, as the licence required the mine's profits to fund a \$200 million non-profit training facility.

But now NuCoal is spruiking its potential to also make big profits, after listing on the sharemarket in February with a market value of more than \$100 million.

Through a company called Jonca Investments, Mr Maitland has retained 9.2 per cent of the company, which plans to build the underground coalmine at Jerrys Plains, near Singleton.

He strongly denied he had profited from his position as a former union official, and said suggestions his position helped win the licence were "appalling".

"There's no way in the world that government, with the sort of scrutiny that takes place now, would be engaged in doing people favours," Mr Maitland said.

He said he had put his own savings and pension money into the project - which will not be operational for about five years - to help get it up and running.

"It's really a case of me putting my money where my mouth is. You're never guaranteed that you're going to get a return from a mining operation."

After he was contacted by the *Herald* yesterday, Mr Maitland issued a notice to the Stock Exchange disclosing his interests.

A spokeswoman for Mr Macdonald said the training mine had widespread support, including from Westpac Rescue Helicopter Service and the vice-chancellor of the University of Newcastle, Professor Nicholas Saunders. "The underground training mine initiative has been extremely well received by both the industry and broader community - including both sides of politics - as an important step towards improving mine safety."

NuCoal has also attracted the interest of the former Wallabies captain, Nick Farr-Jones, who runs Taurus Investments, a resources hedge fund which holds 19.9 per cent of the mine.

In the booming coal industry, Doyles Creek is one of a kind, as it is required to divert some of its profits for training. However, its scale is on par with nearby projects run by global giants, signalling its potential to make big profits.

The managing director of NuCoal, Glen Lewis, said if the investment case stacked up and the mine went ahead, the company's value would probably jump to between \$500 million and \$800 million. The value of Mr Maitland's shares would then swell as high as \$80 million.

Labor sources say Mr Maitland, a former CFMEU president, has long been an associate of Mr Macdonald and CFMEU construction secretary Andrew Ferguson through their ties with the hard Left faction.

Mr Maitland was appointed chairman of the NSW Coal Competence Board on a \$20,000 a year stipend by Mr Macdonald.