Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information

[3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[5] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[6] 9(2)(j) - to protect the commercial position of the person who supplied the information, or who is the subject of the information; to enable the Crown to carry out commercial activities without disadvantage or prejudice; and to enable the Crown to negotiate without disadvantage or prejudice

[7] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[8] Information is out of scope or not relevant.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.
Could you take a quick look at these
Will call tomorrow

Hi John

Please find attached the file I sent Mark Ford summarising where our CFIS submission is heading based on the latest market outlook. Preliminary numbers are being loaded into the system on this basis, but I await Mark’s confirmation of this approach before finalising.
I am sending this to you for information only at this stage.

The plan largely reflects the approved budget for the early periods (in line with the covenant charts we have previously shown you), and utilising analyst price paths for the later years, offset by high level cost reductions assumptions which would be required under this scenario in order to balance the plan. Profit, cash generation, capex re-investment and dividends are compromised under such a scenario compared with previous forecasts.

Please let me know if you need anything further in advance of us finalising these numbers over the weekend.

Regards, Anthony

======

Please consider the environment before printing this email

WARNING

The content of this message is intended only for the use of the person it is addressed to and is confidential and may also be legally privileged.
If this message is not addressed to you, you must not read, use, distribute or copy this document. If you have received this message in error please advise Solid Energy by return email at administrator@solidenergy.co.nz and destroy the original message.

Thankyou.

======
TO Don Elder, Anthony Burg
FROM Clinton Smith
Cc
DATE 17 October 2012
SUBJECT CFIS October 2012 Five Year Forecasts

1) Purpose

This paper has been prepared to:
- Gain approval for the “2012 half year economic and fiscal update” to be submitted to treasury. (CFIS October 2012 Five Year Forecasts).
- Gain endorsement of Annex Three, “Statement of Representation” by Dr Don Elder, CEO and Mr Anthony Burg, CFO.
- Explain the basis of the forecast.

2) Background

Twice annually, in March and October, Solid Energy is required to provide Treasury with a five year forecast update so that the Government can meet their reporting obligations under the Fiscal Responsibility Act 1994.

3) Basis of Forecast

For this update we have based the first two years on the budget approved in August. As well as being the version we will internally report against for the remainder of FY13 it has also been the basis of presentations to the ELT, board and Minister since approved at the end of August. Key drivers for this submission are:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Volume (kt)</td>
<td>[2], [5]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCC APR (USD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD FX Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Volume (kt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Overburden (Bcm)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Development Metres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tonnes produced (kt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total COGS ($'k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Exploration ($'k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Other Costs ($'k)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The final three years are based on the budget for FY15, however have adjusted the international revenue to be closer aligned with current consensus pricing as outlined below.

Dividend payments have been kept at Nil across all years with gearing maintained around target levels of 40%. This position may change based on market parameters and outlook for following three years. No new equity is assumed across the five year forecast period.

In the final three years the CAPEX amount has been reduced so that gearing is in line with our target of 40%. This also brings the capex in line with FY13 and FY14 levels.
Costs escalations have been offset with savings from a skinny East mine schedule, Spring Creek moving into care and maintenance programme, benefits from restructuring and reduced resource proving. The benefits are seen in the drop in total costs in FY14.
4) Recommendation

1. Please **approve** a submission of the “2012 half year economic and fiscal update” as attached by signing the Statement of Representation. The forecasts are loaded at a detailed level into the crowns forecast consolidated accounts

Regards

Clinton
ANNEX THREE: Statement of Representation

2012 HALF YEAR ECONOMIC AND FISCAL UPDATE
STATEMENT OF REPRESENTATION

Entity: Solid Energy

The CFISnet schedules (the “schedules”) have been prepared to provide information for the preparation of the 2012 Half Year Economic and Fiscal Update (including the forecast financial statements). We verify that:

a. The schedules have been prepared on the basis of our best professional judgement, reflecting circumstances and information as at the date the schedules were provided.

b. The schedules have been completed so as to show information in a manner consistent with the accounting policies of the Government and generally accepted accounting practice for the applicable years.

c. Transactions and balances with entities within the Government reporting entity greater than $10 million have been confirmed with the other entity.

d. The information we provided on unquantified contingent liabilities and contingent assets at 30 June 2012 is not materially different to the position at 30 September 2012.

e. There are no other matters that you should be aware of in the preparation of the forecast Government financial statements.

f. We undertake to inform the Treasury of any circumstances or information that comes to light before the Economic and Fiscal Update is published which is material to our forecast returns.

Signed

Dr. Don Elder
Chief Executive
Date:

Anthony Burg
Chief Financial Officer
Date: