

NEW ENERGY CORPORATION PTY LTD

ABN: 16 139 310 053

Suite 1, 12 Parliament Place, West Perth, WA, 6005

PO Box 1036, West Perth, WA 6872

T +61 8 9226 0722 F +61 8 9481 8023

[www.newenergycorp.com.au](http://www.newenergycorp.com.au)



27<sup>th</sup> September 2017

City of Karratha

PO Box 219,

Karratha, WA, 6714

(By Email – [morne.hattingh@karratha.wa.gov.au](mailto:morne.hattingh@karratha.wa.gov.au))

Attention: Mr Morne Hattingh (Manager Waste Services)

**RE: Services Agreement (2015) for Resource Recovery Options at Seven Mile Waste Facility**

**Extension to Conditions Subsequent (Clause 7)**

Dear Morne,

I refer to the meeting between yourself, Simon and Miles in Karratha on the 21<sup>st</sup> June 2017 and the correspondence from Miles on the 23<sup>rd</sup> June 2017. These outlined a number of activities New Energy has been undertaking to progress the Boodarie RRF and the 7 Mile RRF.

As discussed previously, selling power generated from the Project remains a critical milestone to allow us to reach financial close and delivering the service to the Karratha community. The situation in the Pilbara can be summarised as follows:

- Open access to the North West inter-connecting System (NWIS) has still not been forthcoming, albeit we have an undertaking that once this is finalised, New Energy will be granted access by Horizon. The open access will require a legislative change and the Minister for Energy has indicated he will address the matter in March 2018. Until this change is affected there is nothing New Energy can do to expedite the process. This has been extremely frustrating as we have customers who want to purchase our power and we can offer it at a cheaper price to the current power prices.
- Our primary avenue to financial close is now to negotiate a wholesale deal with Horizon Power. We are pleased to advise that this engagement looks extremely promising. We have during the year worked with Horizon Power to market the power from the project in a back-to-back arrangement with them, where customers enter into a PPA with Horizon and that power is generated by New Energy. Although we cannot disclose the commercial arrangements surrounding these discussions, we are confident that 100% of the power will be contracted by March 2018. We would be happy for you to meet and or speak with Darren Hill from Horizon Power regarding this collaboration, to confirm and verify our current position.



The New Energy Directors remain committed to seeing this project not only reach financial close but to see the plant successfully commissioned and then operated for the next 20 years plus.

I am available at any time to personally present to the Council to provide an update on the Project. We sincerely appreciate the patience and support City of Karratha has shown towards the Project.

We are therefore request an extension to the existing date for Conditions Subsequent to be satisfied in Clause 7 from 1 October 2017 to 1 October 2018.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J Pugh", on a light blue background.

Jason Pugh

Chief Executive Officer