

# **WALTER ENERGY**

## **IRREPLACEABLE**





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*Dan Cartwright, president of Walter Energy's Canadian operations, talks about developing reserves of a material that society can neither do without, nor replace*

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Prospecting for natural resources is such a hit and miss affair that finding anything must come as a great relief. When new deposits of coal are found to consist of metallurgical rather than thermal grades, however, the champagne really starts to flow.

“At the moment, iron and steel can only be made with the coke that comes from metallurgical and pulverized coal injection (PCI) coal, which makes it a very valuable, long term asset,” says Dan Cartwright, president of Walter Energy’s Canadian operations.

The three mines in northeast British Columbia, operating under the Walter Energy banner, are located between the towns of Chetwynd and Tumbler Ridge, some 425 miles north of Vancouver.

Walter Energy completed the \$3.3 billion purchase of Western Coal in 2011 and set about optimizing the mines’ performance. When the sale was made, Western had proven and probable reserves of 140 million tonnes and output in 2010 measured 2.1 million tonnes. In the first year of Walter Energy’s regime, Western’s production doubled to 4.2 million tonnes and since the appointment of Cartwright earlier this year, the mine has even more ambitious production targets.

“It’s been something of a roller coaster ride,” he says, “with demand driven largely by China – and also prices.” The talk now, though, is that inflation in China is once again under control and the brakes that had been applied to slow the economy down



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are being released. "This year we will probably see a total output of 4.6 million tonnes which will gradually increase to 6 million over the coming few years, and we plan to be producing 10 million tonnes by 2020."

The Canadian operations are welcomed by customers as a reliable alternative to

the world's major coal supply areas and Walter's Canadian output has been adopted as a key blend in half of the world's ten largest steel mills. As well as hard coking coal, Walter also mines ultra-low volatile pulverized injection coal. Pulverized coal injection has been known since the 19th century but only entered commercial production less than 50 years ago when demand caused the cost of coke to jump. It is a technique that allows for cheaper coal to be used and in turn, reduces costs.

The three projects in Canada are all relatively new and at various stages of development. The most advanced is the Wolverine mine, which has been in production for five years. Brule is a couple of years behind and Willow Creek is in the latter stages of development.



Warren McDonald at Willow Creek

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Walter Energy is a leader in local and aboriginal engagement. We wish Walter Energy continued success in their local ventures.

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Willow Creek south view



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The geology is complex and produces another kind of roller coaster ride. In certain places, the coal seam breaks through the surface of the ground only to dive away again to depths of 100 metres in other spots. All along the seam there are faults to be contended with.

This part of British Columbia is deep in the Rocky Mountains and of outstanding natural beauty, providing a paradise for the fishing and hunting community. As such there is even more onus on Walter to carry out operations with the utmost environmental sensitivity, making careful mine planning key to both increasing productivity and taking care of the surrounding countryside.

“It’s a surface mining operation,” explains Cartwright, “but that doesn’t mean it’s as

simple as just following the seam. The quality characteristics of the coal vary from point to point and it’s necessary to blend different grades to meet customers’ requirements. It becomes a complex juggling act to keep trucking distances short while making sure that reclamation takes place as swiftly as possible.”

Walter Energy is a US company based in and around Birmingham, Alabama. Its other

mining interests tend to be in the tail end of the Appalachian Mountains. As such, Walter had had no dealing with representatives of Canada’s First Nation population, yet seems to have developed good relationships. “We work very closely with the First Nation peoples,” says Cartwright. “Their requests are reasonable and straightforward. They want us to put the land back to what it was before mining began, to provide them

**“THIS YEAR WE WILL PROBABLY SEE A TOTAL OUTPUT OF 4.6 MILLION TONNES AND WE PLAN TO BE PRODUCING 10 MILLION TONNES BY 2020”**

job opportunities and to give as many opportunities as possible to develop First Nation owned businesses that can be sustained beyond the life of the mines.”

The local people have been caught before by sharp practices when restoration of the land resulted in grass mountains rather than slopes covered by trees and other native vegetation. So part of the deal at Walter is the development of a greenhouse

business as a joint venture with the First Nation bands where seedlings of native plants are being grown and nurtured ready for replanting.

The location of the mines is fortunate in that they are within 20 miles of two established communities. In total, Walter employs around 1400 staff, more or less equally divided between the three sites and of these, about 20 percent are First

“WE HAVE INTRODUCED NEW WORKING PRACTICES THAT MAKE THE SITES SAFER AND NEW TECHNOLOGY TO KEEP A REAL TIME EYE ON HOW EQUIPMENT IS FUNCTIONING”



Laura Avery at Willow Creek



Truck carrying coal at Brule

Nation people. It’s always difficult on capital intensive projects like mines to be able to purchase very much from local suppliers, but Walter does what it can in this respect to bolster local businesses.

With known reserves, the mines have a maximum life of 12 years so Walter is spending heavily to find new reserves. As well as prospecting in its own territory, Walter is in a 50/50 joint venture with Anglo in an adjacent block which could produce five million tonnes a year (Walter’s share) for the next 20 years.

In the meantime, the emphasis is on making the current mines more efficient. “This really means working smarter,” says

Cartwright. “We have introduced new working practices that make the sites safer and new technology to keep a real time eye on how equipment is functioning. It’s about taking out unpredictability from the way we work, which in turn means a lower cost structure that will allow us to benefit from the lower portions of the market cycle. This will provide better job security for our employees and work for the benefit of all our stakeholders.” **BE**

For more information about Walter Energy visit: [www.walterenergy.com](http://www.walterenergy.com)



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