



HANCOCK COAL PTY LTD

Alpha Coal Project | JULY 2009

A close-up photograph showing a person's hand pouring a thick, dark brown liquid, likely chocolate, into a mold. The liquid is captured in motion, creating a blurred stream. The hand is positioned on the right side of the frame, and the mold is a light-colored, possibly metal or plastic, tray. The background is out of focus, showing a wooden surface and a yellow light source. The word "resource" is overlaid in white text across the center of the image.

resource



## The Project

The Alpha Coal Project deposit is a well known thermal coal deposit within the Galilee Basin, Queensland, Australia. This deposit has massive resources of thermal coal in the premium location of the Basin.

Hancock Coal Pty Ltd (HCPL), a subsidiary of Hancock Prospecting Pty Ltd, has a long-standing interest in the development of the Galilee Basin, with the parent company having held coal exploration permits and investigated the Alpha region since the 1970s.

The project deposit lies within the late Permian Colinlea and Bandanna Formations. The Galilee Basin is a world class location consisting of four principal thermal coal seams suitable for the global export market. Within the deposit there is additional potential for liquefaction and gasification.

The coal seams dip gently from east to west varying in thickness from 5 metres to 8 metres, enabling high production open-cut mining.

Exploration to date has concentrated on the shallow coal suitable for open-cut mining, with the potential for resources to be substantially upgraded with further drilling to the west.

## Project outline

|                      |   |
|----------------------|---|
| <b>The deposit</b>   | 2.6 billion tonnes of Measured, Indicated and Inferred JORC compliant resources   |
| <b>The mine</b>      | 30 Mtpa open-cut thermal coal mine with associated infrastructure and utilities, making it one of the largest single coal mine sites in the world |
| <b>Rail corridor</b> | Construction and operation of a rail link from the mine to the preferred port location of Abbot Point   |
| <b>Port</b>          | Construction and operation of a port and materials handling facility with a minimum 60 Mtpa capacity providing capacity to other coal producers.  |

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## Project

Described as the jewel in the crown of the Galilee, the Alpha Coal Project will be a 30 Mtpa open-cut coal mine, with the potential for the future development of significant underground reserves. The open-cut operation has an expected mine life of 30 plus years, with sufficient JORC compliant resources to extend the project life well beyond 30 years.

## Alpha Coal Project – environmental approvals

- ✓ Initial Advice Statement
- ✓ 'Significant Project' declaration
- ✓ EPBC approvals
- ✓ Terms of Reference for EIS finalised
- ✓ Federal 'Major Project Facilitation' status
- ✓ EIS commenced

## Alpha Coal Project – competitive advantages

- || Most extensively delineated deposit in the Galilee Basin
- || Superior Hargrove Grindability Index (HGI) compared to Surat Basin
- || Calorific Value (CV) competitive with Bowen and Surat Basins
- || Low sulfur content
- || Ideal Asia-Pacific and Indian market proximity
- || Strategic partnership approach
- || Independent.

## Coal and mine

From the four principal coal seams, two main seams will be targeted within the first 30 years of mining.

Draglines, dozers, conveyors, shovels and trucks will be used to expose these seams for the duration of the mine life. Shovels and dump trucks will be used to extract the coal and deliver it to the Coal Processing Plant.

Alpha coal is a high quality thermal coal with low ash content and low sulfur. The coal has attractive properties, is low in all trace elements, and is an extremely large resource that is capable of providing reliable coal at a consistent quality. Work to date demonstrates Alpha coal is suited for burning in the majority of Asian and Indian power stations.

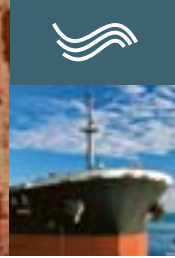
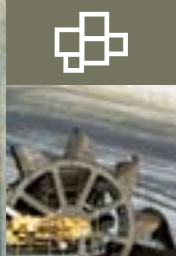
## Rail

The Alpha Coal Project includes the construction and operation of a new, privately owned and operated rail line to transport coal to the chosen port location.

Abbot Point is the preferred port location.

The recently completed Pre-Feasibility Study considers a new, dedicated multi-user rail system, as well as existing rail infrastructure. It also considers the potential to link with the existing Queensland Rail (QR) network by building a 140km rail link from the Alpha Coal Mine to Blair Athol.

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## Port

- || Coal handling facility and stockyard site of approximately 300ha
- || Two rail loops (5km in length) located on site with a dump station to facilitate the unloading of coal
- || Stockpile capacity initially at 30 Mtpa throughput capacity. Adequate land for potential multi-user stockpile capacity expansions up to 120 Mtpa plus
- || Berthing for a full range of vessels from Handymax size to Cape Class (i.e. 250,000 DWT)
- || Shiploader on wharf with provision for wharf and shiploader expansion which will allow for additional multi-user berthing capacity.

## Abbot Point

The existing Abbot Point coal precinct is located north of Bowen, Queensland, and is currently undergoing expansion and development. The final port will accommodate vessels from Handymax to Cape Class. There are a number of options available to Hancock Coal at Abbot Point. These include the expansion of the existing facility from 50 Mtpa to 110 Mtpa capacity, a new offshore X230 facility or a land backed Multi Cargo Facility (MCF). The port and surrounding land has extensive stand alone offshore berths expansion planned to meet growing coal export demand. The proposed port provides adequate protection from the prevailing weather conditions.



## Coal resources and specification

HCPL holds a granted Mineral Development Licence in the Galilee Basin. Hancock has applied for an Exploration Permit for Coal (EPC Application 1210).

### JORC RESOURCE

|       | All Seams (Million Tonnes) |           |          |       |
|-------|----------------------------|-----------|----------|-------|
|       | Measured                   | Indicated | Inferred | Total |
| Alpha | 848                        | 1,197     | 569      | 2,614 |

- || > 2.6 Billion Tonnes in Alpha
- || JORC compliant Measured, Indicated and Inferred classified resources.

The Alpha Coal Project will deliver high quality thermal coal. A primary washed product is to be produced as per the specifications outlined.

### WASHED COAL SPECIFICATIONS

| Parameter                       | Washed Coal |
|---------------------------------|-------------|
| Ash %                           | 8.5         |
| Gross calorific value (kcal/kg) | 6000        |
| Total sulfur %                  | 0.45        |
| HGI                             | 50 – 55     |

### INDICATIVE PROJECT TIMING

|  |             |
|--|-------------|
| Order of Magnitude                     | Complete    |
| Pre-Feasibility Studies                | Complete    |
| Bankable Feasibility Study             | 2009 – 2010 |
| Environmental and government approvals | 2010        |
| Finance                                | 2011        |
| Construction                           | 2011        |
| First shipments                        | 2013        |

## Investment

Hancock Coal is interested in involving end-users to participate in equity for the project, combined with long-term off-take agreements. Hancock Coal is seeking these participants throughout the Bankable Feasibility Study to ensure the interest of all long-term equity participants is catered for throughout the mine and logistics design process.

The Alpha Coal Project offers the option for end-users to secure a long-term, stable supply of high quality thermal coal, utilising privately owned and operated multi-user rail and port infrastructure.

The scale of the Alpha Coal Project and consistency of product is of the highest order, and therefore presents a unique opportunity for power companies expanding their output to do so in conjunction with a secure, reliable coal supply of good quality thermal coal.





investment



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