

**Alpha Coal and Kevin's Corner
Project Update to Enterprise
Whitsunday Breakfast**

**Paul Mulder : General Manager – Coal
10 March 2011**





“The continuing health and growth of Asia’s economies are critical to Australia. As Asia’s and India’s economies grow, so should Australia’s, but we must maintain our competitiveness to be able to do so.”

GINA RINEHART (2010)



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Agenda

1. Project Overview & Project Update



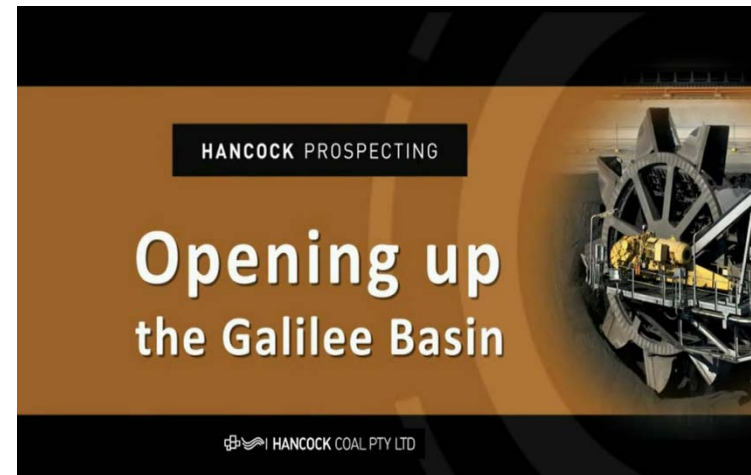
2. Project Benefits



3. Conclusion



4. Animation



Two of the largest undeveloped thermal coal resources in the world



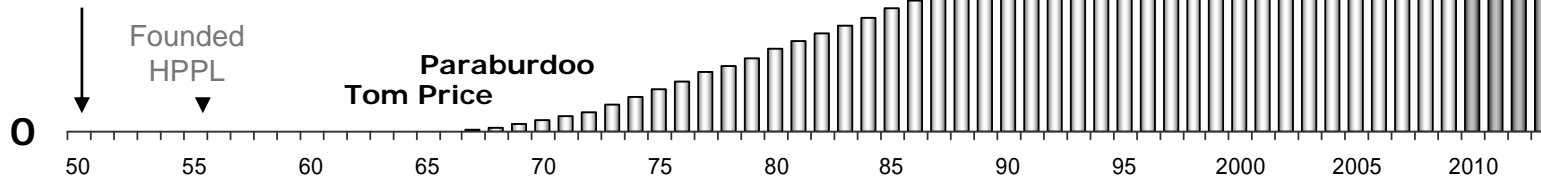
Current Resources
(JORC Compliant, all seams, in Million Tons)

		Measured	Indicated	Inferred	Total
Kevin's Corner	Current	229	1,040	3,000	4,269
	Target 2011	690	1,370	2,209	4,269
Alpha Coal Project (Tad's Corner)	Main Area	821	700	300	1,821
	West Area Current	0	500	1,300	1,800
	West Area Target 2011	0	500	2,000	2,500
TOTAL	Target 2011	1,511	2,570	4,509	8,590

Hancock Prospecting Pty Ltd: a long history of discoveries and development

Cumulative Shipments from Hancock's Discoveries (in Billion Tonnes)

Hope Downs Inaugural Shipment



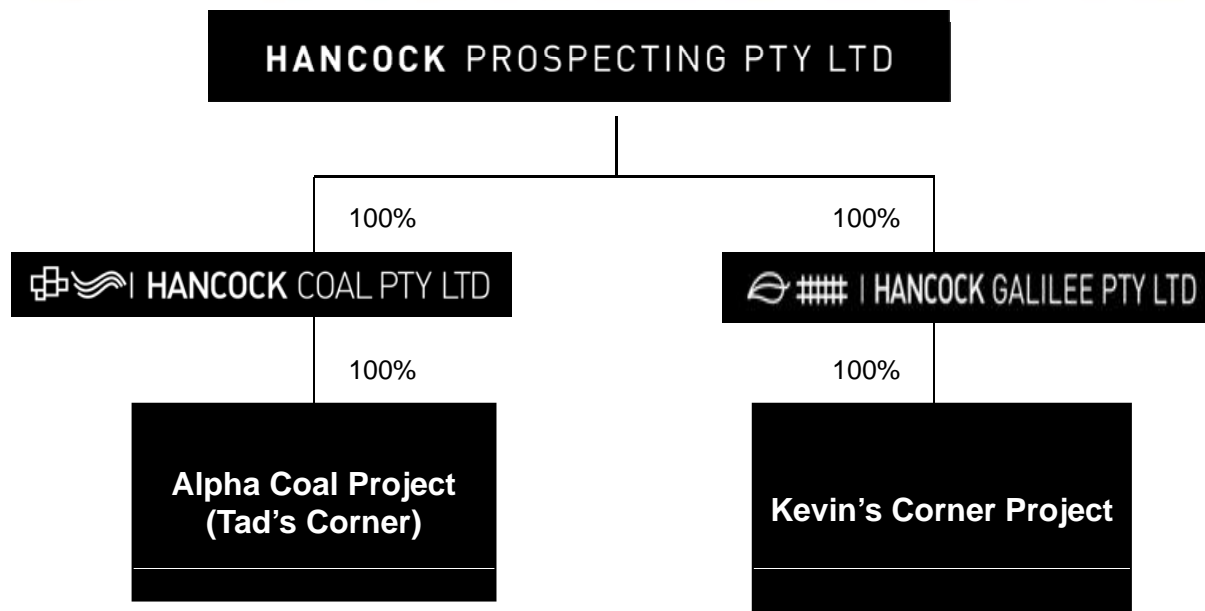
Three Billion Tonnes (2012)

Two Billion Tonnes (2009)

One Billion Tonnes (1995)



Pioneering spirit continues

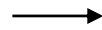


**Shared Mine Infrastructure,
Rail and Port**



Opening up the Galilee Basin

History



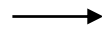
- Long held interest in the area
- Held exploration permits since the 1970's
- Pioneering spirit of Lang Hancock

Scale



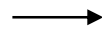
- Combined 7.8 billion tonne JORC compliant resource, anticipated in excess of 8 billion tonne by the end of 2011
- 2 x 30 Mtpa thermal coal mines now at and/or completing Bankable Feasibility Stage
- One of the largest coal mining operations in the world

Commitment



- Most delineated resource in the Galilee Basin (~1,600 drill holes)
- 100 % funded by Hancock

Benefits



- Opening up the Galilee Basin – Australia's newest coal frontier
- Positively transform the regional economy
- 40 + year mine life at full production



Hancock's Coal System (Queensland)

Independent infrastructure + integrated system = reliability and low cost



Two adjacent, large scale projects in the Galilee Basin:

- **Hancock Coal:**
Alpha Coal Project (Tad's Corner)

Start-up: 2014

- **Hancock Galilee:**
Kevin's Corner

Start-up: 2014

Thermal coal + PCI

ANNUAL CAPACITY:
2 x 30 M tonnes

2 Mines



Railway North:

Length: 495km

Standard gauge

25,000 tonne trains

Semi or automated

Multi user, third party access

Ruling Grade: 1/320

Rail corridor approved as infrastructure facility of significance

ANNUAL CAPACITY:
60+ M tonnes

1 Railway



Hancock's Future Coal Yard in Abbot Point

Abbot Point Port:

2 ship berths

Stockyard (live): 1.8 M tonnes

Max vessel: 250.000 t

Privately owned and operated

Multi user

Preferred developer status for T3 by NQBP

ANNUAL CAPACITY:
60+ M tonnes

1 Port



Project Outline – Alpha Coal Project (Tad’s Corner)

Resource (JORC) → 3.6bt

Mining Method → Open cut

**Equipment → Draglines
Truck/Shovel**

Saleable Production → 30 Mtpa

Construction → 2012 – 2013

Ramp Up → 2014 – 2017

Mine Life → 40 + years





Project Outline – Kevin’s Corner



Together these projects are expected to rank as one of the largest coal mine sites in the world.

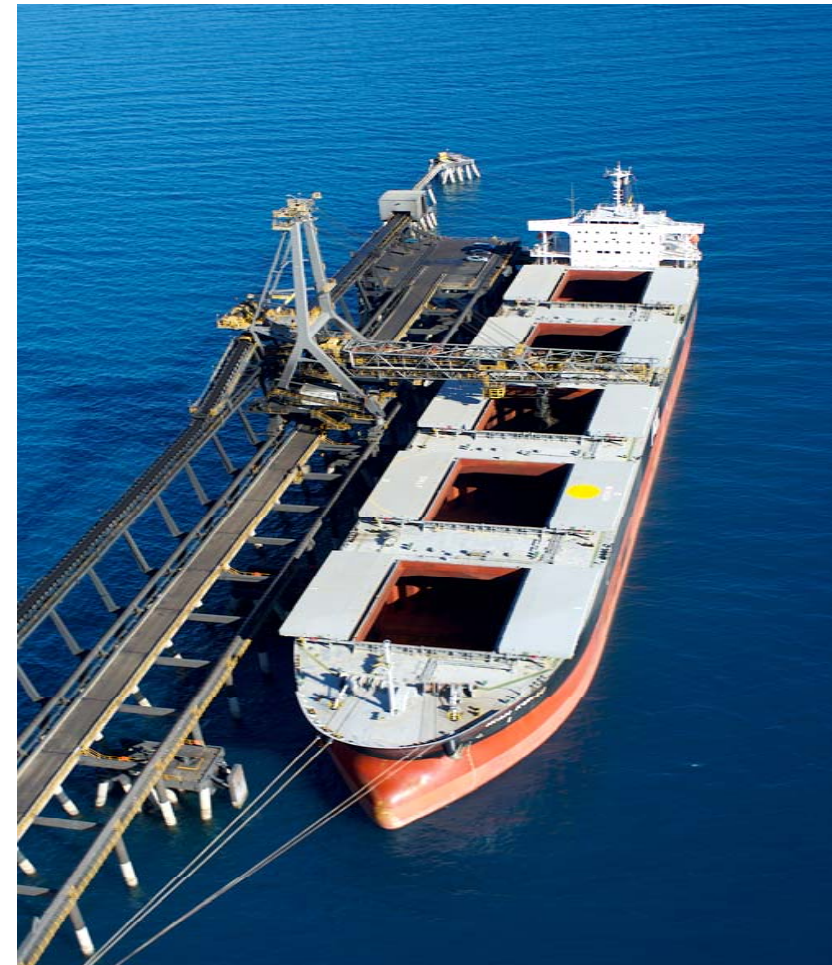
Resource (JORC)	→	4.26Bt
Mining Method	→	Open cut / Underground
Equipment	→	Longwalls Draglines Truck / Shovel
Saleable Production	→	30 Mtpa
Construction	→	2012 – 2014
Ramp Up	→	2014 – 2019
Mine Life	→	30 years



Project milestones progress

Following the presentation in February 2010, project milestones reached have been:

- Bulk Sample Pit
 - commenced September 2010. Anticipated coal deliveries to arrive mid August.
- IFS Approval
 - Rail approved October 2010
- Preferred Developer at T3 Abbot Point
 - April 2010
- SunWater
 - Became a Foundation Customer for the Conners River Dam Project July 2010
- Powerlink Queensland
 - Signed Customer Connection Access Agreement July 2010
- EIS submission
 - Submitted to State Government in September 2010
- Supplementary EIS
 - Currently in preparation
- Bankable Feasibility Study
 - Will be completed within a month
- Native Title for Mine, Rail Corridor and Onshore Port Facilities
 - Agreements executed November 2010



Moving pre-emptively, Hancock was able to guarantee power and water



Power:

- Powerlink Agreement in place
- 275kVa
- Unregulated supply
- Powerlink is proposing to acquire a easements for two new 132kV transmission lines – one between the proposed Surbiton Hill Substation and Kevin’s Corner Mine, and one between the proposed Surbiton Hill Substation and the Alpha Coal Mine.
- Both transmission lines will be approximately 15km in length.

Water:

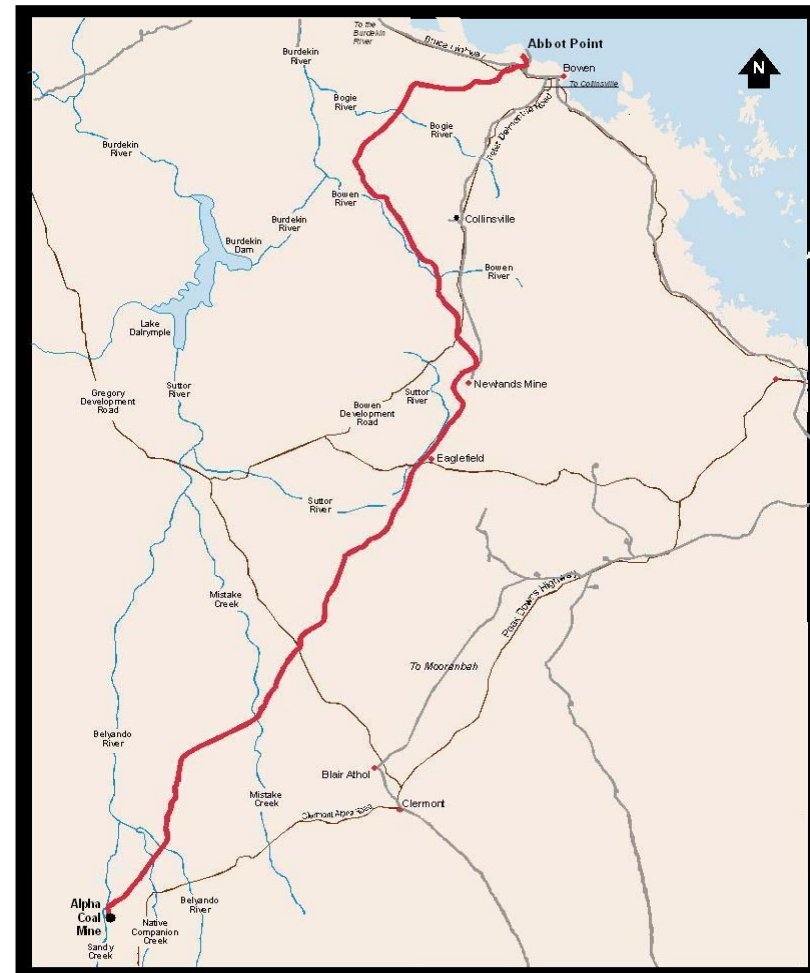
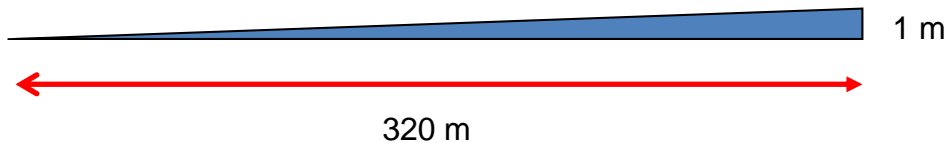
- Sunwater commitments made for Conner’s River
- Part of the Connors River Dam project includes the construction of a 350km pipeline, transporting water from the dam to Moranbah and then on to Alpha Coal and Kevin’s Corner coal mines



Transporting more cargo per train compensates longer distance

Railway North

- Infrastructure Facility of Significance
- Standard gauge
- 25,000 tonne trains (versus 10,000 tonne trains currently)
- Semi/automated rail system
- Ruling Grade:





Hancock has been selected as preferred developer for T3

T3 is a privileged stockyard location in Abbot Point

Proposed MCF



Our Future Coal Yard (T3)



T4



Hancock is investing to develop a test pit at Alpha Coal Project (Tad's Corner)

Inauguration Ceremony: 6 November, 2010



Working day and night to ship the first coal from the Galilee by mid 2011





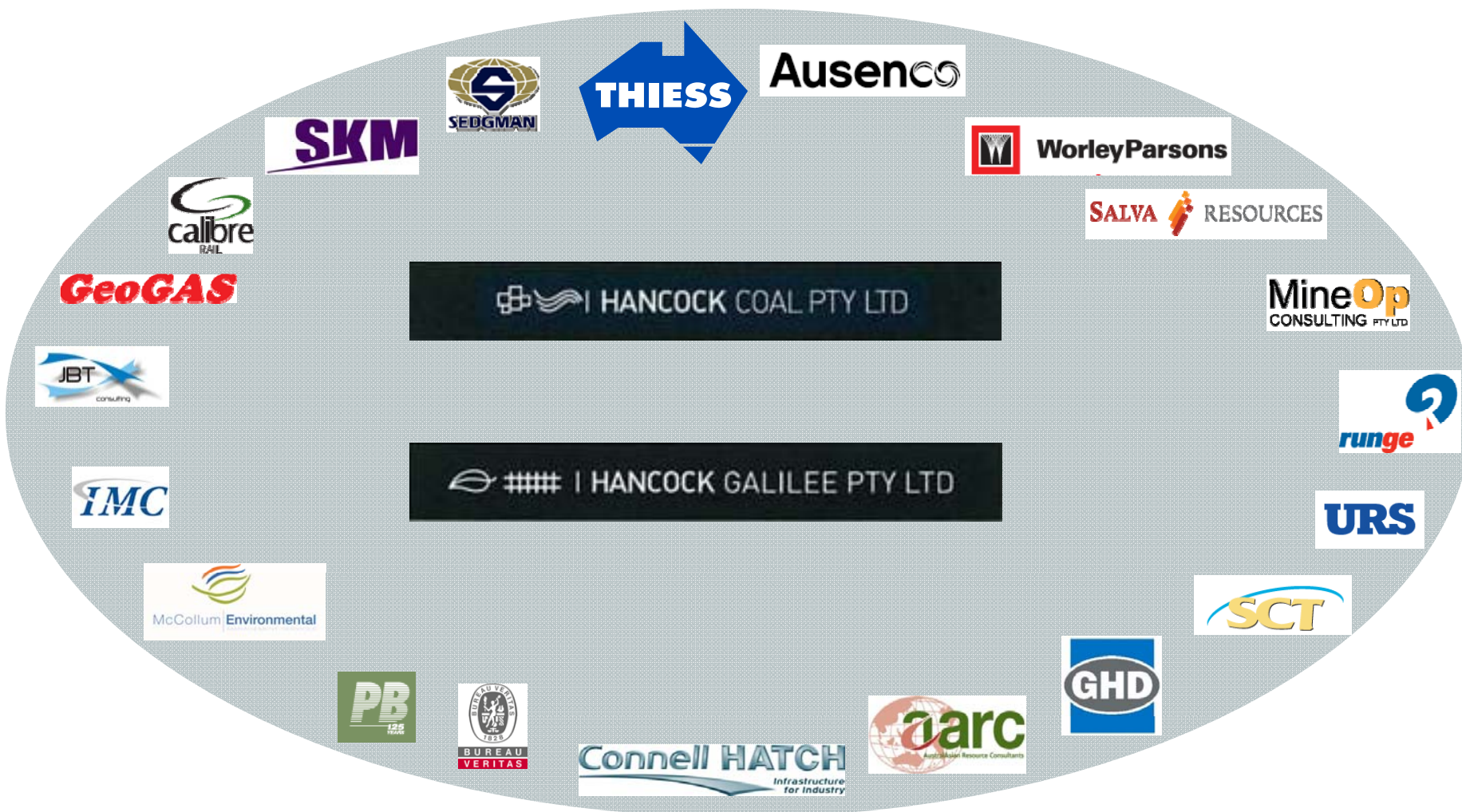
The first historical shipments will go to Korea and then Japan



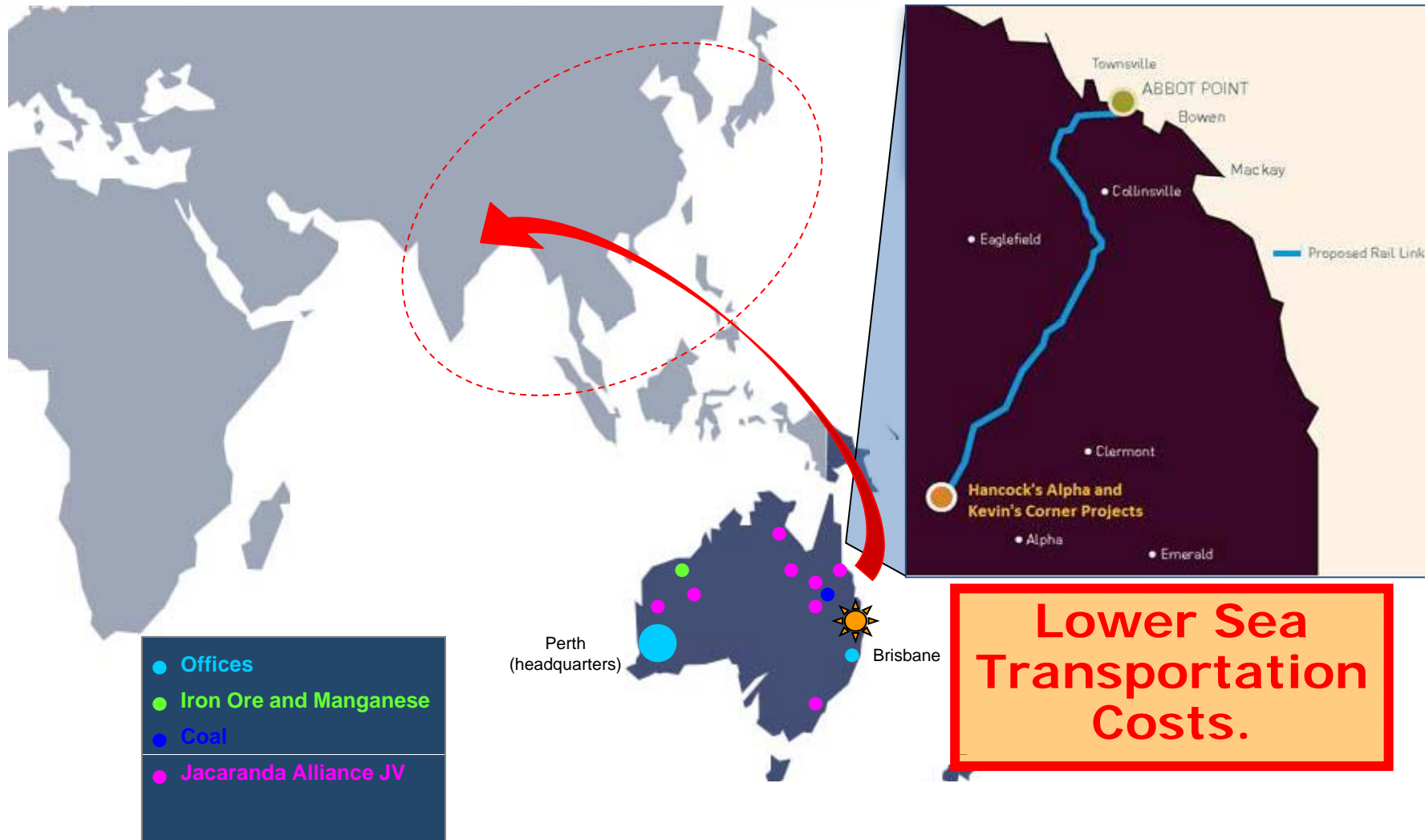
About 100,000 tonnes of product coal
Toll washed
Rail to Gladstone for export
Test burn at customer's power plant



Quality consultants for world class projects



Abbot Point is Australia's closest coal port to Asia and India



Lower Sea Transportation Costs.



Employment Opportunities

- Increased employment opportunities in the Alpha area, across Central Queensland, and along the coast from Gladstone to Bowen
- Regional centres and surrounding communities will directly benefit from significant boosts in job opportunities
- Estimate up to 5,000 indirect jobs generated in the local region, and across the state
- Benefits from establishment of support service industries and training development opportunities



Commitment to Regional Development

- Significant contribution to regional development in Queensland
- Over 14 billion tonnes of JORC compliant coal already identified by proponents of Galilee Basin
- Rail link to port delivers a new transport solution for moving over 80 Mpta of coal from the Galilee Basin
- Opening up a new resource basin to future development

Other regional infrastructure developments include:

- Support services for local communities near the mine site, rail corridor and port
- Major water source development
- Significant power supply development
- All-weather commercial airstrip near Alpha for FIFO workforce

ALPHA COAL AND KEVIN'S CORNER WILL BE THE 'ENGINE' FOR REGIONAL DEVELOPMENT



Investment in Queensland

- Significant benefits associated with mine, rail and port infrastructure on this scale
- Opens up a new resource province – enhancing Queensland’s international reputation for quality coal exports
- Wages and salaries forecast of nearly \$600 million, export revenue forecast between \$5 -6 billion, subject to project approvals
- At full production, the projects will deliver \$430 million in royalties paid directly to the state each year
- Providing revenue to government that translates directly into hospitals, schools, police and road networks

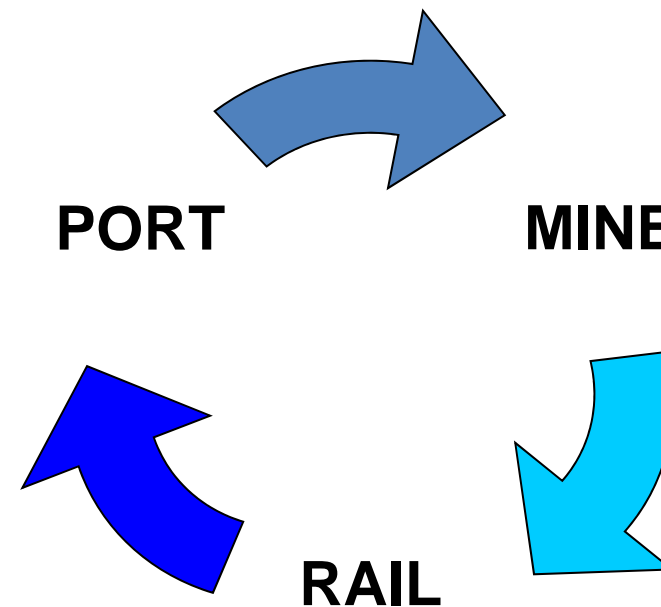


Local business opportunities

Significant opportunities for local businesses to supply goods and services to both projects

Includes opportunities to supply goods and services

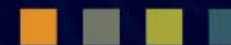
- At mine site;
- In construction of the rail corridor; and
- In development of the port facility





Conclusion

- A historic project that opens up a new coal frontier with benefits at local, state and federal levels for Australia
- One of the largest coal mining operations in the world with anticipated coal in excess of 7 billion tonnes
- Estimate of 5,000 indirect jobs generated in the local region, and across the state
- Benefits from establishment of support service industries and training development opportunities
- Regional infrastructure development including local community support services, major water development, significant power supply development and rail infrastructure from mine site to Abbot Point



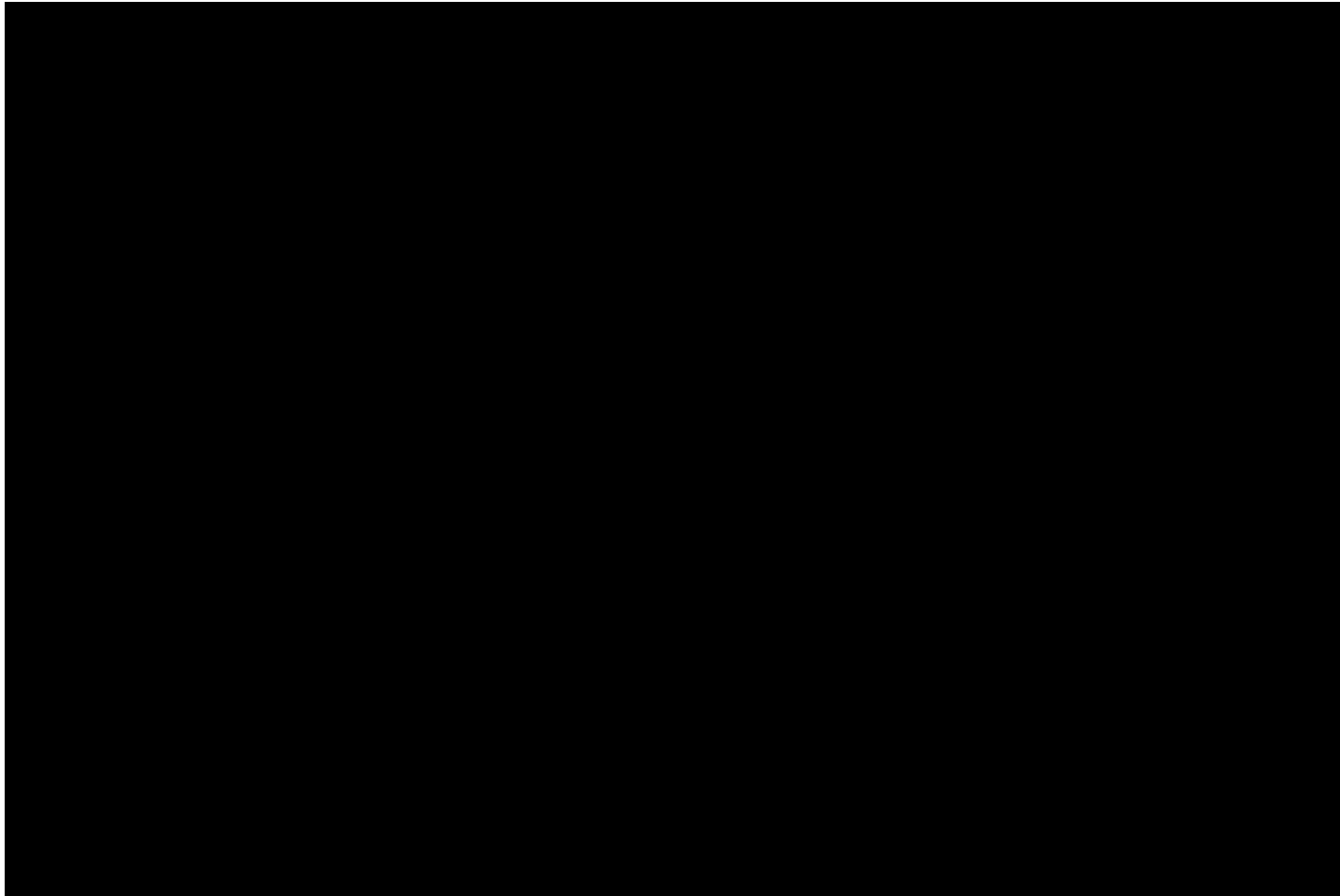
Projects' Benefits and Approvals Status

	Alpha Coal Project (Tad's Corner)	Kevin's Corner
Initial Advice Statement.....	Concluded	Concluded
Federal Environmental Protection Conservation Biodiversity Application.....	Concluded	Concluded
Federal Major Project Facilitation Status.....	Concluded	Concluded
Final Terms of Reference for EIS.....	Concluded	Concluded
Preferred Developer at Abbot Point.....	Concluded	Concluded
Railway declared State Significant Project.....	Concluded	Concluded
Finalisation of Native Title and Cultural Heritage.....	Concluded	Concluded
Environmental Impact Study	Submitted	2011
Conclusion of Bankable Feasibility Study.....	2011	2012
Mining licences.....	2012	2012
Construction started (*)	2012	2012
Commissioning (*).....	2013	2014
Potential jobs created during construction..	2,500	2,500

(*) subject to timely approvals



Opening Up The Galilee Basin animation





Thank you very much

**Mrs. Gina Rinehart, HPPL's Chairman,
with The Hon Martin Ferguson,
Federal Minister for Resources and
Energy**



Alpha's Test Pit



Alpha's Test Pit



**Mrs. Gina Rinehart, HPPL's Chairman,
with The Hon Anna Bligh, Premier of Queensland**