



# Major Projects Summit



5 May 2011

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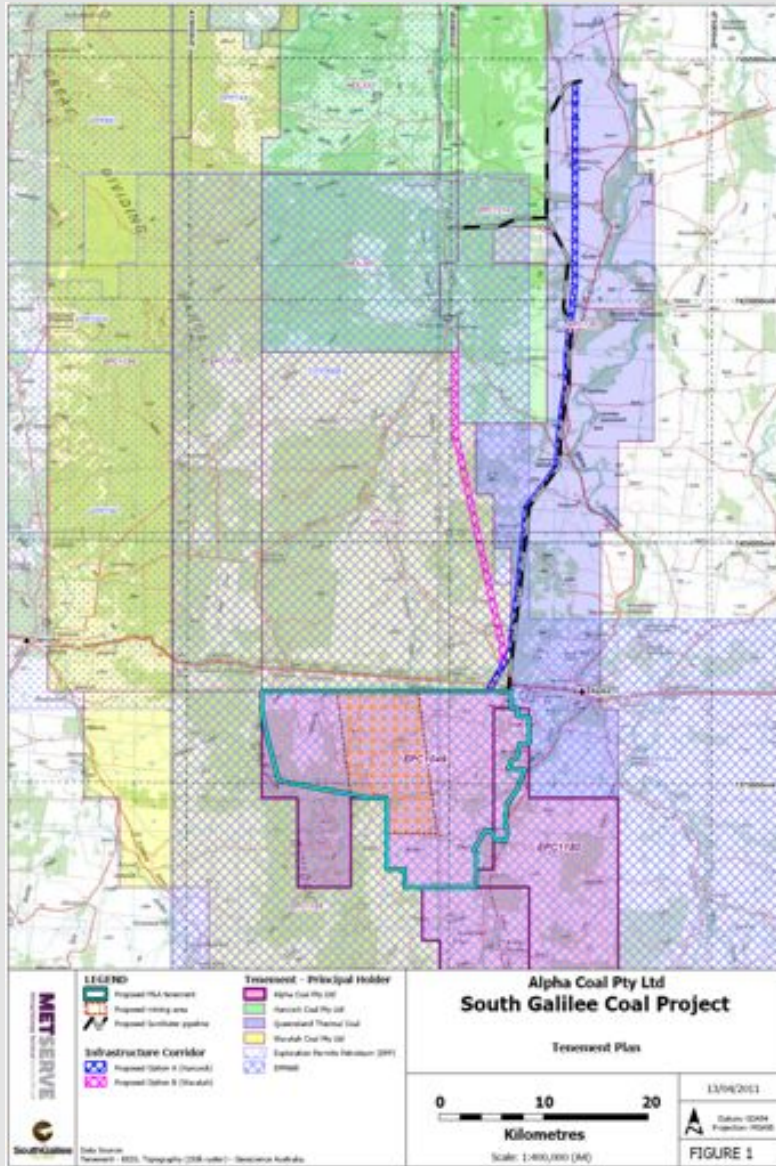


# Project Summary

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# Project Overview



- ❑ The Galilee Basin is currently subject to study for 5 major mining projects
- ❑ The South Galilee Coal Project (SGCP) is a joint venture between AMCI and Bandanna Energy
- ❑ The SGCP will to be a large volume operation combining both open cut and underground longwall operations
- ❑ To date a JORC resource of 1,179Mt (167Mt Measured and 206Mt Indicated) has been identified and this is sufficient to underpin large volume mining operations for several decades

# Project Summary



- ❑ The project is currently subject to a Pre-feasibility Study which will be completed in the second quarter of 2011
- ❑ Environmental approvals and permitting are well advanced and on track for late 2012.
- ❑ Development of the Galilee Basin is as much about the development of an efficient and cost effective supply chain infrastructure as it is about the coal
- ❑ One of the major challenges for all proponents in the development of the Galilee Basin is the need for an Integrated Supply Chain infrastructure and, in particular, a cost efficient railway



## Background to AMCI and Bandanna Energy

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# Proponents

The South Galilee Coal Project is a Joint Venture between AMCI (Alpha) Pty Ltd and Alpha Coal Pty Ltd (Bandanna Energy).

## AMCI

The AMCI Group (AMCI) was founded in 1986 and is a private global mining, investment and trading business operating in the resources industry. AMCI (Alpha) Pty Ltd is the manager of and joint venture partner with Bandanna Energy in the South Galilee Coal Project (SGCP).

AMCI is experienced in coal exploration and mine development, and was instrumental in the development of several mines in Queensland and New South Wales, including Coppabella, Moorvale, Carborough Downs and Glennies Creek.

## Bandanna Energy

Bandanna Energy is an ASX listed coal exploration company with tenements in the Bowen and Galilee Basins. Alpha Coal Pty Ltd is a wholly owned subsidiary of Bandanna Energy holding four coal exploration tenements in the south eastern Galilee Basin, referred to as the SGCP.

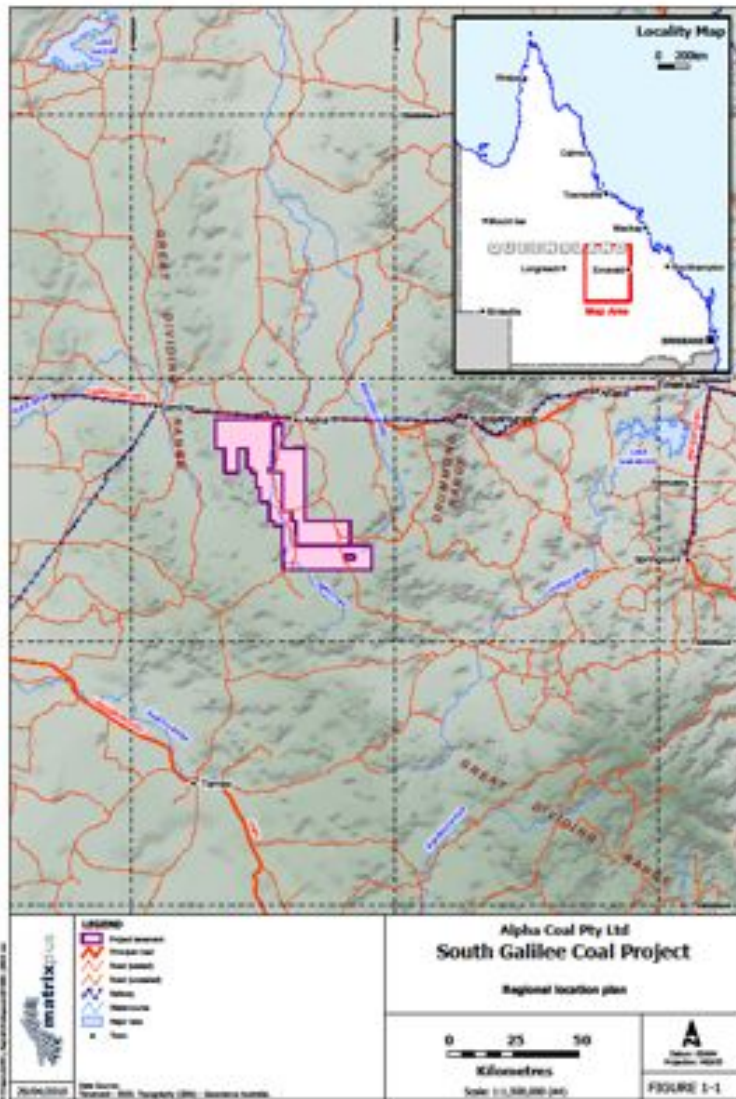


# Project Overview

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# Regional Location



The South Galilee Coal Project is:

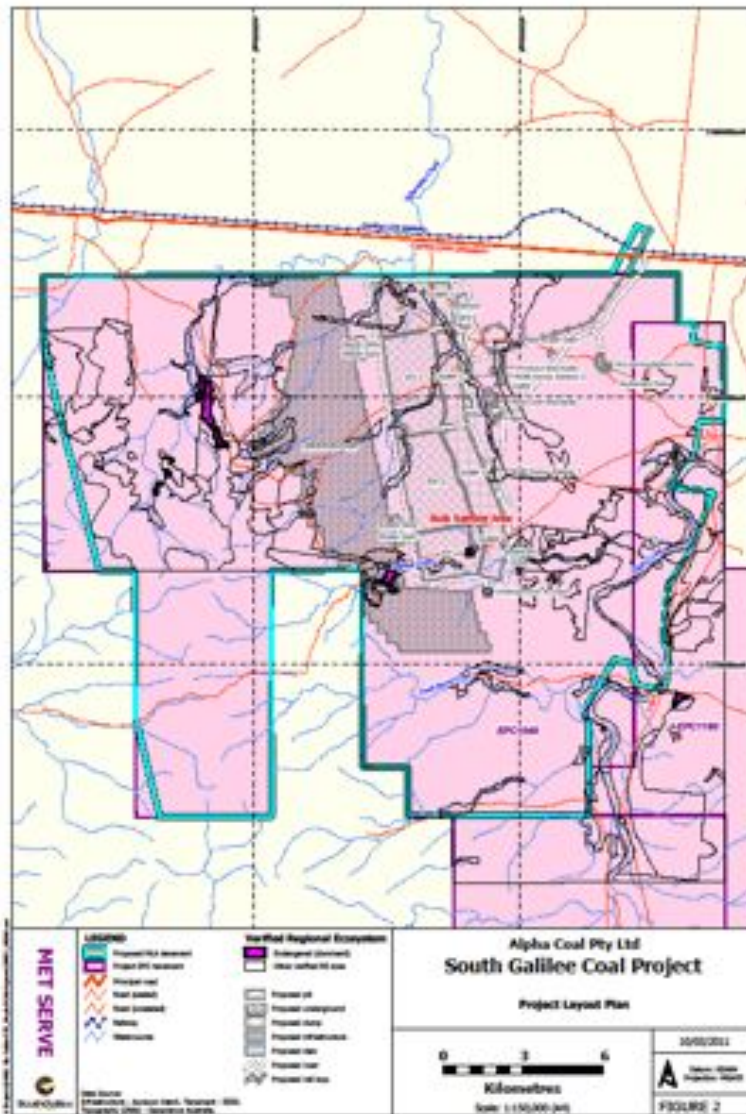
**180km west of Emerald**, a major regional centre servicing both the agricultural and mining industry. Population approx: 15,000

**140km south-west of Clermont**, a township that houses employees of Blair Athol Mine, is the closest town to the FI/FO Clermont Coal Mine accommodation camp and services the nearby surrounding properties. Population approx: 2,000

**140km east of Barcaldine**, the administration centre for the Barcaldine Regional Council, which includes the SGCP area. Barcaldine also services the nearby surrounding properties. Shire population approx: 3,500

**12km south-west of Alpha**, a small township that services nearby surrounding properties. Population approx: 350

# Project Description



- ❑ The Project area comprises parts of EPC1049 and EPC1180. The total Project area is approximately 40,000ha
- ❑ The mine will produce up to 20Mtpa of high volatile, low sulphur steaming coal for export to international markets
- ❑ The SGCP will target thermal coal at depths suitable for both open cut and underground mining
- ❑ The currently proposed mine life is >25 years
- ❑ The Proponent will continue to explore the areas of its mining tenements to further quantify the coal resource and quality to assist in mine planning
- ❑ AMCI is the manager for the feasibility and EIS approval processes and, as such, agent for the joint venture participants

# Exploration and Resource Definition



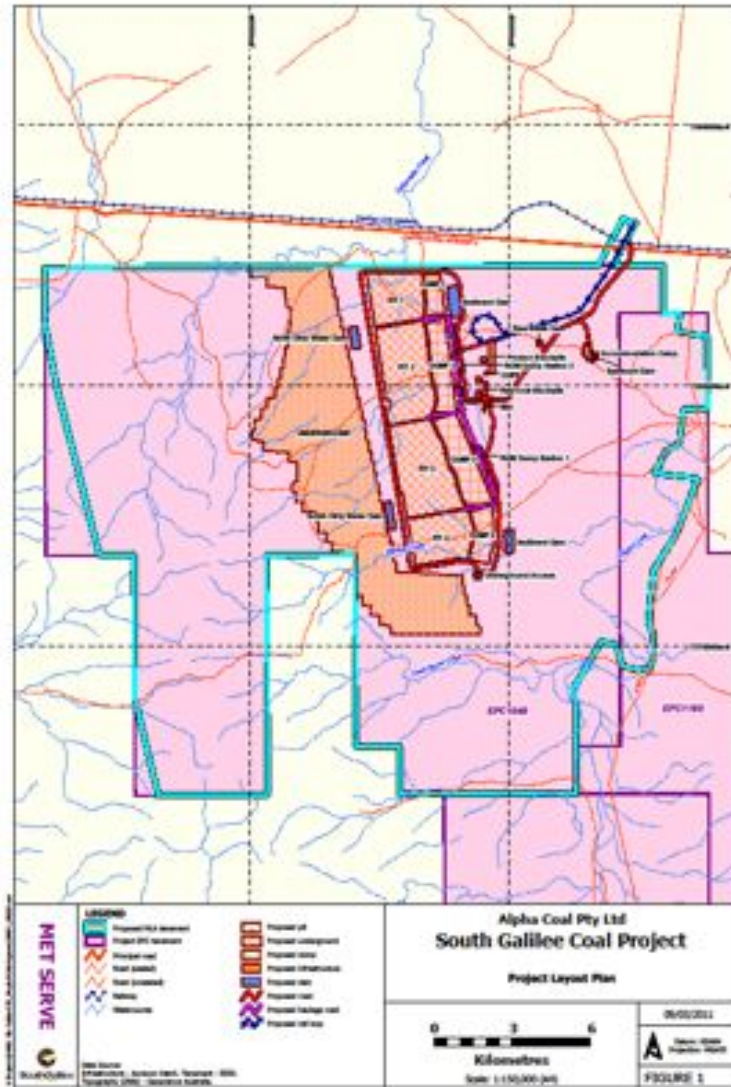
## Exploration to date:

- Focussed on the northern end of EPC1049
- 162 chip holes and 118 cored holes have resulted in over 34,000 drilled metres within a 100km<sup>2</sup> area

## Current Resource:

- JORC compliant resources of 1,179Mt have been confirmed
- These announced resources are sufficient to justify the SGCP, with additional resources still to be explored down dip
- Exploration has confirmed the SGCP resource consists of two principal coal seams from 2m to 5m thick and containing sub-bituminous high volatile coal
- The conditions are ideal for high production open cut and underground mining

# Conceptual Mine Plan



- ❑ Mine plan shows mining commencing in the east via open cut methods
- ❑ As the coal seam dips below economic open cut mining, underground longwall mining off the highwall will be introduced
- ❑ Options for the mine plan, coal quality and optimal recovery methods, coal handling and infrastructure design are all being undertaken now as part of the Pre-Feasibility Study (PFS)
- ❑ Outcomes from the PFS will be incorporated into the ongoing mine planning process for inclusion into the EIS document



# Approval Process - State

## EIS Process Flowchart

### Current Status:

Preparation of draft Terms of Reference (ToR).

### ToR

The DIP will release the draft ToR which identifies the specific requirements for the EIS content for public comment. The final ToR will be released following consideration and incorporation of written submissions made by stakeholders.

### Draft EIS

The draft EIS is released for public comment.

### Supplementary EIS

A supplementary EIS report may be required to address specific matters raised by stakeholders during the public consultation period.

### Coordinator General Assessment Report

At the completion of the EIS process, the DIP will issue a report evaluating the EIS and related material, providing an assessment of the project and outlining any environmental protection conditions that will apply to the development.

- ❑ AMCI lodged IAS and applied for “significant project” status from the Coordinator-General under the SDPWO Act on 11 March 2010
- ❑ On 26 May 2010, the Coordinator-General declared the SGCP to be a “significant project” requiring an Environmental Impact Statement
- ❑ DIP is managing the EIS process on behalf of the Coordinator-General
- ❑ Final Terms of Reference were received in November 2010
- ❑ EIS is on track for completion in late 2011 with no significant issues identified to date
- ❑ Anticipate all environmental approvals will be received by early 2013

# Approval Process - Federal



Brigalow TEC (RE 11.4.8) in the central portion of the SGCP area



Brigalow Scaly-foot (*Paradelma orientalis*)

1. SGCP was referred to DEWHA on 17 May 2010 under the *Environment Protection and Biodiversity Conservation Act 1999* (referral No. 2010/5496)
2. Determined to be a “controlled action” on 16 June 2010, due to the potential impacts on matters of national environmental significance (MNES) under sections 18 and 18A (listed threatened species and ecological communities); and sections 20 and 20A (listed migratory species)
3. The SGCP will be assessed under the bilateral agreement whereby DEWHA has accredited the Queensland EIS process, to be conducted under the SDPWO Act
4. The project will require approval from the responsible Australian Minister under Part 9 of the EPBC Act before it can proceed

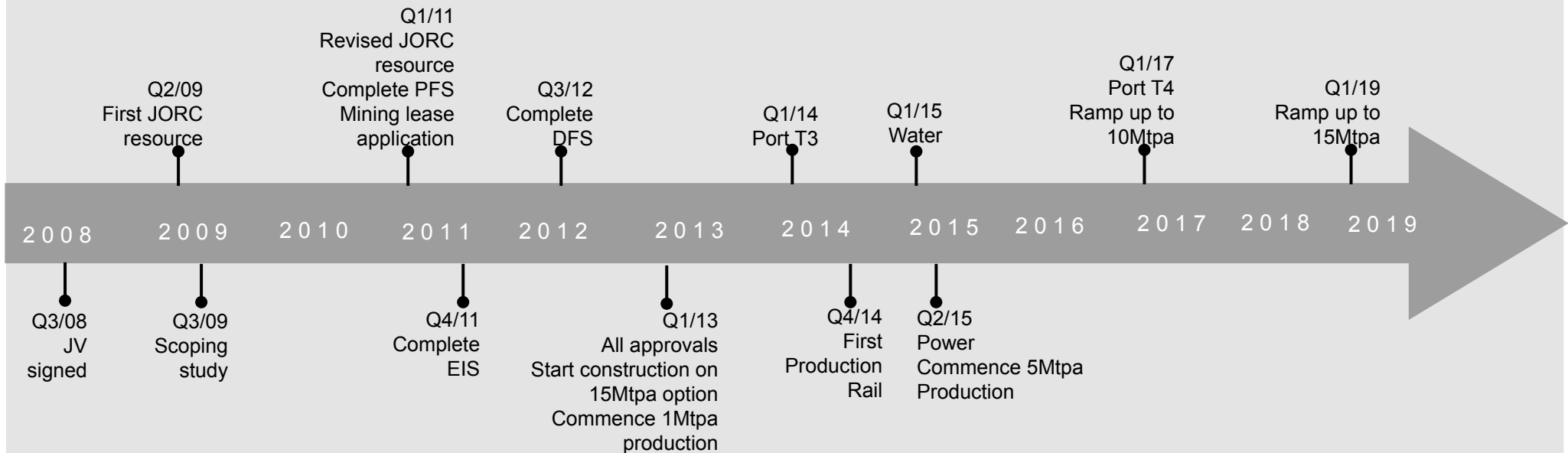


## Project Timeline

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# Project Timeline and Schedule



- Development of the Galilee Basin is as much about off-site infrastructure, including power and water, as it is about the coal resource
- The SGCP is currently completing its Pre-feasibility Study and if results are positive it is likely that a Definitive Feasibility Study will commence in Q3 2011
- Potential for the development of an initial operation in the order of 1Mtpa using the existing rail line by early 2013
- Current estimates suggest construction will take up to 2 years for the 15Mtpa operation
- Meeting key development dates will be dependent on the availability of power, water, rail transport and port capacity
- Mining development ramped up in three equal phases, commencing with mining by open cut dragline, followed by 2 long walls, each approximately 2-3 years apart



# Stakeholder Consultation

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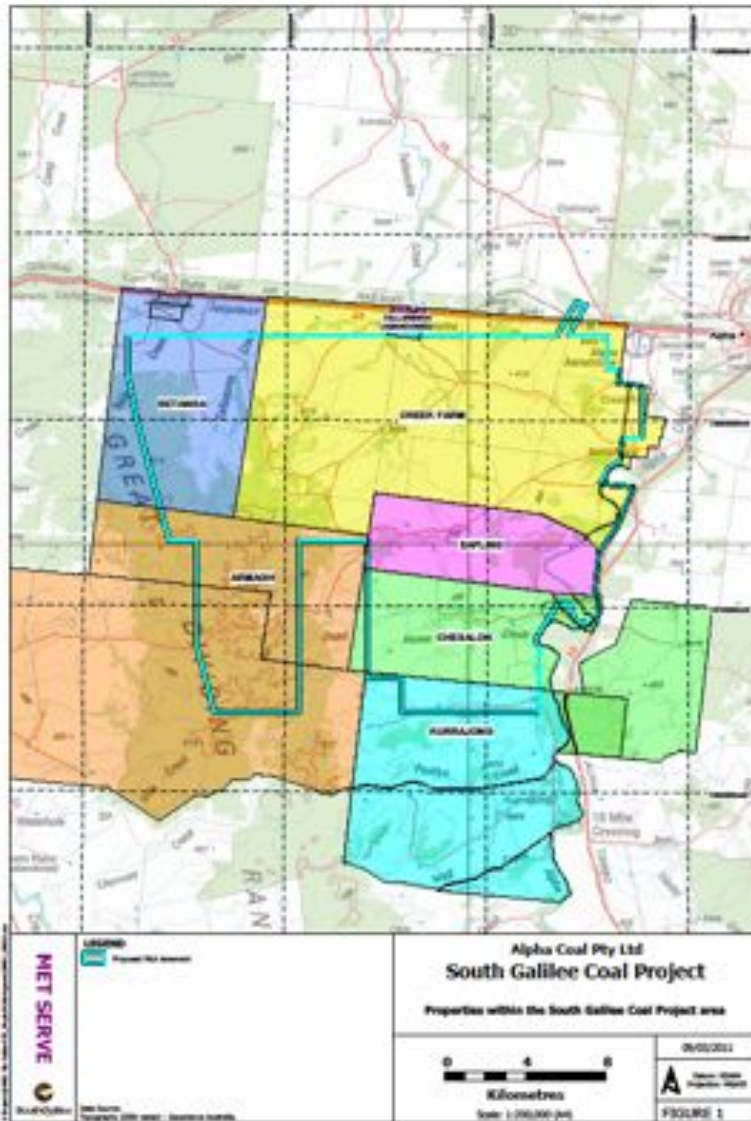
# Community Engagement Process

- ❑ The engagement process will identify broad issues of concern to the local community and interest groups and will extend from the planning phase through to operations and final rehabilitation
- ❑ The specific strategies to be used, frequency of consultation and type of information will be refined throughout the process and will be flexible to accommodate stakeholder differences
- ❑ A summary of the proposed consultation actions is provided below:

- Project Community Call Line
- Project website
- Project email
- SGCP factsheet for significant milestones
- Media releases and SGCP adverts
- Community Information Session(s)
- Community survey
- Registration of interest in the SGCP

- Face-to-face meetings with key stakeholders
- Consultation meetings
- Community Reference Group
- Technical Reference Group
- Consultation with Aboriginal stakeholders
- Advisory agency / interest group meetings
- Property access agreements

# Community Engagement Process



## Tier 1 Stakeholders include:

- Directly impacted landholders
- Regulatory decision makers
- Traditional Owners
- Local Council

## Tier 2 Stakeholders include:

- Neighbouring landholders
- Advisory agencies
- Registered interest groups or individuals

## Tier 3 Stakeholders include:

- All other interested or potentially impacted parties

# Community Engagement Process

## Community Reference Group (CRG)

- AMCI has established a CRG to provide a formal communications process to represent the broad community interests
- The CRG is made up of nine local representatives, including property owners and Alpha small business owners
- The first meeting was held at the Alpha Town Hall on 2 August 2010

## Technical Reference Group (TRG)

- A separate TRG was established to address technical or specialist issues
- The TRG includes representatives of special interest groups, government agencies and technical specialists

## Indigenous Consultation

- Ongoing consultation with indigenous Traditional Owner groups is being undertaken as part of the EIS process
- AMCI will collaborate with Traditional Owner groups to jointly agree on a Cultural Heritage Management Plan, develop an Indigenous Land Use Agreement (ILUA) and conduct cultural heritage surveys within the SGCP area



# Significant Galilee Basin Issues

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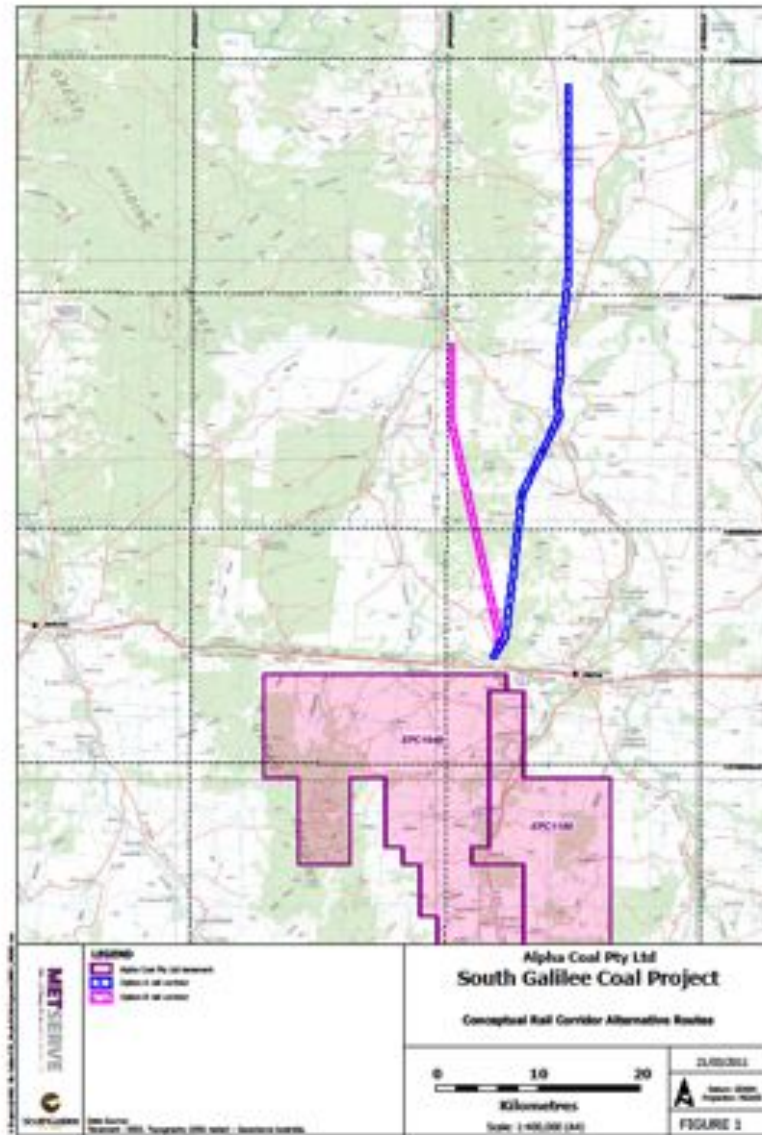


# Significant Galilee Basin Issues



- Raw water supply - SunWater
- Power supply - Powerlink
- Rail construction and access conditions – other proponents
- Port allocation - NQBP
- Managing social expectations

# Significant Galilee Basin Issues



- Individual Projects cannot justify the infrastructure required
- Co-operative approach will be necessary for the Galilee Basin to be developed
- Workable water supply option proposed by SunWater
- Port allocation negotiated with North Queensland Bulk Ports
- Rail and power remain the two major infrastructure obstacles to developing the Galilee Basin
- Project proponents and regulators need to manage the community expectations based on realistic impacts and realistic mitigation measures

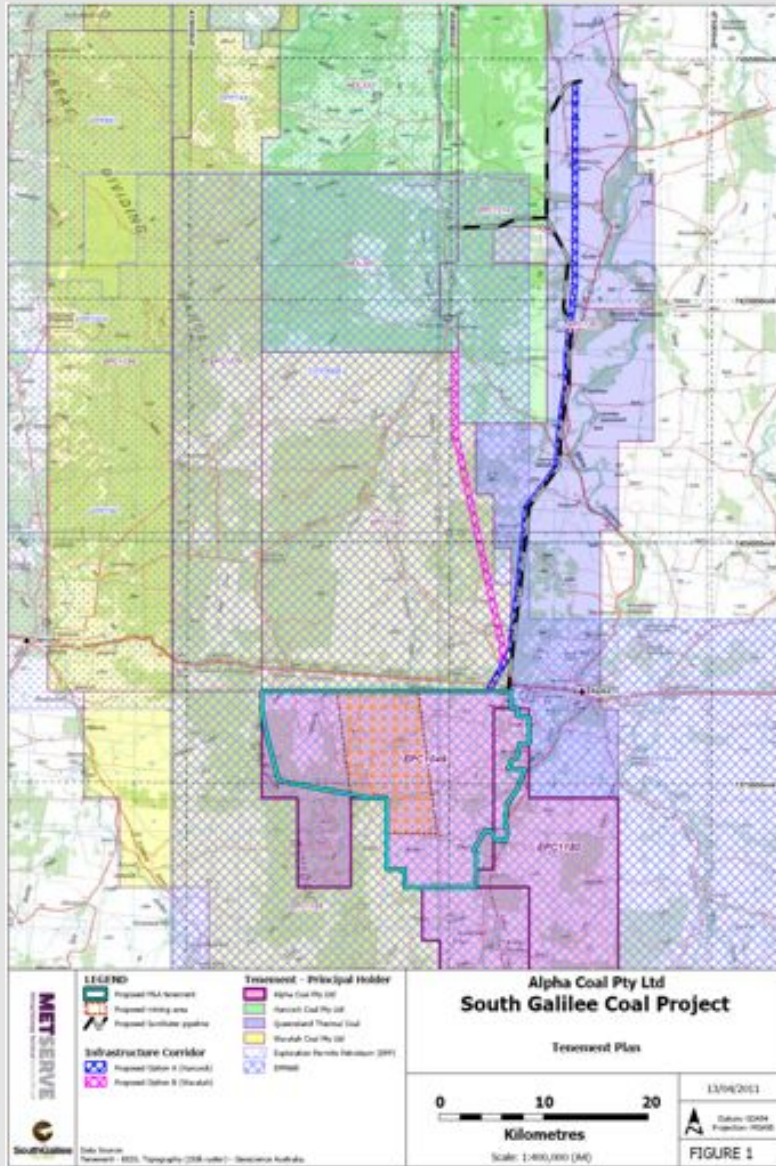


# Summary and Conclusions

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# Summary and Conclusions



- ❑ The Galilee Basin has the potential to be the next major source of export quality thermal coal in Australia
- ❑ Development will require the collaborative efforts of many stakeholders, including the proponents, community, Government and business
- ❑ The Galilee Basin will potentially provide significant opportunities for employment and business development, however it is important that expectations are appropriately managed