

Friday, September 16, 2011

Announcement of Major Investment

Hancock Coal Pty Ltd is pleased to announce the GVK group will be coming on board as partners to assist with the development of both the Alpha Coal and Kevin's Corner Projects which are leading the development of the Galilee Basin in Central West Queensland.

Details of the announcement are available on our website www.hancockcoal.com.au and more information about GVK can be found at www.gvk.com.

GVK Coal Developers (Singapore) Pte Limited (GVKCDPL), a joint venture between GVK Natural Resources Pte Limited (GVKNRPL), a GVK Group company and GVK Power and Infrastructure Limited (GVKPIL) has entered into various strategic acquisition documents with Hancock Prospecting Pty Limited and certain of its affiliated entities (the **Hancock Group**) to acquire:

- a shareholding up to 79% in the Alpha ('Tad's Corner') and Alpha West ('Paul's Corner') Coal Projects, located in the Galilee Basin (The Hancock Group will retain the remainder of the shareholding);
- a 100% shareholding in the Kevin's Corner Coal Project, located immediately adjacent to the Alpha Coal Project; and
- a 100% shareholding in the rail and port project connecting the above coal projects to the port of Abbot Point and the T3 expansion project, whilst retaining some tonnage capacity for the Hancock Group.

The consideration for the acquisition is US\$ 1.26 billion to be paid in a phased manner to the Hancock Group with US\$ 500 million payable at closing. Of the balance amounts, US\$ 200 million will be paid one year from closing and US\$ 560 million will be paid by GVK on financial close for the project (anticipated to be in 2012), but in any event, no later than 3 years from closing.

The funding for the acquisition is tied up with banks. The financing documents for funding the acquisition have been executed with the banks and the transaction is expected to be completed in about two weeks.

Subject to all necessary approvals, the projects' benefits include:

- export revenue forecast at about \$10b;
- approximately 5,000 sustainable direct jobs and 11,000 ongoing indirect jobs generated in the Alpha region, across central Queensland, and along the coast;
- the establishment of support industries and training development opportunities;

- at full production, the three projects will deliver an estimated \$700m in royalties to the state government each year; and
- total investment in the first phase estimated at approximately US\$10 billion (this includes capital expenditure on the mines, rail and port).

Hancock Coal will not be making any further comment at this stage.