

18 September 2014

MEDIA STATEMENT

GVK HANCOCK ADVANCES GALILEE BASIN RAIL LINE DEVELOPMENT

GVK Hancock has commenced a 'Material Change of Use' application for the approximate 310 kilometre first stage of its rail corridor, following years of extensive planning and hydrological assessments in development of infrastructure to connect its Galilee Basin coal deposits with export markets.

The development of the Galilee Basin represents one of the most significant pieces of regional and economic development Queensland has seen for decades and this application allows us to continue meeting and exceeding our regulatory requirements to support such a significant development.

The 'Material Change of Use' (MCU) application is the next step in finalising planning for this significant rail infrastructure development and follows on from the granting of State environmental approval in May 2012, Federal environmental approval in August 2012 and the granting of the Galilee Basin State Development Area in June 2014.

As part of the MCU application we will be continuing to work with landholders to ensure the detailed planning, which has been presented to each specific property in the past continues to maintain access to homesteads, stock feeding areas and water supply.

We will also be seeking consent from landholders along the section of this first stage of rail corridor and we have made contact with all landholders along the rail corridor in order to commence such discussions.

To date, the project team has undertaken an extensive assessment and landholder engagement process for infrastructure along the approved rail corridor connecting the southern end of the Galilee Basin with export markets.

The broad range of environmental and hydrological assessments contributed to the collaboration of an Environment Impact Statement (EIS), a Supplementary Environmental Impact Statement (SEIS) and an Addendum to the SEIS for the proposed rail infrastructure.

These assessments take into consideration the unavoidable fact that any rail line from the southern end of the Galilee Basin to the coast must traverse the flood plains of the Belyando and its tributaries at some stage.

The detailed planning and design work for our rail line meets all of the hydrological requirements of the government's stringent regulations for crossing such terrain.

In addition to the government's stringent conditions, our rail corridor meets the required flood immunity level with all drainage structures and rail formations designed accordingly.

Our planning also incorporates our respective parent companies' own extensive infrastructure experience to ensure the rail line enables both water to flow in extreme flood events, and to minimise damage to infrastructure.

Consultation with local landholders was a central element of planning for the proposed rail line with GVK Hancock appointing a hydrologist to talk through the detailed modelling with landholders.

GVK Hancock also funded an independent well-respected local expert hydrological consultant to work on behalf of landholders so they could gain peace of mind in relation to all of the modelling and information that was made available throughout the assessments.

During this engagement, landholders provided additional rainfall data for the modelling and indicated that the model reflected the flood behaviour on their properties.

All questions raised in this engagement process with landholders were answered in a close out report to Queensland's Coordinator General.

To date, we have successfully negotiated term sheets with landholders for around 75% of the rail corridor, which outline the commercially agreed terms for the acquisition and compensation of land.

We plan to continue working cooperatively with landholders, the community and all levels of government as we advance our projects to a point where construction can commence.

We are continuing to finalise a joint venture agreement with Aurizon to develop the required rail and port infrastructure.

In November 2013, we announced a staged approach for our rail development, which means that for the initial stage, approximately 310 kilometres of the 500 kilometres of new corridor and track under the original GVK Hancock proposal will be constructed before connecting into existing Aurizon infrastructure. This will also allow a phased development at the Abbot Point T3 terminal to match volumes and ramp-up, thereby materially reducing the initial cost of infrastructure.

All information pertaining to GVK Hancock's broad range of assessments for its projects are available at www.gvkhancockcoal.com

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