

23 September 2014

## MEDIA STATEMENT

### **GVK HANCOCK CONTINUES TO FINALISE JOINT VENTURE RAIL PROPOSAL WITH AURIZON**

GVK Hancock is continuing to finalise its proposed joint venture with Aurizon to connect its Galilee Basin coal assets to 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 we remain firmly committed to finalising our joint venture proposal with Aurizon and continuing to advance our projects to a point where construction can commence.

In March 2013, Aurizon and GVK Hancock signed a non-binding term sheet to jointly progress the development of rail and port transport solution connecting Galilee Basin to export markets via a rail line into a new terminal (T3) at the existing Abbot Point port.

Aurizon and GVK Hancock are seeking to develop a rail and port solution connecting the southern end of the Galilee Basin to export markets, which comprises a greenfield rail project and a development right for a coal terminal at Abbot Point.

Under the proposal, the joint venture an initial 300km of the 500km of new rail corridor and track under the original GVK Hancock proposal will be constructed before connecting into existing Aurizon infrastructure. This will allow a phased development at the Abbot Point T3 terminal to match volumes and ramp-up. This staged infrastructure solution will result in a significant upfront capex reduction.

Under the proposed framework, Aurizon would acquire a majority interest (51%) in Hancock Coal Infrastructure Pty Ltd (HCI), which owns GVK's rail and port projects, and GVK Hancock will continue to hold a 49% interest.

Aurizon will operate and jointly manage with GVK Hancock the rail infrastructure and will provide above rail haulage from GVK Hancock's Galilee Basin projects.

This proposed transaction will provide development certainty for the rail and port projects and de-risks the Alpha Coal Project from a logistics point of view.

The transaction will also provide a pathway for sufficient equity and debt funding for the rail and port projects to reach financial close.

We are in the process of finalising this joint venture agreement.

GVK Hancock recently commenced a 'Material Change of Use' application for the approximate 310 kilometre first stage of our rail corridor, following years of extensive planning

and hydrological assessments in development of infrastructure along our proposed rail corridor.

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.

**For additional information:**

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