

Media Release

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China First Project To Create 6,000 Jobs

Waratah Coal Pty Ltd today announced the completion of a study into its proposed thermal coal mine and infrastructure project in Central Queensland, the project will generate 6,000 jobs and around \$A4 billion in annual export revenue.

Waratah Coal Inc., the publicly listed parent company of Waratah Coal Pty Ltd, was taken over by Australian mining entrepreneur Clive Palmer's private company Mineralogy in December 2008. Waratah Coal plans to develop a \$7.5 billion project in the Galilee Basin near Alpha, west of Emerald.

It's potentially Australia's largest coal project, comprising the mine and a 490km standard gauge rail line linked to the Abbot Point State Development Area near Bowen on the North Queensland Coast.

The proposed new infrastructure also involves the construction of a stockyard facility linked to the new coal terminal for the proposed expansion of the Port of Abbot Point.

Waratah CEO Peter Lynch said the project had been named the "China First Project" and was attracting strong interest from Chinese markets.

"We see the China First Project as a unique opportunity for the initiation of a long term strategic relationship between the Queensland export thermal coal industry and the growing electricity demand of the expanding Chinese economy," he said.

Mr Lynch said the study confirmed the viability of a 40 million tonnes per annum export thermal coal project based around four high capacity longwall mines and two large scale open cut operations.

He said these would feed raw coal to two centrally located coal preparation plants.

"At this scale of operation the capital expense of constructing the required rail and port infrastructure is economically viable over the life of the project," Mr Lynch said.

"We are getting strong interest from Chinese partners with the capacity to take the project forward. Waratah Coal is benefiting greatly from the positive reputation Professor Palmer has in the Chinese business community"

"The 40Mtpa project study indicates employment of more than 6,000 people during construction with a permanent workforce of 1,500 in the operational phase. The total capital cost is estimated at around \$A7.5 billion."

Mr Lynch said Waratah Coal had continued to expand its exploration activities in Queensland's Galilee Basin with Mineralogy's support.

"Unlike other Queensland resource companies we have not put off a single employee, in fact we have continued to add staff in the face of the global financial crisis," he said.

"Mineralogy is a company with long term vision and since the takeover, activity has accelerated. We are currently deploying four of Mineralogy's own drill rigs to the project to complement our existing capacity."

Prof Palmer said "Mineralogy and Waratah were determined to bring the project to fruition."

"Geologists and other industry experts believe the Galilee Basin could be one of Australia's largest coal resources," he said.

Waratah's mine, rail and port projects were last year declared "significant" by the Queensland Government, which requires completion of an Environmental Impact Statement (EIS) as part of the project approval process.

"This project will be a great boost for the Queensland economy and Australia, not only will it provide significant employment, it will generate exports worth over A\$80 billion over the 20 year life of the project" Mr Lynch said.

"In addition, the royalties to the Queensland government will be in excess of \$250 million every year, a significant contribution to the cost of providing the services we enjoy in the Sunshine State."

ENDS

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