



Mt. A combination of open-cut and underground mining will focus on marketable coals primarily from the C and D seams. A and B seams form minor proportion of production output. Inferred Resources total an additional 3,000 Mt (as at 2010 Model). These resource classifications will be upgraded with current and future drilling programs. The coal seams strike approximately north-south through the tenement area and have a regional dip of 1 to 2 degrees to the west.

Coal resources within the Project area of MDL 333 have been estimated in accordance with the JORC Code and are listed in Table 2-3 and Table 2-4.

Table 2-3: Estimated coal resources 2010

| MDL 333 Kevin's Corner | All seams (million tonnes) | | | |
|---------------------------|----------------------------|-----------|----------|-------|
| | Measured | Indicated | Inferred | Total |
| Kevin's Corner | 229 | 1040 | 3000 | 4269 |

The seams are contained within the Permian coal measures, which are unconformably overlain across the total area by an unconsolidated cover of Tertiary sediments, ranging in thickness from 15 m to 45 m. A further weathered zone of Permian rocks, typically 8 m to 10 m thick, covers the seams subcrop. Due to the very shallow dip, the subcrop alignments are dominated by changes in the depth of weathering and local seam dips. The A and B seams are located at the top of stratigraphic sequence separated by approximately 12 m of interburden. These seams will be mined later in the life of the central open cut as mining progresses to the West where these seams subcrop. B seam also has the potential for coal-to-liquids with tests indicating it could yield 75 to 150 litres of synthetic oil per tonne. The C and D seams, underlying the B seam by 60 m to 80 m, are the main target seams for the production. They are separated by up to 20 m of interburden. The E seam which lies up to 25 m below the D seam is considered uneconomic due to high incremental product strip ratios to recover it by open cut, and its thin work section making it difficult to recover by underground mining. The deposit has been evaluated as a potential thermal coal resource based on slim-core and large diameter cores.

The D seam is the most marketable and economically attractive seam in the deposit with a density average in situ ash content of approximately 21% (adb) with product ash consistently below 10%, making it highly marketable. Some plies of the D seam may be marketable without processing.

The product thermal coal is export grade quality being of typical calorific value and ash levels, with low sulphur and low heavy metal content; making it highly desirable in international markets. Mean sulphur levels in the product are approximately 0.55% (adb), with other coal proximate analysis results showing the coal has minimal contaminants and clean burning characteristics.

The dip of the deposit is low and ranges between 1 to 2 degrees. This, combined with the simple geometry of the deposit and apparent lack of significant faulting, lends itself to simple open-cut strip layouts and underground panel layouts. This allows the possible application of large-scale semi-mobile open-cut mining equipment and underground longwall methods.

The C and D coal seams which will be mined by the open-cut operation will use draglines, shovels and trucks to expose the coal.

The underground mines will be developed from portals independent of the open-cut operations, commencing immediately to the west of the open cut. The D seam at this point is approximately 90 m below surface for the Northern Longwall, a level which can comfortably be accessed through the excavation of drifts. The Central and Southern longwall mines are deeper, accessing the D seam at



120 m and 150 m depth of cover. The establishment of the portals at these points creates enough separation from the open-cut operations to preclude any operations interaction issues and provides the opportunity to run longwall and open-cut operations concurrently, to achieve economic production levels. Extracting the D seam beyond the open-cut reserves and proceeding down dip to the western boundary has the potential to provide sufficient mining reserves for three world-class underground longwalls to operate concurrently.

The initial Project construction phase is anticipated to commence construction in 2012 and take 2 to 3 years, with first coal being recovered in 2014. Final construction is completed in 2019 when the third longwall is ready to go into production.

To enable utilization of rail and port assets, the initial mine plan is aligned with the Alpha Coal Project's scheduled plan; however, the mine life has potential to extend well beyond 30 years with mining so far only scheduled to mine approximately one billion tonnes of the resource. The 2010/2011 exploration program is expected to rapidly upgrade the resource status and mining reserves to conform to Bankable Feasibility Study standard levels.

Table 2-4: Expected mineable reserves upgrade after 2010-11 drilling program

| Resources | Proven | Probable | Total |
|-----------------|--------|----------|-------|
| Total Mine (Mt) | 237 | 551 | 788 |

2.5.1.2 Mining Method

Underground

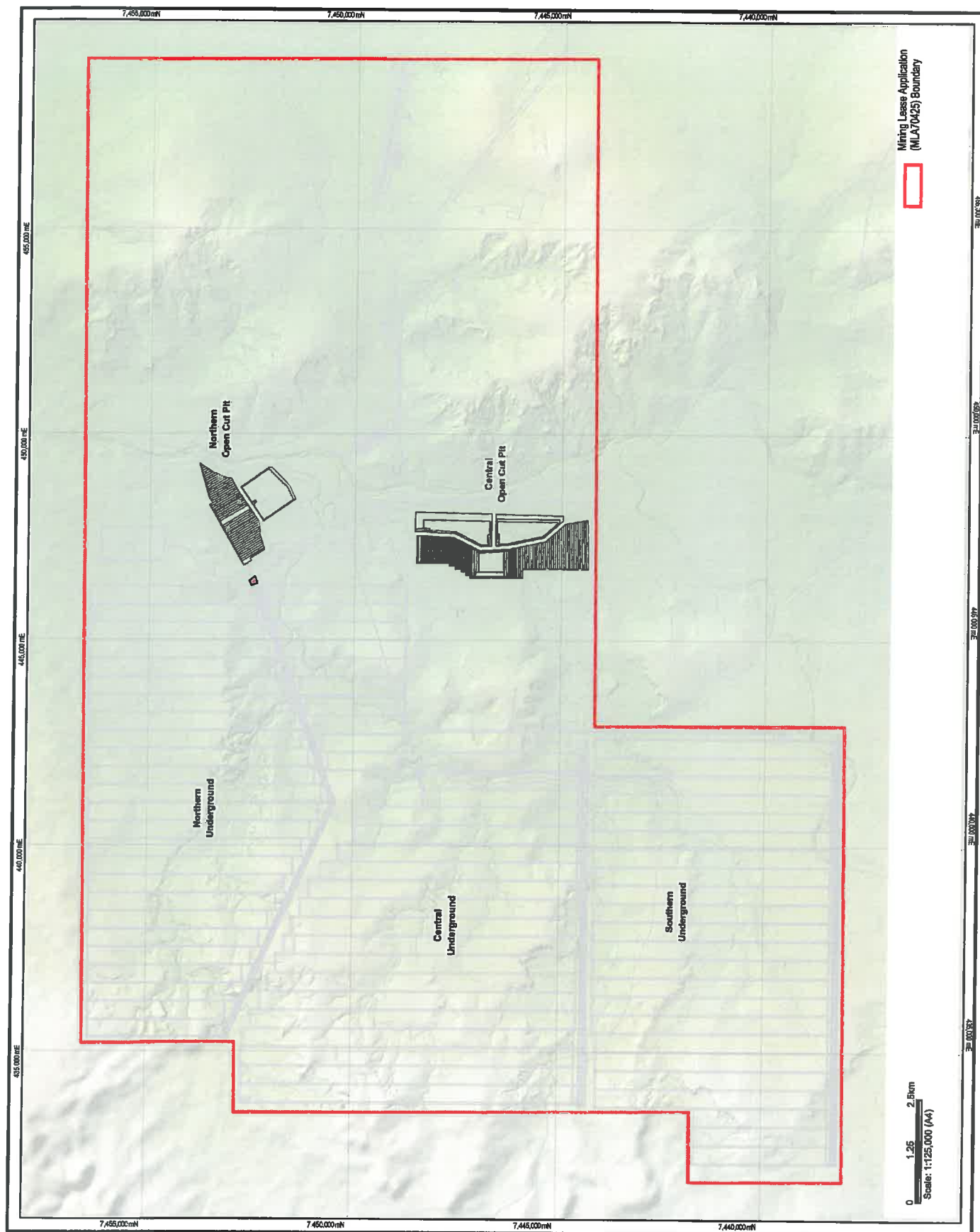
Three underground longwall operations are proposed in three independent mines. Each longwall panel will be allocated an independent set of mains for access, coal clearance, services and ventilation. With the scale of construction envisaged, the underground workings will require a separate belt drift and man-and-materials drift dedicated to each longwall operation. The longwalls will share similar specifications with spare face equipment being ready to commence production as soon as possible after the recovery of the preceding longwall panel. A common set of surface facilities, critical equipment area, management team and service labour pool will facilitate operational efficiency, with dedicated production teams in each mine.

The Northern Underground is scheduled to be developed first, being the shallowest access point and having the shortest initial panel length. The Central and then Southern Underground will be developed sequentially on the basis of depth of access, available reserves and product blending requirements.

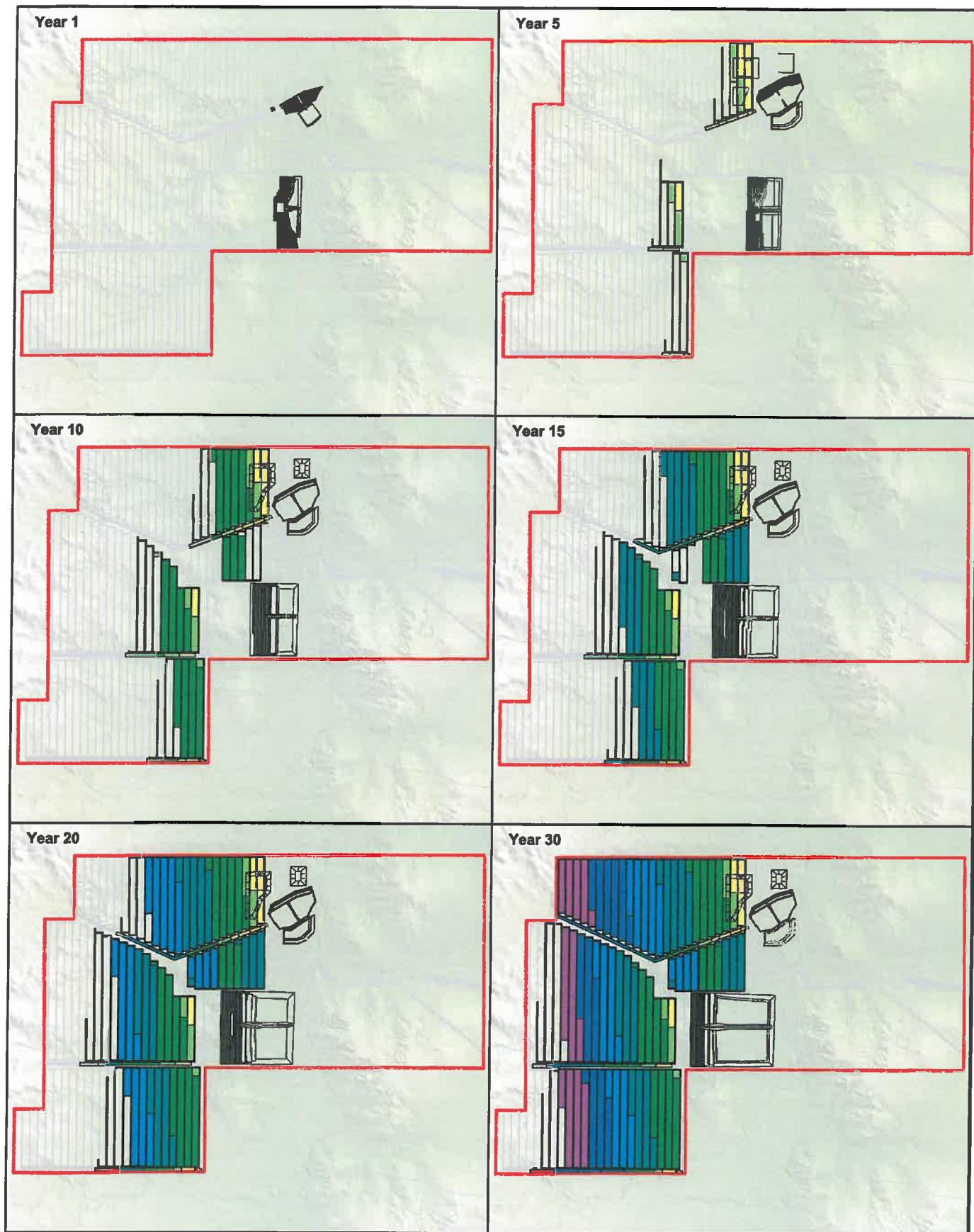
It is estimated that it will take 12 months to sink the drifts to service each longwall mining area, with the Northern wall taking the shortest time. For phasing purposes it has been assumed that the 3 pairs of drifts will progressively develop over the first four years of operation. On this basis, the development schedule will reach full underground production from three longwalls or just under 28 million ROM tonnes per annum, within 7 years of commencement of the first drift.

Mine portal construction/decline drift development of the Northern Underground is scheduled to begin in Q1 2014. First development coal extraction is expected to occur in late 2014.

Operating two shifts per day seven days per week, development of the first longwall panel installation road in the Northern Underground is scheduled to be completed by early 2016. Two months are then allowed to install the longwall, with first longwall production scheduled for mid 2016.



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Mining Lease Application (MLA70425) Boundary

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THANCOCK CONSULTING
Kevin's Corner Project
Environmental Impact Statement

MINING SEQUENCE OVERVIEW

Job Number 4262 6660
Revision C
Date 12-09-2011

Figure: 2-10

Datum: GDA94, MGA Zone55

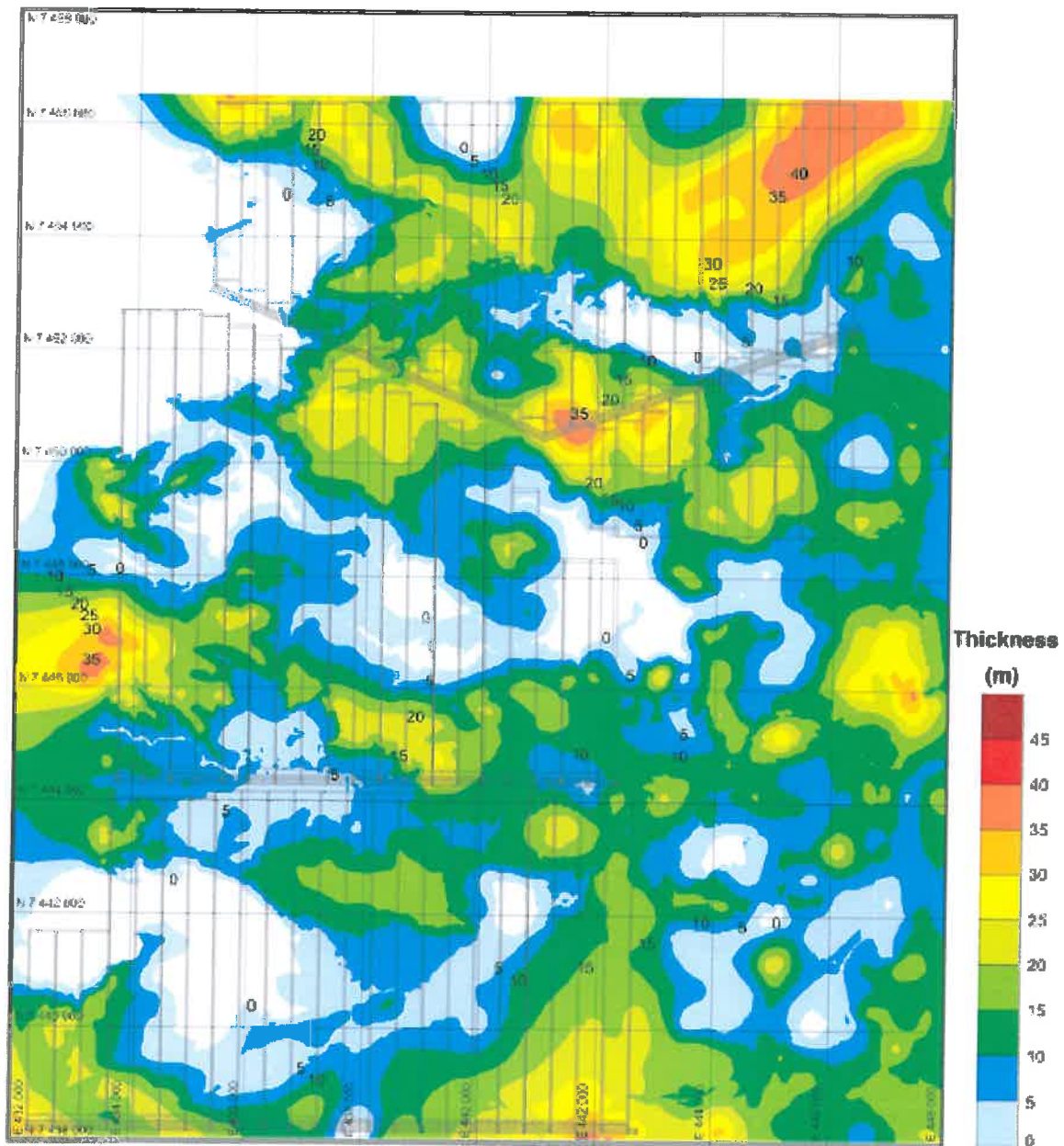
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3 Predicted Subsidence and Cracking

Figure 3-5 Tertiary Sediment Thickness Contours



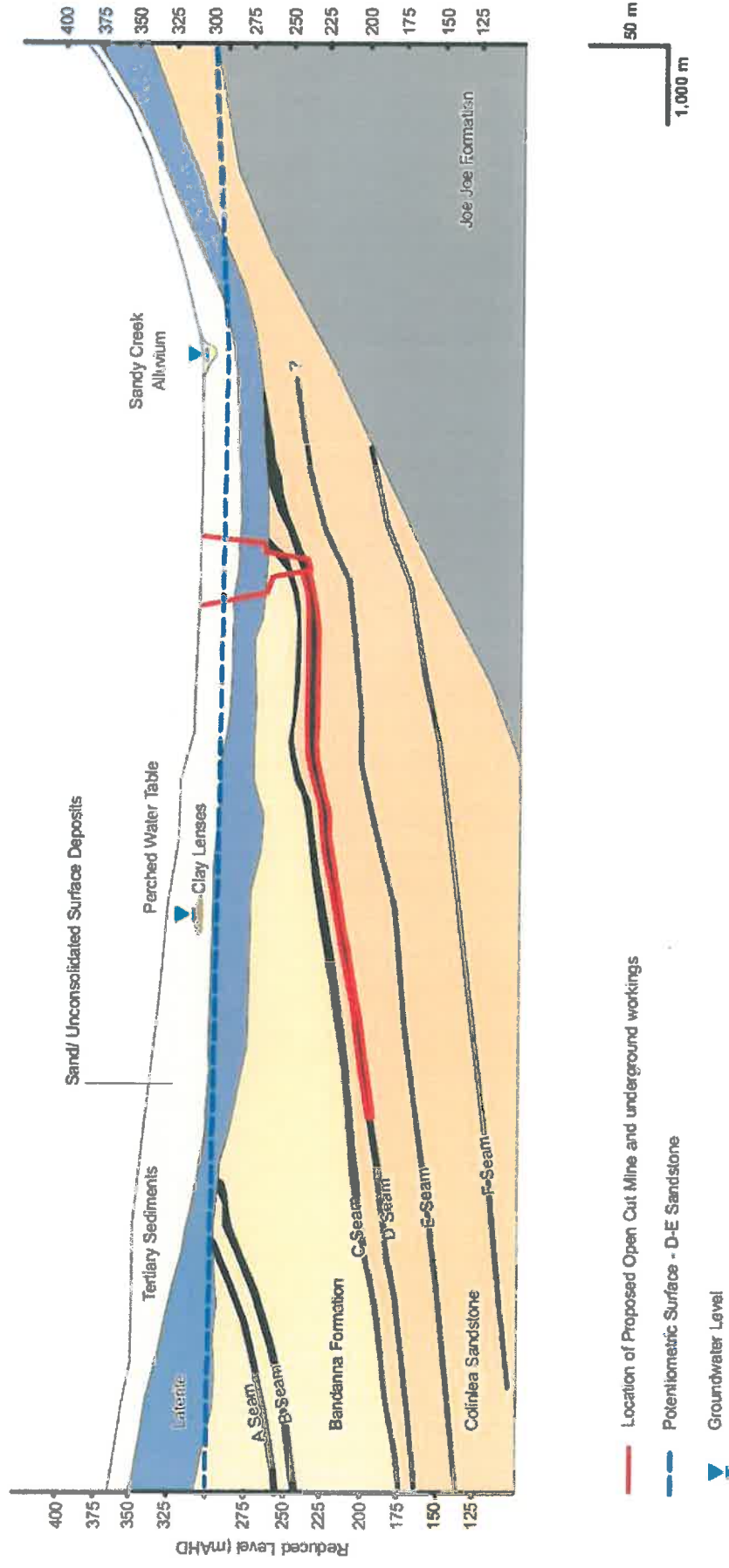
NB: The white areas shown on the map and areas shown as having zero thickness of alluvial material are a reflection of a lack of data and do not necessarily mean that there is no alluvial material present

3.2.1 Northern Underground Mine

The predicted maximum strains for the tension zones for the Northern Underground Mine are shown in Figure 3-6. The strains across the Northern Underground Mine area range from approximately 4 mm/m in the west to 19 mm/m in the east. This corresponds to crack width ranges of between 4-40 mm in the west and 19-190 mm cracks in the east, depending on a fracture spacing of 1 m to 10 m.

6 Conceptual Groundwater Model

Figure 6-1 Pre-Mining Conceptual Model – Kevin's Corner



4 Hydrogeological Setting and Data

Figure 4-10 Cross-section through MLA70425 at 7454000N (Kevin's Corner)

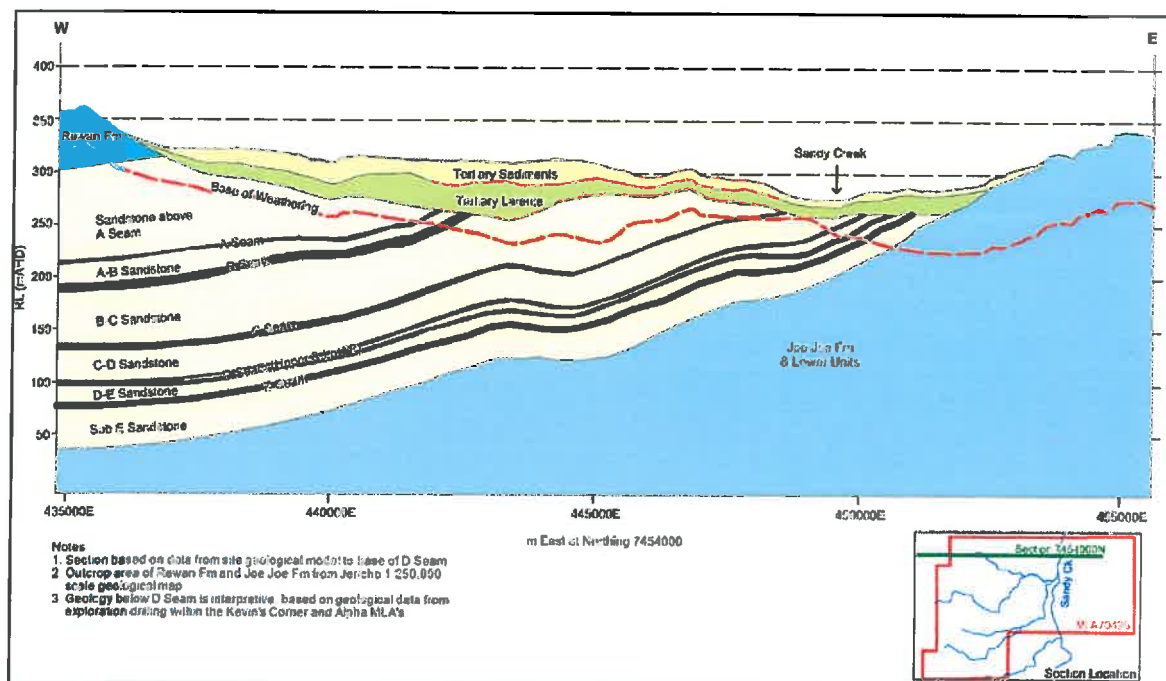
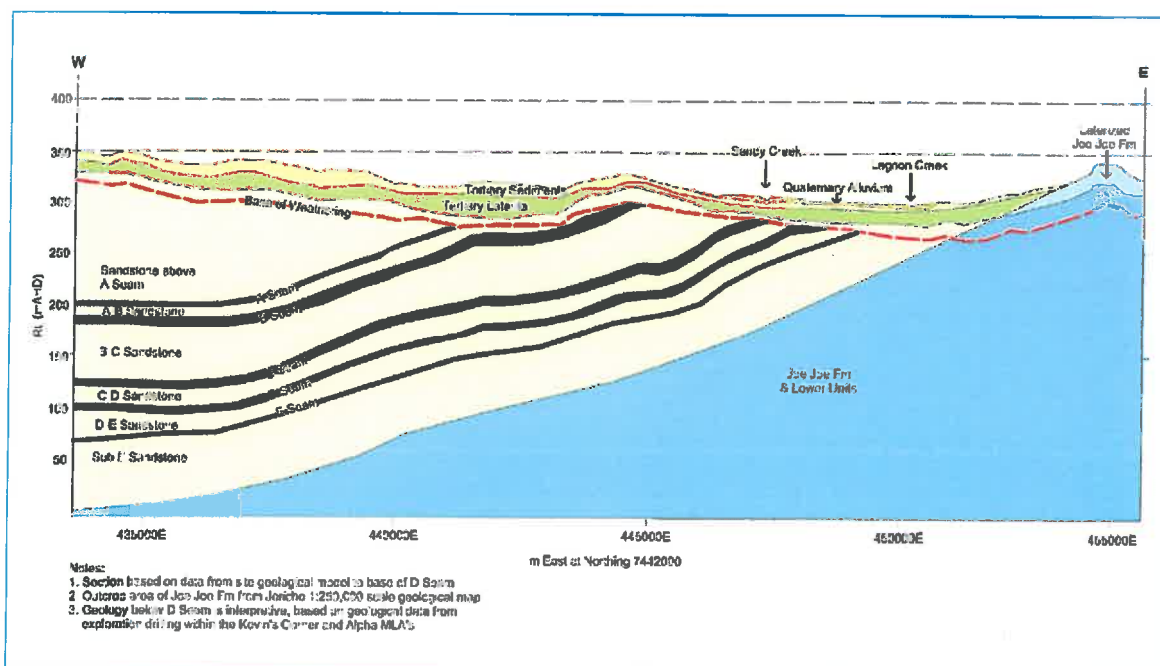


Figure 4-11 Cross-Section through MLA70426 at 7442000N (Alpha)

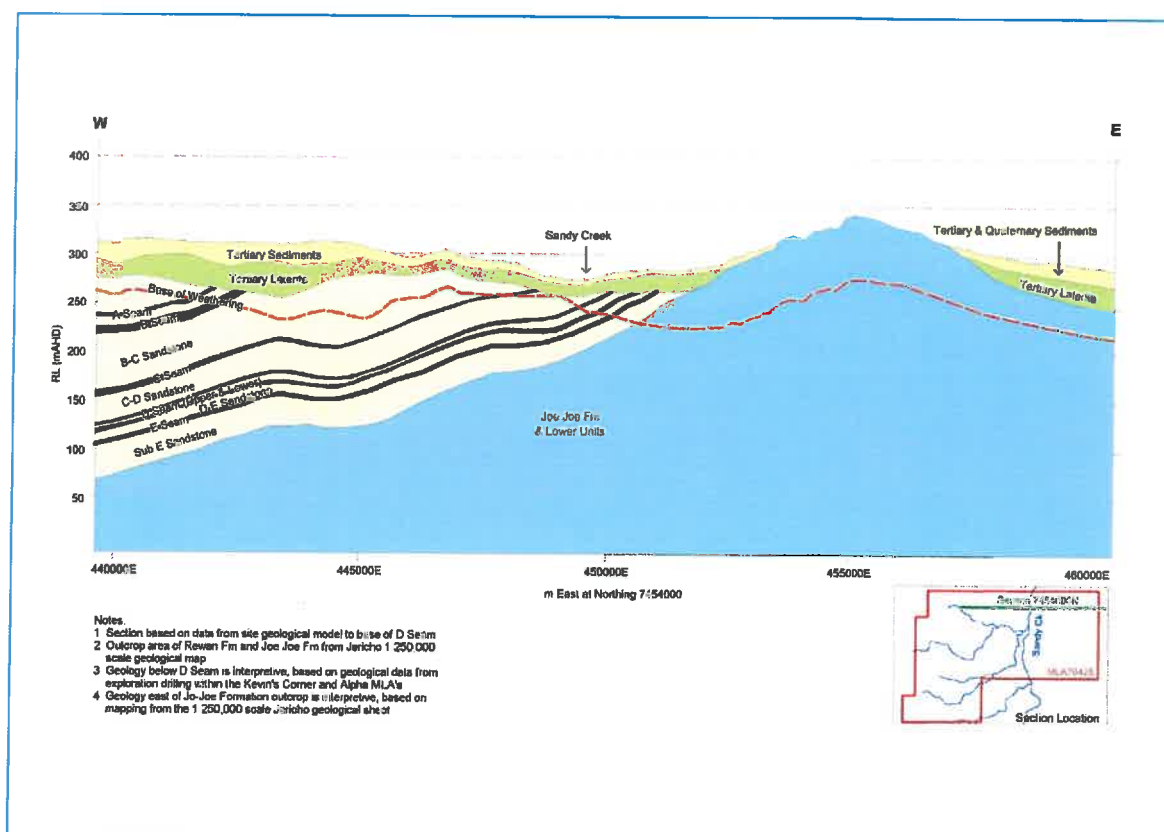


Tertiary intrusive and extrusive rocks (e.g. Tertiary basalts) have not been encountered on site.

In the Tertiary sediments above the base of weathering, water is encountered only sporadically, and as such is not regarded as comprising a significant groundwater resource. Quaternary alluvium associated with current surface water drainage systems may contain localised occurrences of

4 Hydrogeological Setting and Data

Figure 4-12 Geological cross-section across to the east of MLA70425



4.4.5 GAB Hydrostratigraphy

Due to the proposed mining activities proximity to the GAB, the regional groundwater modelling included both the Galilee Basin and GAB hydrostratigraphy. The potential impacts of the proposed mining activities were assessed as part of the EIS process, these assessments were included in the URS EIS submissions (URS, 2011a,b,c,d,e).

The lithostratigraphy and hydrostratigraphy⁵ of the GAB, as taken from the GAB Hydrogeology map⁶, is shown below in Figure 4-13. The hydrostratigraphy in the area of the mine leases is equivalent to the hydrostratigraphy shown for the Eromanga Basin (SA, NT, and QLD). **Note:** no Precipice Sandstone is mapped within this portion of the GAB; the Clematis Sandstone and Hutton Sandstone units are separated by the Moolayember Formation (aquitard).

Figure 4-14 shows a schematic section through the area of the Alpha Coal and Kevin's Corner projects, extending west into the GAB. The section is based on information from the Salva geological model (Section 4.4.4), as well as the corresponding 1:250,000 scale geological map (Jericho). **Note:** the registered recharge reject springs occur at the Hutton Sandstone outcrop, separated from the

⁵ One or more geological (i.e. lithostratigraphic) units may be regarded as a single hydrostratigraphic unit on the basis of similar hydraulic parameters (e.g. hydraulic conductivity) and therefore constitute a distinct aquifer or confining unit. Conversely, a single geological formation may be subdivided into a number of hydrostratigraphic units (e.g. aquifer, confining bed, etc.). In other words, formation boundaries and aquifer/confining unit boundaries do not necessarily correspond.

⁶ Habermehl, M.A. & Lau, J.E. (1997) *Hydrogeology of the Great Artesian Basin, Australia* (map at scale 1:250,000). Australian Geological Survey Organisation, Canberra.