

13 May 2014

PUBLIC STATEMENT

CORRECTION OF MISINFORMATION

INCORRECT CLAIM – Release of a report claiming that India’s future energy demand impacts the viability of GVK Hancock’s projects

Response:

GVK Hancock is currently marketing coal from its lead project, the Alpha coal project into South East Asia and has no plans to market product into India.

We remain firmly committed to the development of our Galilee Basin coal assets and are continuing to develop our projects to a point where construction can commence. We clearly wouldn’t be doing that if we thought the projects weren’t viable.

On the point of production costs, if analysts are applying the same cost structures found in other existing regions, such as the Bowen Basin for example, to our large-scale greenfield site, they would clearly get their figures wrong.

It is important to understand that the volume and magnitude of our Galilee Basin coal deposits, which are large and shallow with a very flat delineation, lend themselves to large-scale mining techniques that aren’t otherwise available to smaller mines with more geologically challenging deposits. The geology of the area also plays a key role, as the overburden in the Galilee Basin is relatively low strength compared to other basins, which further enhances the ability of these large scale mining techniques to dramatically reduce the production costs.

The combination of large-scale mining techniques, along with other advantages deliver a production cost that ensures our mine is comparatively immune to the volatility of cyclical coal prices.

In addition to the low production costs, the beneficial quality and attributes of our coal assets with lower sulphur and lower ash, position our high quality product very favourably in the market compared to significant volumes of lower quality coal that is currently being imported by Asian economies. As an added benefit, the attributes of our coal will also offer the ability to lower global emissions from global coal fire power generation.

In terms of the market conditions, the medium to long-term prospects of coal demand remain strong and will create a global supply shortfall in the coming years with our coal assets uniquely positioned to deliver such new supply.

But even in the current market conditions, our Galilee Basin coal assets are differentiated from other mines due to their projected low production costs, sought after coal quality, advanced stage of approvals, advanced stage of construction readiness and access to a proposed viable transport solution connecting our assets to export markets.

INCORRECT CLAIM – Impacts to groundwater in the Galilee Basin have not been thoroughly assessed

Response:

To date, we've invested tens of millions of dollars on some of the most extensive and rigorous environmental assessments for our Galilee Basin projects and have met all of our environmental regulatory requirements.

We have also undertaken one of the most extensive hydrogeological assessments of groundwater in the region, which formed part of our environmental approvals from State and Federal governments.

The recent groundwater recommendations from the Land Court do not raise any new environmental obligations under the project's existing environmental approvals.

We have agreements with all properties within the mining lease and make good agreements with a vast majority of neighbouring landowners, which are legally binding contracts that hold us responsible for restoring any unduly affected water supplies on surrounding properties.

We will continue working cooperatively with landholders, the local community and Governments as we progress our projects to a point where construction can commence.

INCORRECT CLAIM – GVK Hancock is disposing of all of its water licences as its projects are not going ahead

Response:

This is not true. In the past we secured allocations of excess water supply in the region, but through ongoing planning refinement we have significantly reduced the amount of water we will now require.

So it makes no business sense to continue paying holding costs for water supply allocations that we no longer need and are only continuing with licensing for the allocation that we require.

We will continue to work with the Queensland Government to develop the necessary infrastructure to secure a regional water supply for our operations in line with the Galilee Basin Development Strategy.

Josh Euler - Manager, Corporate Affairs