

22 October 2012

The Manager Companies ASX Limited 20 Bridge Street Sydney NSW 2000

(6 pages by email)

Dear Madam

#### SURAT BASIN PROJECTS DRILLING AND DEVELOPMENT UPDATE

## **Highlights**

- Bottle Tree project MDL 433 granted for a period of 5 years.
- Core hole drilling continued with focus on the Collingwood and Bushranger projects.
- Since the last update, a total of 21 holes for 1,451 metres have been drilled in the Surat projects comprising:
  - o 17 cored holes for 851 metres drilled in the Collingwood project.
  - o 4 open holes for 600 metres drilled in the Bushranger project.
- Core drilling for raw quality and large diameter washability testing and open hole drilling for improved geological modelling is planned to continue at the Collingwood and Bushranger projects.
- Drilling within the Collingwood project area has identified additional resource targets in the south eastern and south western extents.
- Recent drilling data will be used to update JORC compliant resource estimates for the Collingwood and Bushranger projects.
- Renewal for EPC 1041 granted.
- Exploration potential in the different projects remains open in most directions.
- The draft Woori project EIS is nearing finalisation for submission to the Department of Environment and Heritage Protection.

#### **The Surat Projects**

The Company's Surat Basin projects cover an area of approximately 4,000 km². Both the Juandah and Taroom Coal Measures of the Walloon Sub-Group sub-crop within the Company's Surat Basin project area. The Woori and Tin Hut Creek projects are located in the Juandah Coal Measures and the Taroom, Collingwood, Bottle Tree, Krugers and Bushranger projects are located within the Taroom Coal Measures.

The Company holds a 51% interest in the Collingwood, Taroom and Woori projects which form the North Surat Joint Venture with MCH Surat Basin Investment Pty Ltd (a subsidiary of Mitsui Coal Holdings Pty Ltd) ('Mitsui') holding a 49% interest. The consolidation of the Collingwood, Taroom and Woori projects into one joint venture activity to be managed by the Company will facilitate the orderly development of these projects.

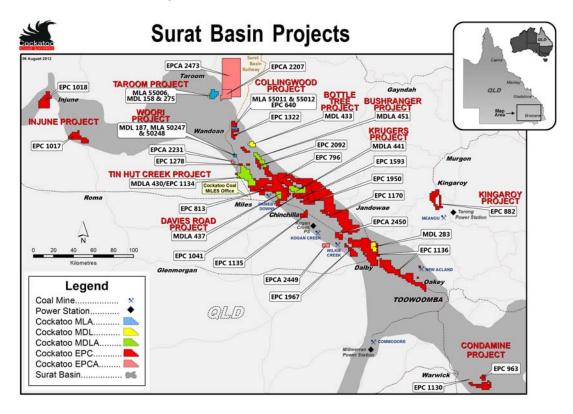
The Company holds a 100% interest in all other Surat Basin projects.

## **Woori Environmental Impact Statement**

The Woori project Environmental Impact Statement ('EIS') was commenced in 2009 and is one of the North Surat Joint Venture's most advanced projects. This reporting period saw the finalisation of all the base line technical reports including, strategic cropping land investigations, flora and fauna studies, groundwater investigations and air and noise modelling. The key findings of the EIS have shown that all environmental impacts are able to be managed to acceptable levels. The Company will continue to work with the Department of Environment and Heritage Protection through the approvals process and is expecting the environmental authority and associated mining lease to be granted during 2013.

#### MDL 433 - Bottle Tree

The granting of MDL 433 (Bottle Tree project) signals a positive development in one of the Company's northern Surat Basin coal assets. The project, which currently has total JORC compliant resources of 35 million tonnes, is expected to be developed in line with the expanding infrastructure network unlocking the Surat Basin.



Surat Basin project areas.

As previously reported, a summary of the Company's Surat Basin projects' total JORC compliant Reserves and Resources, by project on a 100% basis, is as follows:

Project	Ownership (%)	Tenement	JORC Classification							ality etable)
			Reserves (In-situ)			Marketable Reserves (As-received)			Energy kcal/kg	Ash %
			Proven (Mt)	Probable (Mt)	Total (Mt)	Proven (Mt)	Probable (Mt)	Total (Mt)	(ad)	(ad)
Woori	51.0	MDL 187 MLAs 50247 and 50248	67.8	0	67.8	40.6	0	40.6	6,727	9.4
Taroom	51.0	MDLs 158 and 275 MLA 55006	124.0	78.5	202.5	99.9	61.7	161.7	6,232	13.1
Collingwood	51.0	EPC 640	69.4	55.8	125.2	54.4	44.1	98.5	6,147	11.1
		Total	261.2	134.3	395.5	194.9	105.8	300.8		

Project	Ownership	Tenement	Depth of Resource	JORC Classification						
rioject	(%)	renement	(m)	Resources						
				Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)			
Woori	51.0	MDL 187 MLAs 50247 and 50248	<110	84.3	0	0	84			
Taroom	51.0	MDLs 158 and 275 MLA 55006	<150	158.1	149.3	126	433			
Collingwood	51.0	EPC 640	<150	79.7	80.3	69	229			
Tin Hut Creek	100.0	EPCs 813 and 1134 MDLA 430	<150	0	206.6	137	344			
Bottle Tree	100.0	MDL 433	<125	0	29.5	6	35			
Krugers	100.0	EPCs 796 and 1041 MDLA 441	<150	0	33.2	130	163			
Davies Road	100.0	EPCs 813 and 1041 MDLA 437	<150	0	14.4	35	49			
Kingaroy	100.0	EPC 882	<150	35.5	87.4	85	208			
		EPC 882	150-300	0	40.9	29	70			
		Surat Basin To	357.6	641.6	617	1,616				

## **Statement of Compliance**

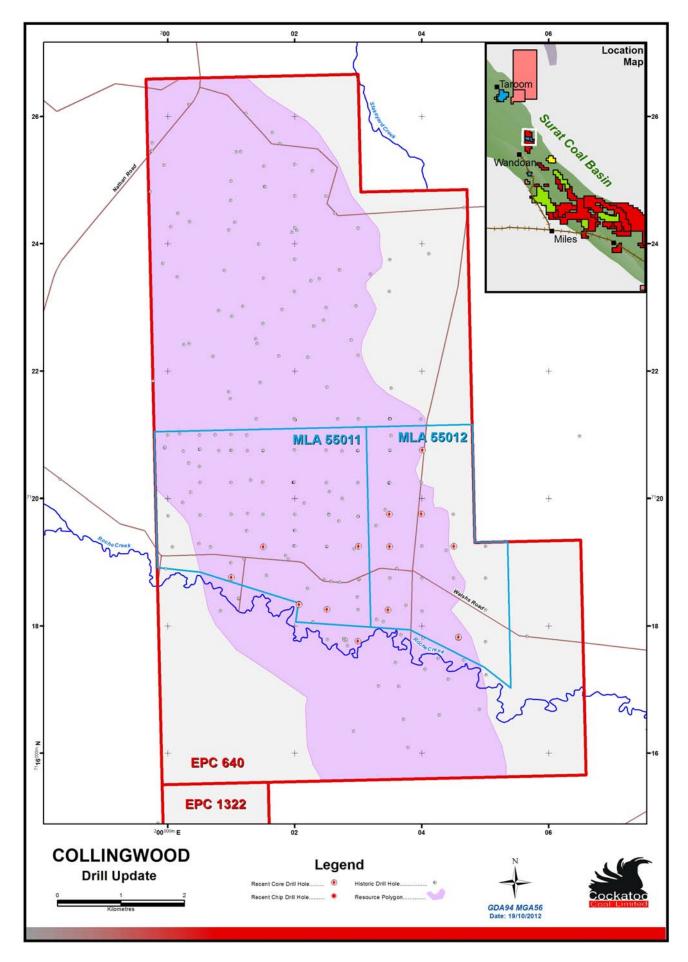
The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Dr Oliver Holm, geologist, who is a Member of the Australasian Institute of Mining and Metallurgy. Oliver Holm is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Oliver Holm has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information, contact Andrew Lawson, Mark Lochtenberg or Peter Nightingale on (61-2) 9300 3333.

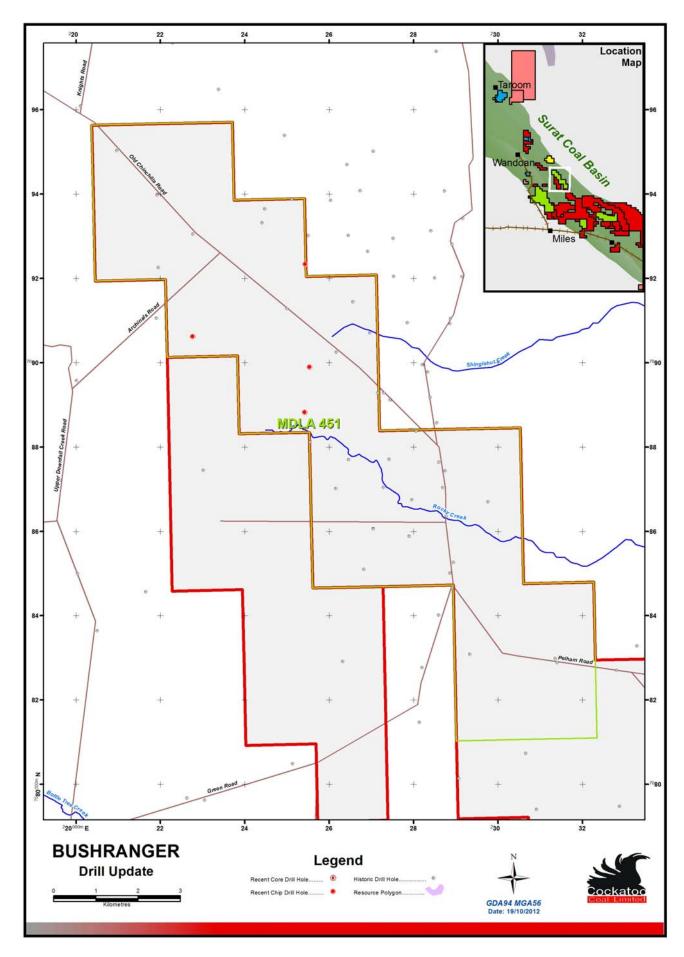
Yours faithfully

Peter J. Nightingale Director

pjn6911



Collingwood project drill hole locations.



Bushranger project drill hole locations.

# Appendix 1

Drill hole coordinates and cumulative thickness of coal in the Collingwood and Bushranger projects of holes drilled since the last update are listed below. CH denotes a slim diameter cored hole, while R denotes a redrill. Coal intercepts, as determined from down-hole geophysical logging are as follows.

Hole ID	Tenement	Area	Easting 94	Northing 94	RL (m)	Total Depth (m)	Cum. Coal Thick. (m)	Depth of Cum. Coal Thick. (m)	BCM/T Ratio at Base of Coal	Depth of Best BCM/T Ratio (m)	Best BCM/T Ratio	Comments
CW0003CH	EPC 640	Collingwood	204010	7120757	299	43	3	38.3	8.4	26.6	7.1	
CW0032CH	EPC 640	Collingwood	202069	7118337	256	80	4.1	71.9	11.7	44.5	7.5	
CW0032CHR1	EPC 640	Collingwood	202070	7118337	256	55	5.8	51.7	5.7	44.5	5.2	
CW0033CH	EPC 640	Collingwood	202506	7118261	258	48	6	46	4.7	35.3	3.9	
CW0034CH	EPC 640	Collingwood	201504	7119241	251	60	3.5	54.3	10.5	31.6	9.4	
CW0047CH	EPC 640	Collingwood	201001	7118764	252	86	3.1	69.5	15.3	69.5	15.3	
CW0077CH	EPC 640	Collingwood	203494	7119246	287	48	2.3	41.8	12.1	34.1	10.3	
CW0077CHR1	EPC 640	Collingwood	203494	7119247	287	39	2.6	33.9	8.6	33.9	8.6	
CW0081CH	EPC 640	Collingwood	202995	7117761	256	57	7.5	54.2	4.5	43.3	3.9	
CW0083CH	EPC 640	Collingwood	203470	7118250	265	36	4.4	33.1	4.7	16.4	2.7	
CW0086CH	EPC 640	Collingwood	203001	7119250	279	69	4.7	64.6	9.1	42.3	7.8	
CW0087CH	EPC 640	Collingwood	203489	7119752	288	63	3.4	54.6	10.7	32	8.2	
CW0087CHR1	EPC 640	Collingwood	203490	7119753	288	14	-	=	-	-	-	No coal
CW0091CH	EPC 640	Collingwood	203995	7119758	289	42	4	40.4	6.5	33.8	6.1	
CW0097CH	EPC 640	Collingwood	204577	7117821	278	42	3.2	35.6	7.3	14.1	4.6	
CW0097CHR1	EPC 640	Collingwood	204577	7117821	278	18	3.1	13.6	2.4	13.6	2.4	
CW0100CH	EPC 640	Collingwood	204505	7119249	295	54	3.6	49.7	9.1	32.4	7.3	
SU0608	EPC 813	Bushranger	225423	7088826	378	150	14.5	116.5	5.02	99	4.73	
SU0609	EPC 813	Bushranger	225538	7089900	418	150	13	109.5	5.3	77	4.79	
SU0610	EPC 813	Bushranger	222767	7090625	333	150	13	142.5	7.12	95	6.83	
SU0611	EPC 813	Bushranger	225434	7092339	40	150	5	96	13	43	9.52	