

## Five-year transport contract

Freight rail operator Aurizon has signed a five-year agreement to rail 2.28 million tonnes (up to 480,000 tonnes per annum) of lead and zinc concentrates for base metals developer MMG from the company's Dugald River mine near Cloncurry to the Townsville port.

The haulage agreement between Aurizon, formerly QR National, and MMG will take effect from 2015 and was conditional on the mine proceeding, with MMG expected to conclude full project financing arrangements in early 2013.

Aurizon commercial and marketing executive vice president Paul Scurrah said under the agreement the company would invest in new infrastructure for use in the north-west Queensland region.

"Aurizon will be building a new train 'road' in our Stuart Yard at Townsville. This will increase the efficiency of our operations by allowing more product to be transported to the yard on a single train service," he said.

Aurizon is Australia's largest rail freight company and operates the 2670km Central Queensland Coal Network, which links mines to coal ports at Bowen, Mackay and Gladstone.

# Purchase will propel explorer to developer

Cuesta Coal has spent \$18.2 million to acquire deposits adjacent to its West Bowen Project in Queensland's Bowen Basin, transforming the company from a coal explorer to a project developer.

The company executed a share sale agreement with Hannigan and Associates to acquire the Orion Coal Project, which has an indicated coal resource of 29 million tonnes (mt) and inferred coal resources of 54 mt, with an additional exploration target of 80-90 mt.

Cuesta was looking to consolidate the Orion Coal Project with its West Bowen Project creating two open pit opportunities with a coal bearing strike length of 20km, and targeting a ROM production rate of 4 mt over a 20-year mine life.

Cuesta managing director Matthew Crawford said the transaction was "company transforming" as it brought a large open cut project close to the company's existing rail infrastructure.

"Importantly, it transforms Cuesta from a coal explorer to a project developer with a potentially significantly reduced timeframe and CAPEX to first coal production," he said.

"By combining our West Bowen Project with the Orion Coal Project,

we are creating a large coal project which has the potential to contain over 200 mt of coal."

Mr Crawford said that while Cuesta had the existing cash reserves to fund the initial \$5 million deposit payment for the Orion project, it was in discussions with its major investor Beijing Guoli for additional funding, the \$13.2 million balance of which was due by 28 February.

"We are confident that we have the necessary funding support as well as the option of vendor convertible notes, which gives us added certainty," he said.

"We can also confirm that this transaction will not impact our planned exploration activities in the short term.

"The current market presents a number compelling acquisition opportunities and we have the financial support to add to our existing portfolio.

"Our first priority is to complete this acquisition and to add further value to the Orion Coal Project through exploration in the short term."

Cuesta is in the process of completing a scoping study for the development of the project, which it expects to complete in early 2013.



**Consolidate:** Cuesta Coal hopes to create one large coal project by combining its West Bowen Project with the adjacent Orion project.

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