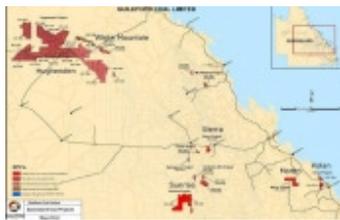


Coal could become a factor in northern Queensland wealth

Angie Tomlinson, [9 May 2012](#)



WITH a long history in copper, lead, zinc and silver, coal is now being added to northern Queensland's riches as Townsville's prospects for exporting coal and providing workers for prospective northern Galilee coal projects are assessed. Junior Guildford Coal is currently assessing its options for transporting coal to Townsville Port from its flagship Hughenden project in the northern Basin, with plans to begin exporting in 2014 if the project is approved.

Guildford has already signed a MOU with Queensland Rail and the Port of Townsville to assess the options for transporting to and shipping from Townsville. A feasibility study into a transport and shipping solution is expected to be released this year. It will also assess the option of exporting out of Abbot Point.

While Abbot Point will be the main exporter for future Galilee projects, Townsville could offer a smaller alternative.

Guildford Coal stakeholder relations general manager Tony Mooney is hopeful Townsville Port has the capacity to accept Guildford's coal, estimating the port could take an additional 10 million tonnes coal throughput a year, but with upgrades to rail to the west of Townsville and additional port areas. The port is currently deep enough to accept Panamax-class vessels but the channel would require widening to accept Cape-size ships.

"We think there is a niche opportunity for the export of some coal through the Port of Townsville and we are obliged to look at that opportunity and to weigh that up exporting through the soon to be upgraded Abbot Point facility," he said.

In February the Mount Isa to Townsville Economic Zone (MITEZ) submitted a 50-year freight infrastructure interim report to Infrastructure Australia looking at the freight infrastructure investment, supply chain coordination and regulation required for the region, including a look at the port's future.

Mooney's familiarity with Townsville Port runs deep. He spent 19 years as the Mayor of Townsville and was a director at the port as well as holding positions on various groups looking into the economic prosperity of the region. As a past and current advocate for resource companies earning a social licence to operate, Mooney has been keen to look at the local options for Guildford's Hughenden project.

While not putting any number around local employment percentages, the company has made a commitment to employ locally from Hughenden and Pentland, as well as FIFO workers out of Townsville.

"Townsville is the biggest community in Northern Australia, and it sees itself as on the coastal edge of a very resource rich hinterland and there are many opportunities for Townsville business people and local residents in employment and growing prosperity," Mooney said.

The Hughenden project holds a JORC inferred resource of 1.619 billion tonnes of thermal coal, with an exploration target of 580Mt to 5.72Bt. Indicative quality to date has pointed to a moderate ash, moderate energy and low sulphur thermal product.

Drilling this year is expected to firm up the underground resource and once a JORC upgrade has been announced, Guildford plans to move forward to a pre-feasibility study and mining lease application. Four drills are planned to be operating in 2012 – three at Hughenden and White Mountain and one between Springsure, Sierra and Kolan projects.

The nearby White Mountain project on the north eastern edge of the Galilee Basin holds an inferred resource of 262Mt and drilling this year is expected to increase the thermal opencut resource. A pre-feasibility study is also planned for a start-up project.

Drilling at the Springsure project in the Bowen Basin, in which Guildford has a 50.52% interest, is expected to deliver a maiden resource this year. Further evaluation of the Sierra (Bowen Basin) and Kolan (Maryborough Basin) projects to confirm an exploration target is also on the books for 2012.

On top of its line-up of Queensland projects, Guildford Coal also holds the South Gobi and Middle Gobi projects in Mongolia through its 70% interest in Terra Energy. While Queensland is Guildford's long term play, Mongolia will provide the company with cash flow with mining due to start at the South Gobi project mid this year. Whilst mining the South Gobi deposit Terra Energy and Guildford Coal plan to continue exploration at the licence with plenty of upside seen from a further exploration target of 70-892Mt.

Drilling will also take place at the Middle Gobi project which has a JORC resource of 221.4Mt of thermal coal with a further exploration target of 165-830Mt.

As for Guildford Coal's long term plans, investor relations manager David Broomhead says the company wants to be the next big independent coal miner, filling the gap left by the likes of Macarthur and Centennial Coal. **HG**

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