

SONOMA COAL PROJECT

QUEENSLAND RAIL CONSTRUCTION AGREEMENT FOR THE SONOMA PROJECT FINALISED

QCoal has reached agreement with Queensland Rail for the design and construction of the Sonoma Rail Facilities. The initial design of the Sonoma rail loop has been approved and construction will commence once the necessary statutory approvals and land access has been secured. The Sonoma Rail Facilities will be used to load trains that will haul coal from the Project to the Port at Abbot Point along the existing rail line.

Chris Wallin said "This is a great milestone for the Project. QR has worked closely with the QCoal team and we are very pleased with the relationship that has been built". Coal from the Sonoma Project will contribute to the Stage 2 expansion at the port of Abbot Point and will be transported using the standard train configuration operated by QR on the Newlands rail line. Each diesel train will transport on average 4,680 tonnes of coal and consist of approximately 75 wagons. Exploration continues on site to expand the known Sonoma reserves.



QR Train similar to those that will be used to haul Sonoma Coal

SONOMA COAL PROJECT MOVES A STEP CLOSER

In late February the Queensland Government declared the Sonoma Infrastructure Facility as having significance to the State of Queensland. "QCoal's Sonoma Coal Project is a new hard coking coal deposit at the northern limit of Queensland's Bowen Basin coalfields" Premier Peter Beattie said in State Parliament. "The project is expected to contribute in excess of \$200 Million per year in export revenue for Queensland and directly employ 200 people during the construction period and create 110 full time jobs over the mine life."

The Sonoma Infrastructure Facility will provide the necessary rail and other infrastructure to support the development, production and transport of coal from the Sonoma Coal Mine. The infrastructure facility is located on the Sonoma Mining Lease area.

QCoal continues to receive applications and interest in employment at the proposed Sonoma Mine. All applications received will be passed on to the mine site contractors. QCoal will be using contractors to operate the Sonoma Mine and expects to announce the mine operator in second quarter 2006. The mine operator will be responsible for recruiting for the mine operations.

OPPORTUNITIES FOR STUDENTS TO LEARN MORE ABOUT CAREERS IN THE MINING INDUSTRY

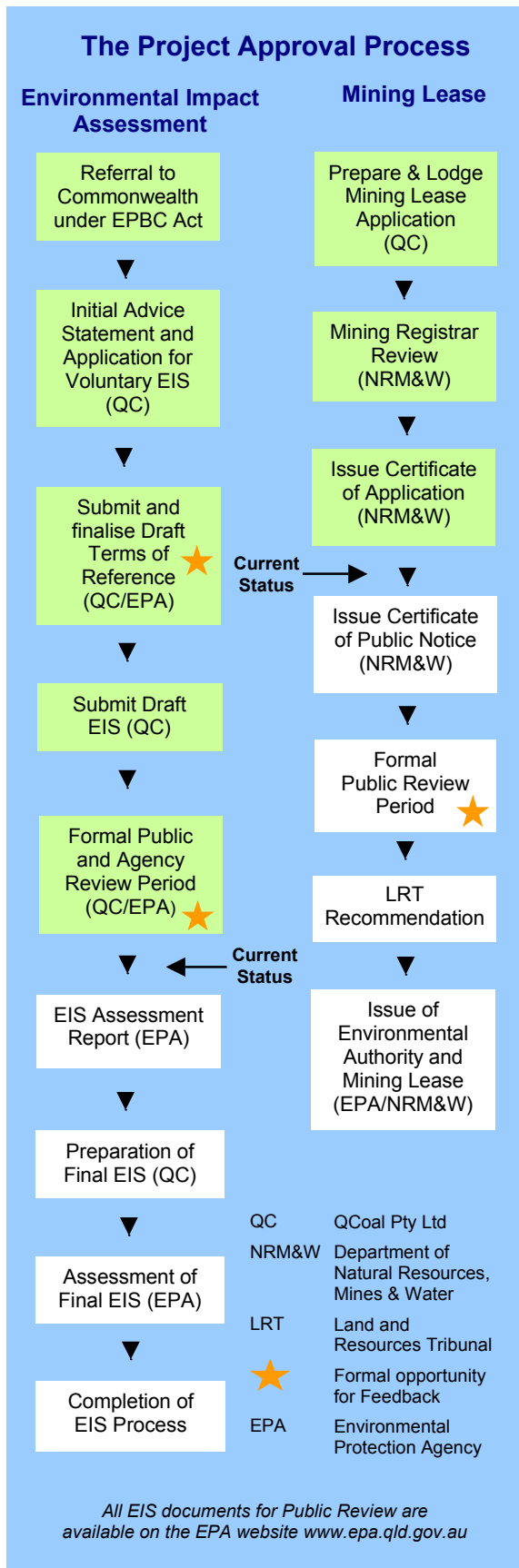
As with prior years QCoal will be sponsoring students to join the annual Northern Region Australian Student Mineral Venture (ASMV). QCoal is committed to supporting youth involvement in the mining industry and continuing the proud mining heritage of the Collinsville area. ASMV provides a unique opportunity for students interested in the mining industry to have "hands on" experiences and learn more about the diverse careers available in mining.



The ASMV is a vacation program usually held for 10 days at James Cook University in Townsville in late June. QCoal will sponsor 2 students from the Collinsville/ Bowen area to join up to 40 students from Northern Australia selected by the ASMV to attend. The program covers all aspects of the mining industry including geology, extractive metallurgy, engineering, environmental science and surveying. QCoal will pay the total cost of the ASMV for those students sponsored by QCoal to attend.

Applications for the 2006 ASMV QCoal sponsorship are open to all Year 10, 11 and 12 students in the Collinsville and Bowen area. QCoal will be approaching local schools in Collinsville and Bowen to encourage students to join. Anyone interested in attending should complete the ASMV application form. The completed form should then be sent directly to the ASMV and a copy sent to QCoal. For application forms and more information please refer to the ASMV website (<http://www.ausimm.com/education/asmv.asp>).

Applications close in May so to apply please send your completed application form to the ASMV and a copy to QCoal either by mail (1095 Waterworks Road, The Gap, 4061) or email (sonoma@ozemail.com.au). If you have any trouble accessing the ASMV website or require additional assistance please contact QCoal directly by phone (07 3300 1111) or email (sonoma@ozemail.com.au).



WHAT IS THE PROGRESS OF THE SONOMA ENVIRONMENTAL IMPACT ASSESSMENT?

The draft Environmental Impact Statement (EIS) for the Sonoma Project has been completed and was available for public review and comment until the 17th March 2006. QCoal published Public Notices in the Bowen Independent and the Courier Mail to alert interested individuals and groups that the EIS documents were available to review. The Environmental Protection Authority (EPA) has reviewed all written submissions received from various groups and individuals in the community and has provided this feedback to QCoal.

QCoal would like to thank everyone who reviewed the draft EIS and submitted comments. Community support, consultation and feedback are critical to the success of the Sonoma Project. Grahame White, Project Manager for Sonoma commented "everyone leads busy lives and has many priorities. We recognize that it takes time to review these documents and appreciate the comments and feedback we have received. It is very important to QCoal that the community is involved in the development of the Sonoma Project."

QCoal is currently preparing a revised EIS based on the feedback received. The EIS details the potential environmental impacts of the proposed Sonoma Project and the agreed management plan to mitigate any likely negative impacts.

The Sonoma Environmental Authority is expected to be granted in the second quarter of 2006.

WHAT IS THE PROGRESS OF THE SONOMA MINING LEASE APPLICATION?

QCoal has lodged the Sonoma Mining Lease Applications (MLAs) with the Queensland Department of Natural Resources, Mines and Water (NRM&W). The Mining Registrar has reviewed the application and has accepted the documents provided by QCoal. QCoal is currently in the process of negotiating access agreements for the land required for the MLAs.

Mining activity will commence once the Mining Leases are granted. The Sonoma MLAs will be available for public review once the draft Environmental Authority is received from the EPA and the NRM&W issues the Certificate of Public Notice.

QCoal expects the MLAs to be available for Public Review in the second quarter of 2006.

WILL I HAVE AN OPPORTUNITY TO REVIEW AND COMMENT ON THE MLAs?

Yes. As with the EIS, the Community will have the opportunity to formally review and comment on the Sonoma Coal MLAs. All comments submitted in writing will be considered before the final Mining Leases for the Sonoma Project are issued.

QCoal will place advertisements in local publications to alert the public once the MLA documents are available for review.

You can keep up to date on the project through the Sonoma Project web page at www.qcoal.com.au.