



GVK and Aurizon propose development of Galilee Basin rail and port infrastructure

New Delhi, March 11, 2013:GVK Coal Infrastructure (Singapore) Pte Ltd (GVK Hancock) and Aurizon have signed a non-binding term sheet to jointly progress the development of rail and port infrastructure to unlock Galilee Basin coal reserves including GVK Hancock's Alpha, Kevin's Corner and Alpha West coal mines and a process to support the next phase of coal growth in the Bowen Basin.

Under the proposed framework, Aurizon would acquire a majority (51%) interest in Hancock Coal Infrastructure Pty Ltd (HCI), which owns GVK Hancock's rail and port projects, and would invest through upfront consideration at completion of the transaction and deferred consideration at financial close of each phase of the projects.

Both the companies will have equal management rights and an equal representation on the board and all key committees. The Chairman of the Board will be Dr. GVK Reddy.

GVK had, in 2011, acquired a 79% stake in the Alpha Coal and Alpha West Coal Project and 100% stake in the Kevin's Corner Project, Queensland from Hancock Coal Pty. Ltd. These projects hold estimated reserves of about 8 billion tonne and a capacity of more than 80 million tonne per annum. GVK also has a 100 % stake in the 500 km rail line and a 60 million tonne per annum port as part of the 'pit-to-port' logistics solution which envisages an investment of USD 10 billion.

Speaking on the occasion, **Founder Chairman and Managing Director of GVK, Dr. GVK Reddy** commented, "This is one of the most significant deals in Queensland's coal history. The development of the rail and port infrastructure will unlock the Galilee Basin and see the development of Alpha, Kevin's Corner and Alpha West, creating one of the largest integrated coal development projects globally. I am sure it will be a win-win relationship leveraging on each other's strengths in project development and operation."



Mr. G V Sanjay Reddy, Vice Chairman GVK shared, "The proposed relationship with Aurizon would allow us to jointly develop the most cost and time efficient rail and port solution for the Galilee Basin. At full capacity, the proposed arrangement is intended to provide sufficient equity and debt funding for the projects to reach financial close. The parties jointly will leverage the work already completed by GVK, the significant potential for ECA financing and Aurizon's experience and capacity to undertake major projects and capability in heavy haul rail and infrastructure."

"The proposed Aurizon-GVK Hancock arrangement is a significant milestone because it brings together two advanced, large-scale players in the mine-rail-port space for the Galilee. Aurizon has always believed that realizing Galilee Basin coal exports would require a consolidated rail and port solution that delivers a staged, commercially-sensible solution for producers. This solution could also provide significant opportunity for new and existing Bowen Basin producers to utilize elements of this infrastructure," said **Lance Hockridge, Aurizon Managing Director & CEO.**

GVK Hancock and Aurizon are seeking a development of a potential 60mtpa port and rail project that would underpin the opening of reserves in the Galilee Basin and continued growth of the Bowen Basin. GVK Hancock and Aurizon would jointly manage the proposed rail and port projects.

These projects comprise a greenfield rail project and a development right for a coal terminal at Abbot Point. GVK Hancock received the primary State and Commonwealth environmental approvals for its greenfield rail project in May and August 2012 respectively. GVK Hancock's port project received Commonwealth environmental approval in October 2012.

Collectively the proposed development of the rail and port infrastructure which is expected to deliver export capacity of 60 mtpa could represent an investment for Queensland in the order of \$6 billion.



Following completion of the transaction, Aurizon would gain the rights to operate and jointly manage with GVK the rail infrastructure and to exclusively provide above rail haulage from GVK Hancock's Alpha and Kevin's Corner mines for up to 60mtpa of coal.

GVK Hancock and Aurizon would also jointly determine the optimum rail solution that may include a combination of GVK Hancock's rail project and Aurizon's Central Queensland Integrated Rail Project (CQIRP) that would ultimately connect with the proposed T3 coal terminal at Abbot Point.

Both Aurizon's and GVK Hancock's existing rail projects have been declared as significant projects (now "co-ordinated projects") by the Queensland Coordinator-General.

The proposed new rail solution would be located within the Queensland Government's preferred rail corridors for the development of the Galilee Basin as defined under Queensland Government policy announced in June 2012, and is intended to align with Government policy on shared infrastructure and open access.

Completion of the proposed transaction, including the upfront consideration from Aurizon, would be subject to the satisfaction of a number of conditions including satisfactory due diligence, final Board approvals, third party approvals (some of which are outside the control of the parties) and negotiation of final terms and definitive documentation.

Any deferred consideration beyond completion of the transaction (other than proportional project development costs) would be used to fund project construction costs and be subject to satisfaction of certain conditions, including third party debt financing and achievement of agreed take or pay contracts to underwrite the proposed infrastructure.

GVK Hancock and Aurizon will update the market when the parties execute final agreements on all terms of the proposal.



About Aurizon

Aurizon is Australia's largest rail freight company with services operating across five states. In 2011/12, Aurizon transported more than 250 million tonnes of freight, including coal, iron ore, other minerals, agricultural products and general freight. The company also operates and manages the 2,670 km Central Queensland Coal Network that links mines to coal ports at Bowen, Mackay and Gladstone. Previously known as QR National, Aurizon has more than 147 years of rail freight industry experience.

About GVK

GVK is a leading Indian conglomerate with presence across energy, resources, airports, transportation, hospitality and life sciences sectors. GVK set up India's first independent power plant and has around 6000 MW projects under generation and development. It is the first company in India to develop six-lane road project under PPP model and has around 3000 lane km expressway projects under operations and development. As one of India's largest private sector airport operators, GVK handles 44 mppa through India's first brownfield airport under PPP model - ChhatrapatiShivaji International Airport, Mumbai and Bengaluru International Airport, Bangalore and will develop two airports in Indonesia. Having already invested over USD 4.3 billion, GVK has projects worth over another USD 6.6 billion in the pipeline, in India. It has acquired Australian Coal Mines in Queensland with 8 bt reserves for USD 1.26 billion and envisages an investment of USD 10 billion to for setting up mines, 500 km rail project and 60 mtpa port project which will form one of the world's largest integrated coal mining operations.

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