

Coal play bids to feed growing electricity demand



Float Watch

www.wise-owl.com

Company Name: Coalswork Ltd

Security code: CWK

Issue price: \$1

Shares on offer: 20 million

Proposed listing date: July 12

Recommendation: None

ELECTRICITY. Where would we be today without it? From the moment we wake up to the moment we go to bed, electricity plays such a vital part in our lives. One of the most common sources of electricity comes from coal, although efforts have been made to provide an alternative, cleaner energy source.

Coal currently accounts for roughly 26 per cent of global energy production and is predicted to account for 28 per cent of world energy consumption by 2030. Total electricity demand in countries such as India and China is expected to grow at nearly triple the rate of growth in OECD countries, increasing the demand for coal.

Wise-owl.com analyst Imran Valibhoy says: "With the natural gas price tracking upwards, coal is becoming the other major fossil fuel, which is where Coalworks (CWK) is looking to profit from. CWK has a number of exploration projects in NSW and Queensland, one of which already has a JORC-inferred resource.

"At the Oaklands Coal Project, CWK completed a drilling program in 2008, which achieved an inferred JORC resource of 280 million tonnes of coal in the

southern zone of the project. Potential exists in the north, which may increase this resource. Further drilling is planned to upgrade this resource and advance technical studies."

The area CWK is operating in has good access to road and rail infrastructure with the option of coal being exported through the Port Kembla Coal Terminal, which should help keep costs low.

"Another plus is that the project has the potential for large-scale open-pit strip mining rather than deep drilling, keeping costs once again low."

Early drilling stages for the Hodgson Vale Coal Project have been positive but further research drilling and technical studies are required.

"It does have the potential to be economically viable as it's close to infrastructure in the area. The key aims for this project will be to establish resource, run tests to produce a marketable product and secure access to a port," Valibhoy says.

An interesting project CWK possesses is the Ashford Limestone tenement in NSW. The deposit has exceptionally high-quality limestone where ground calcium carbonate (GCC) could be produced as well as possibly precipitated calcium carbonate (PCC).

"GCC currently sells for up to \$520 per tonne while PCC sells for around \$900 per tonne. CWK will look to conduct technical studies and if successful, proceed to feasibility," Valibhoy says.

