



## State coal project needs rail system to give it legs

**Company: Waratah Coal Incorporated**  
**Proposed ASX code: WCI**  
**Proposed listing date: November 7**  
**Issue price: \$1.65 per CDI**

WARATAH Coal is a significant coal play focusing on the Galilee Project in central Queensland.

Tenements contain an inferred coal resource of 4.3 billion tonnes, able to be mined at a projected 25 million tonnes a year.

What's the catch? In order to get the coal to market, construction of a 495km heavy rail system, and a large-scale port at Shoalwater Bay (north of Rockhampton) is required.

Cost estimates for the construction of the mine, rail system and coal export port facility is \$5.3 billion.

According to wise-owl.com analyst Joshua Terlich, this sort of funding is no short change in the current market climate.

"Of even more immediate concern to the company than any future debt requirements is the recent decision by Peter Garrett, federal Environment Minister, to reject the intended project on environmental grounds," Terlich says.

"He believed the project would destroy the ecological integrity of Shoalwater Bay, and Corio Bay wetlands.

"Adding to the nightmare, the state Government says it also supports the decision to scrap the proposal."

Management intends to challenge the ruling in court as it believes the project was not properly assessed in an environmental impact study, and therefore was rejected prematurely.

However, Garrett indicated that the decision does not prevent an alternative proposal being lodged

that does not have unacceptable impacts. I would encourage Waratah Coal to consider alternative sites for the port."

Terlich says: "Waratah had plans to begin exports by 2012, and had entered talks with potential funding partners.

"If the project got off the ground, it would be Australia's largest coal mine by output, with plans to double production to 50 million tonnes.

"Investors must now play the waiting game to see how management responds to these setbacks and any timelines involved.

"If and when Galilee gets going, there's no doubt value exists."

Waratah is Canadian-based and currently listed on the TSX Venture Exchange.

The company has announced its intentions to dual list in Australia but has yet to release a prospectus. The stock is presently trading around \$1.40 on the TSX.

