

October 2011

## Duchess Paradise Project



### Rey Resources snapshot

**Rey Resources Limited (Rey Resources) is an ASX-listed exploration and development company focusing on the Duchess Paradise Project in Western Australia's Canning Basin.**

**The proposed Duchess Paradise Project is a 20 year thermal coal, low-impact slot mining and underground operation with a planned production rate of up to 2.5 million tonnes per annum (Mtpa).**

**The Project is based on one of the highest energy coal sources known in Western Australia.**

### Respect in a Remote Area

**Rey Resources is a company conducting business respectfully in the Canning Basin and Derby region. Since 2007, Rey Resources has completed mineral exploration in close consultation with the local community and started open discussions about a potential project and the opportunities this will present.**

The company's proposed project, the Duchess Paradise Project, is located on a remote pastoral station about 175 km by road south east of Derby and 60 km by road from the communities of Jarlmadangah and Looma.

Early project definition involving traditional owner stakeholders led to the preliminary mine plan having the smallest practical footprint on the land. The project's mine area has been grazed by livestock for well over 100 years and is located outside of any environmentally sensitive and heritage protected areas including the Federal Government's recent West Kimberley National Heritage Listing announced in August 2011.

### Low-Impact Project Using Existing Infrastructure

The proposed Project includes a low-impact slot mine and underground mine, a coal handling and preparation plant, support infrastructure and a 30 km access road to the Great Northern Highway. Rey Resources has verified the Duchess Paradise Project offers good quality coal (bituminous 5,500 kcal/kg [gar]). This, combined with the strategic advantage of its close proximity to Asian markets means the Project is well-placed to provide significant export value to Western Australia.

Product will be transported by truck along an access road and the Great Northern Highway to an existing Export Facility at Derby. The route along the highway to the Export Facility, including road and port infrastructure, has previously been used by other mining projects for mineral handling and export.

The mining method involves:

- Low-impact slot mining for the estimated first 10 years ensuring minimal impact to the environment and full rehabilitation of the mined area

### \*PROJECT BENEFITS:

- Employment for about 300 people during the initial construction phase starting in 2013
- Creation of an estimated 300 further jobs over the 20 year project life
- Generation of an estimated \$5 billion in export revenue
- Contribution of an estimated \$400 million in payroll tax and royalties to the State Government
- Multiplier effects including job creation and demand for services, both regionally and from Western Australia
- Continued commitment to Indigenous employment and training
- Continued investment in the Derby and regional community

*\* This data has been derived from independent economic analysis based on early financial data provided by Rey Resources.*

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- Unlike open-cut mining, slot mining causes far less surface disturbance than open cut mining and enables progressive back-filling and rehabilitation of the slots. No open slots will be left at the project site
- Adoption of room-and-pillar underground mining of the deeper coal for about 10 years after the slot mining is expected and subject to further feasibility studies by the company

Construction is proposed to start in 2013, subject to required approvals.

## Advancing Approvals

In addition to native title and mining permit processes underway, the company has started the environmental approvals process. Rey Resources was recently advised the Project will undergo a Public Environmental Review (PER).

Building on extensive stakeholder consultation over several years, further public comment opportunities will occur during 2012. Documents available as part of the PER will be supported by scientific studies and evidence-based information. Feedback and comments will be considered prior to finalisation of the approvals process.

## Indigenous Community Engagement and Benefits

Rey Resources is proud of the mutual respect and trust that exists between the company and the traditional owners. During early exploration, Rey Resources has formally recognised the Nyikina and Mangala people as traditional owners of the project area and established an employment programme specifically targeting local indigenous communities. This has achieved successful employment results since 2008.

In June 2011 the company entered into formal negotiations with the traditional owners legally represented by the Kimberley Land Council. Building on the existing strong relationship, Rey Resources is working to deliver ongoing benefits to Indigenous people including employment, business



opportunities and investment for the future. This Project represents a significant economic development opportunity for the communities which are long distances from large towns, jobs and recognised iconic tourism attractions in the region.

## Working with Stakeholders

The company has also conducted substantial stakeholder consultation during the project's feasibility stages, prior to detailed front-end design that is still to occur. Open dialogue and extensive information sharing has occurred with:

- State Government agencies
- Nyikina and Mangala traditional owners
- Kimberley Land Council
- Shire of Derby / West Kimberley
- Peak bodies and industry associations
- Business and industry participants
- Elected members
- Local community members and suppliers

This program is ongoing and the company looks forward to continuing its engagement throughout these early project phases. 👑

## IMPORTANT FACTS:

- No mining on the Fitzroy River or flood plain
- Environmental assessments indicate the Project will not adversely affect the groundwater or river
- Not impacted by National Heritage Listing – mining area is outside the listed area
- No Coal Seam Gas exploration. Testing is for safety and environmental purposes
- Rey Resources is working constructively and positively with Traditional Owner group
- The company has a strong track-record of employment of local indigenous people

Want to know more?

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