

SONOMA COAL PROJECT

Sonoma Mine Management Pty Ltd is developing a new open cut coal mine located approximately 6 kilometres south of Collinsville, at the northern limit of Queensland's Bowen Basin coalfield.

GRANT OF SONOMA MINING LEASES AND ENVIRONMENTAL AUTHORITY

The Sonoma Coal Mine is comprised of three Mining Leases (MLs) namely, ML 10325 "Belmore West", ML 10326 "Sonoma West" and 10327 "Sonoma East". On 12 April 2007, the Governor in Council granted ML 10325, enabling the construction of the mine infrastructure, including the Coal Preparation & Handling Plant (CHPP), offices and workshops. MLs 10326 and 10327 were approved by the Governor in Council on 13 September 2007, enabling the mining operation to commence.

The Environmental Authority for the Sonoma Coal Mine was granted on 5 March 2007. The Environmental Authority details the environmental compliance conditions for the Mine and is administered by the Mackay District Office of the Environmental Protection Agency.



Work on the MIA and CHPP has commenced on site

Sonoma Coal wishes to thank all members of the public and affected organisations who provided comments during the Environmental Authority and Mining Lease consultation process.



CHPP under construction

CONSTRUCTION OF PROCESSING PLANT & MINE INDUSTRIAL AREA

Sonoma Mine Management has commissioned the services of BGC Contractors to undertake the civil work and Sedgman for the Coal Handling & Preparation Plant ("CHPP") and the Mine Industrial Area (MIA). The construction of this infrastructure is due for completion towards the end of 2007.

OPERATING CONTRACTS

Leighton Contractors has been awarded the mine operations contract for Sonoma Mine. Open cut operations are expected to start in September 2007. First coal is expected to be shipped from the Sonoma Mine in late 2007.

Sedgman Pty Ltd has been awarded the CHPP construction and operations contract for Sonoma Mine. The CHPP is expected to start operations in November 2007.

FORMATION OF THE SONOMA JOINT VENTURE

Sonoma Mine Management is proud to announce the formation of the Sonoma Joint Venture to further the development of the Sonoma Mine. The joint venture partners include:

- Cleveland Cliffs, an iron ore mining and processing company that is the majority owner of the Australian listed company, Portman Mining;
- JFE Shoji which is part of the JFE Steel Group, the second largest steel producer in Japan;
- China Steel, the largest steelmaker in Taiwan;
- Watami Trading, a Hong Kong based marketing company; and
- QCoal Sonoma Pty Ltd, the Sonoma mine developer.

QCoal Pty Ltd is the wholly owned Australian company that discovered the deposit and holds the Exploration Permits.

KEY OPERATING PERSONNEL APPOINTED

Sonoma Mine Management is proud to welcome Mr. Michael McKee as the General Operations Manager and Mr. Anthony Richardson as Chief Financial Officer for the Sonoma Mine. Michael has extensive coal mining experience, having previously worked as Operations Manager for both the Yarrabee Mine and Minerva Mine in Central Queensland. Anthony brings a wealth of experience from his previous role as Chief Financial Officer with Mitsui Coal.

Leighton Contractors Pty Ltd has appointed Mr. Graham Goodwin to fulfil the site-based role as Senior Site Executive.

Sedgman Pty Ltd has appointed Mr. Darren Gaw as the site-based Plant Manager.

Sonoma Mine Management offices are located at Level 12, 175 Eagle Street, Brisbane. Telephone: (07) 3226 7400.

CULTURAL HERITAGE RELOCATION PROCESS

The Birri People are the traditional owners of the Sonoma Mine country. In order to preserve and manage the cultural heritage of the mine site, Sonoma Mine Management has signed an agreement with the Birri People and accordingly, have jointly developed a Cultural Heritage Management Plan for the site. A condition of the Cultural Heritage Management Plan is to complete a salvage operation of the Aboriginal artefacts known to occur in the mine impact area. This salvage operation was carried out over the period late July and early August 2007. The field team included an Archaeologist and four Birri cultural officers (pictured).



The salvage operation involved careful collection of the Aboriginal artefacts from the mine area. These collected artefacts were then relocated to a secure locked container for safekeeping. These salvaged artefacts will remain in the container until the mine is decommissioned. Once the mine site is suitably rehabilitated, the Birri People will return the artefacts to the locations in which they were found.

Sonoma Mine Management will work with the Birri People to manage and protect the cultural heritage values of the area throughout the mine life. Sonoma Mine Management will provide employment and training opportunities for the Birri People.

COLLINSVILLE RODEO

In July, Sonoma Mine Management was pleased to sponsor a chute and attend the Collinsville Rodeo. Three of Sonoma Coal's contractors currently at the mine site (Sedgman, BGC and Leighton Contractors), were also sponsors of this exciting event. The Rodeo, which offered a full program of both open and junior events, was extremely well attended by the community. We offer our congratulations to the Collinsville Rodeo Association for a job well done!

COMMUNITY BUS SPONSERSHIP

QCoal were pleased to make a \$5,000 donation towards the purchase of an 11-seater Toyota Hiace. The bus, which has wheelchair access, is housed at Hillside Haven Aged Care Facility, and will service the community of Collinsville and Scottville.

EMPLOYMENT OPPORTUNITIES AT THE SONOMA COAL MINE

Sonoma Mine Management continues to receive a large amount of interest in potential employment at the Sonoma Mine.

If you are interested in potential opportunities at the Sonoma Mine, please send your resume and covering letter to Ms Leanne McLeod, Leighton Contractors Pty Ltd at 339 Coronation Drive, Milton, QLD, 4064.

FUTURE BULLETINS

Please note that future bulletins will be displayed on Sonoma's website.