

# InterCOAL Limited

ABN: 32 072 871 133

1 June 2006

Company Announcement Platform  
Australian Stock Exchange Limited  
Exchange Plaza  
Level 8, 2 The Esplanade  
PERTH WA 6000

VIA: Electronic Lodgement

Dear Sir/Madam,

Intercoal Limited (**Intercoal**) is pleased to announce that it has entered into two separate Option Agreements with two private companies, namely Devonport Pty Ltd and Alexandra Resources Pty Ltd, to acquire a 100% interest in two gold projects in Western Australia.

## THE PROJECTS

The Eureka Gold Project, 50km north of Kalgoorlie, and the British King Gold Project near Darioot, some 320km north west of Kalgoorlie are advanced projects and both projects have defined gold resources and proposed plans for mining.

## Eureka Gold Project

### INTRODUCTION

The Eureka Gold Project area includes the Eureka Open Pit previously mined by West Coast Holdings and areas along strike to the north containing the mine sequence stratigraphy. In the northern end of the pit recent drilling has defined gold mineralisation considered economically accessible by way of a cut back of the existing open pit. Exploration potential is also demonstrated at depth below the existing open pit. Current resources (JORC code) are stated at:

**Measured Resource estimate (2 July 2003) 451,000 tonnes at 4.4g/t Au  
Containing 64,200 ounces of gold (Fig 45 & 46 page 5)**

### LOCATION, ACCESSIBILITY, INFRASTRUCTURE

The Eureka Mine is located adjacent to Bardoc which is approx 50km north of Kalgoorlie in the Eastern Goldfields region of Western Australia. All weather access is provided via the sealed Kalgoorlie to Leonora highway and approx 3km of prepared gravel haulage road. The mine is located on ML24/189 which hosts an open cut mine that has been excavated to 110m depth and also the associated waste dumps of that operation.

**Table 1: Tenure Eureka Gold Project**

<b>Tenement</b>	<b>STATUS</b>	<b>Area (Ha)</b>
M24/0189	CURRENT	219
M24/0584	CURRENT	111
M24/0585	CURRENT	105
M24/0586	CURRENT	130
<b>TOTAL</b>		<b>565 Ha</b>

#### PROPERTY DESCRIPTION AND TENURE

The project area currently comprises four granted mining leases. Table 1 summarises the tenure status and area.

### **British King Gold Project**

#### INTRODUCTION

The British King Mine is located some 5km west of Barrick Gold Corporation's Darlot Mine some 320km north of Kalgoorlie. Gold mineralisation is hosted by an east-west orientated narrow quartz reef structure, with approximately 400 metres of the reef located in the mining lease (M37/00030). Historically the British King mine was exploited by way of a series of shafts and underground workings and currently the ore is accessed via two main shafts and a number of smaller shafts. The project has an extensive database of drilling and underground development sampling on which resource estimates are based. Current resources (JORC code) are stated at:

**Total Resource estimate (Inferred plus Measured categories) 147,000 tonnes at 20g/t Au containing 94,500 ounces of gold, Including:**

**Total Measured Resource estimate (to 135 metres depth) 24,000 tonnes at 20g/t Au containing 15,400 ounces of gold (Fig 9, 12, 13 page 5)**

#### LOCATION, ACCESSIBILITY, INFRASTRUCTURE

The British King Mine is located some 320km north of Kalgoorlie accessed via the Kalgoorlie to Leonora to Leinster highways and via the Weebo/Darlot road. The mining lease is located approximately 5km from Barrick Gold Corporation's Darlot Mine. Mine infrastructure includes equipment necessary to operate a small scale underground mining operation including accommodation units, a production shaft, associated ventilation shafts, underground workings and associated equipment for small scale underground mining. The project also consists of a miscellaneous licence application on the area of which are constructed evaporation ponds for disposal of mine water.

#### PROPERTY DESCRIPTION AND TENURE

The project area currently comprises one granted mining lease and one miscellaneous licence application. Table 2 summarises the tenure status and area.

**Table 2: Tenure British King Gold Project**

Tenement	Status	Area (Ha)
M37/0030	Current	10
L37/0082	Pending	(7)
<b>MINING LEASE TOTAL</b>		<b>10 Ha</b>

### **CONSIDERATION**

Intercoal will issue 20,000,000 fully paid ordinary shares to Devonport Pty Ltd for the acquisition of 100% of Eureka Gold Project and 10,000,000 fully paid ordinary shares to Alexandra Resources Pty Ltd for the acquisition of 100% of the British King Project.

The Option Agreements provide that the acquisition of these gold projects is conditional upon certain matters including:

- Intercoal being satisfied with its due diligence in respect of the Eureka Gold Project and British King Gold Project.
- Ministerial consent in respect of the transfer of the tenements
- Approval of Intercoal's shareholders at a General Meeting to approve the transactions for the purposes of the Listing Rules and the Corporations Act.

### **PLACEMENT**

Intercoal has today entered into subscription agreements to place 4,500,000 shares at 10c per share to Sophisticated Investors by way of private placement to raise \$450,000 for working capital purposes. The placement is in accordance with ASX Listing rule 7.1 and has been made to Sophisticated Investors in accordance with Section 708 of the Corporations Act.

### **INDICATIVE TIME TABLE**

Dispatch of Notice of Meeting, Explanatory Memorandum and Independent Experts Report to Shareholders	6/2006
General Meeting	7/2006

The Company will release further details of the proposed transaction and timetable in due course.

Following the Company's General Meeting to approve the transaction, the Company advises that it is considering a number of options, one of which is applying to re-list on the ASX subject to compliance with the Listing Rules. Further details will be provided to shareholders prior to the General Meeting.

If you have any queries please contact Alan Phillips on 07 32306000.

Yours faithfully,  
**Intercoal Limited**



Alan S Phillips  
Director

The preparation of the Independent Expert Report has been conducted by Ian S. Cooper ("the Author"), a Director of Cooper Geological Services Pty Ltd ("CGS") whose qualifications are outlined in a summary resume below.

*Summary resume of Ian S. Cooper B.Sc., A.R.S.M., F.G.S., M.A.I.M.M.*

*Ian S Cooper has over twenty year's professional experience as a geologist in mineral exploration. He has worked on gold, base metal and diamond projects in Queensland, New South Wales, Victoria, Western Australia, Northern Territory and South Australia in addition to overseas experience in Sierra Leone, West Africa and the Philippines, Asia. Other overseas experience includes study visits to the USA, South Africa, New Zealand, Europe, the UK and Ireland. He graduated from the Royal School of Mines, London University, U.K. with B.Sc. (Hons) and A.R.S.M. (Associate Royal School of Mines) degrees from that institution. Previously he was the Senior Geologist for Sons of Gwalia NL in Eastern Australia and also a geologist with the BP Minerals / Seltrust Mining Group. Now Mr Cooper is a Director and Senior Geologist of Cooper Geological Services Pty Ltd, which is based in Brisbane and provides specialist geological, evaluation and management services to mining corporations throughout Australia and overseas. He is a corporate member of the Australasian Institute of Mining and Metallurgy.*

## Figure:

9	Johnson, R. L.,	1994	Independent Report and Valuation of British King Project. Unpublished report prepared by JD Mining for Consolidated Victorian Mines NL.
12	Johnson, R. L.,	1995	A One Year Mine Plan and Cashflow Projection for the British King Gold Project Unpublished JD Mining report for Target Resources Australia NL. In British King Assessment. Unpublished report compiled by Target Resources Australia NL.
13	Clarke, G. J.,	2003	Review of Resources and Potential of British King. Unpublished Oakgrade Pty Ltd report prepared for Mr R. Butchart.
45		July 2003	Central Kalgoorlie Gold Mines Limited. Release to the Australian Stock Exchange, '64,000 Ounces of Gold in New Measured Resource Estimate at Eureka'.
46		2003	Annual Report 2003, Central Kalgoorlie Gold Mines Limited.