



ASX Announcement

15 January 2014

Lodgement of Submission regarding EL 7270

NuCoal Resources Ltd (ASX: NCR) has provided its submission to the NSW Government (**Government**) as to why Exploration Licence 7270 (**EL 7270**) should not be cancelled and why any pending applications should not be refused.

NuCoal has provided the submission in good faith and is committed to working with the Government to find a solution that is both fair and equitable to NuCoal and its innocent shareholders, but also protects the NSW Government's reputation as a sound place to invest and develop projects.

The submission addresses the following key issues:

1. The Independent Commission Against Corruption (**ICAC**) is not a judicial body, but investigative only, and is subject to the statutory limitations conferred on such a body.
2. The Commissioner's key findings in his December 2013 report are infected with error, both legal and factual, and ignore commercial reality.
3. NuCoal lodged a reply submission to the ICAC, which dealt with these matters, dated 20 June 2013, but neither it nor any argument raised in that submission has been referred to in any ICAC report. NuCoal's reply submission was a critical document and the ICAC's failure to expressly consider it raises a strong inference that it was overlooked or ignored.
4. NuCoal purchased the shares in Doyles Creek Mining Pty Ltd (**DCM**), whose valuable asset was EL 7270, for \$94million as a bona fide purchaser for value without notice.
5. NuCoal and its innocent shareholders did not and could not have reasonably contemplated the risk of loss of title of EL 7270, or that the direct allocation of EL 7270 by Minister Macdonald to DCM was potentially tainted by corruption.

ASX:NCR • Share Information

Issued Shares: 768.6m

Registered Office

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Board of Directors

Chairman:

G. Galt

Managing Director:

G. Lewis

Non Executive Director:

J. Beecher

Non Executive Director:

M. Davies

Company Secretary:

M. Etccl

Key Projects

Doyles Creek Mining Pty Ltd

Hunter Valley NSW

Tenement: EL7270

Ownership: 100%

Doyles Creek Underground Mine Training School

Contact: Maree Roberts

Dellworth Pty Ltd

Hunter Valley NSW

Tenements: EL6594 & EL6812

Ownership: 100%

6. The ICAC's recommendation to consider expunging EL 7270 relies on what it calls the "notorious public controversy" surrounding the grant of the licence. NuCoal strongly rejects this position.
7. The NuCoal Prospectus (**Prospectus**) in 2010 incorporated an independent legal due diligence report and an independent technical expert's report, which did not raise concerns or canvas "notorious and widespread public controversy" about the validity of EL 7270 or its grant by Minister Macdonald.
8. The O'Connor Marsden probity report, a report commissioned by the then NSW Government and still available on the Department of Resources & Energy website, concluded that the grant of EL 7270 was "within power" and cleared the grant of any impropriety. The ICAC has ignored this probity report.
9. NuCoal shareholders relied on the Prospectus and the O'Connor Marsden probity report in making investment decisions.
10. The Commissioner's findings that nothing be done to the Yarrowa tenement because it has a "vast number of innocent shareholders" is unjustly inconsistent with the recommendation against NuCoal, which also has a vast number of innocent shareholders. There is no material difference between the shareholders in NuCoal and those holding interests in the Yarrowa tenement.
11. The public interest is best served by allowing NuCoal to retain EL 7270 and progress fairly the development of an underground mining project to deliver the following benefits to NSW:
 - In the first 25 years of mining operations, over 100Mt of run-of-mine coal with over 85Mt saleable production of prime semi-soft coking coal and high quality thermal coal.
 - Ongoing jobs for 350 workers.
 - Over \$2.6 billion to the Commonwealth and State via taxes and royalties.

NuCoal acknowledges the difficult situation which attends the Government's consideration of the ICAC's reports and our submission. NuCoal believes that a win-win solution is available via proper consultation between NuCoal and the Government and we urge the Government to follow a consultative positive path - a path that would see those against whom the ICAC made adverse findings of corrupt conduct pursued and prosecuted without selectively punishing the vast number of innocent NuCoal shareholders.

A consultative process which would afford NuCoal the procedural fairness it deserves can avoid protracted legal cases which would see the Doyles Creek asset rendered undevelopable while the cases continued.

Having made the submission, NuCoal now looks forward to substantive discussions with the Government to achieve this outcome.

For all media enquiries please contact:

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