



QUARTERLY ACTIVITIES REPORT Quarter Ended 30 June 2014

Highlights

- *An increased Inferred Resource of 41.3Mt was reported on 2nd April 2014, at the Bundaberg project (EPC 2196), incorporating drilling data from the adjacent EPC 1523 (Fox Resources) tenement. The results showed the correlation of key hard coking coal seams across the tenement boundaries.*
- *The Company worked with geological and mining contractors and identified a potential mineable working section and suitable underground mining method at EPC 2196.*
- *ICX will further evaluate this work and prepare the next phases of exploration and development planning activities.*
- *Work on the Consuelo project (EPCs 2332, 2318 and 2327) focussed on land access and cultural heritage clearances and preparation for initial phase drilling.*
- *Field exploration at Consuelo is targeted for H2 2014, and is subject to completion of land access and cultural heritage clearances.*

ACN 149 197 651



Executive Summary

28th July 2014: International Coal Limited (ASX: ICX) continued to progress positively its key projects at Bundaberg and Consuelo.

At Bundaberg (EPC 2196), an Inferred Resource of 41.3Mt was reported on 2nd April 2014, following the inclusion of results from a data sharing arrangement with Fox Resources (holder of the adjacent EPC 1523 tenement). Geological and mine planning work identified a potential mineable working section and suitable underground mining method. There is insufficient data overall to assess the economic viability at this time.

During the coming period the Company will further evaluate this work and prepare the next phases of exploration and development planning activities.

At Consuelo, previous desktop studies released indicate EPC 2327 has the highest potential for finding coal at open cut depths of all the Consuelo Project tenements (EPC 2327, 2318, 2332). During the quarter work focussed on planning the initial exploration in this area, land access and cultural heritage clearances. Initial drilling is targeted for H2 2014.

The Company continued to minimise its administration costs and remains in position to progress exploration on our projects.

Hugh Dai, Executive Director has assumed the acting Chief Executive Officer role, following the resignation of Glenn Simpson due to health reasons.

The Board and management remain in discussions with strategic investors and continue to look for other project opportunities that fit International Coal's strategic focus on achieving coal production by 2017.



Project Activities

Overview

At the beginning of Quarter 2, 2014, ICX and its subsidiaries (Gen Resources and Great White Nominees) held an interest in nine (9) granted tenements:

Bundaberg Project (Maryborough Basin)

EPC 2194 (75%), EPC 2195 (75%), EPC 2196 (75%)

Consuelo Project (Bowen Basin)

EPC 2332 (20%) EPC 2318 (20%) EPC 2327 (20%)

South Blackall Project (Eromanga Basin)

EPC 2197 (100%)

Don Juan Project (Surat Basin)

EPC 2286 (46%)

Other Projects

EPC 2861 (100%)

During the quarter, ICX retained all of its core granted tenements.

During the quarter, activities focussed on the Bundaberg and Consuelo projects with desktop studies and compliance work carried out on the remaining tenements.

Bundaberg Project

The Bundaberg Project is a hard coking coal project in the Maryborough Basin where an Inferred Resource of 41.3Mt was reported on 2nd April 2014, following the inclusion of results from a data sharing arrangement with Fox Resources (holder of the adjacent EPC 1523 tenement).

The results showed the correlation of the GU, GL1 and GL2 seams across the tenement boundaries, and continue to show hard coking coal characteristics.

The Company has continued to examine the exploration results, and worked with geological and mining contractors to better understand the development potential. This work identified a potential mineable working section and suitable underground mining method. There is insufficient data overall to assess the economic viability at this time.

During the coming period the Company will further evaluate this work and prepare the next phases of exploration (drilling and sampling) and development planning activities. This project is an exciting prospect for the Company offering hard coking potential close to port.



Consuelo Project

EPC 2327 was granted on 30 January 2014. Desktop studies (released 21 November 2013) indicate EPC 2327 has the highest potential for finding coal at open cut depths of all the Consuelo Project tenements (EPC 2327, 2318, 2332). During the quarter work focussed on planning the initial exploration in this area, land access and cultural heritage clearances.

Drilling is targeted for H2 2014.

The Company was awarded Category B Shareholder status at the Wiggins Island Coal Export Terminal (WICET). Category B Shareholding status will ensure the Company is considered in future planning activities for WICET as exploration of the Bundaberg and Consuelo projects progresses.

South Blackall Project

Progress on South Blackall was focussed on reviewing potential development options for the 1.24Bt Inferred Resource (JORC 2004) reported to the market on 26 November 2012. ICX continues to engage with community groups, governments, and other interested parties to drive long-term development in the region and commercialise this major thermal coal asset.

Other Projects

A sale agreement with Blackall Capital Pty Ltd for ICX non-core assets near Emerald resulted in the sale of EPC 2702 in December 2013, while EPC 2861 remains under option for sale.

Don Juan (Surat Basin) is not currently a priority project, and thus had minimal activity during the period.

Corporate Activities

Corporate activity continued to focus on marketing the Company and managing its reporting and compliance activities. The Company's current strategy is to prudently manage its financial position while focussing most project activity on Bundaberg and Consuelo projects. The Company maintains a strong financial position during the quarter with approximately \$1.213 million cash available at the end of June 2014.

The Company announced on 26th May 2014 the resignation due to health reasons of its Chief Executive Officer, Glenn Simpson. Mr Simpson worked until 6th June 2014, and the Board thanked him for his contribution and wished him well in the future. Mr Hugh Dai, Executive Director, is acting Chief Executive Officer for the interim, until a replacement is appointed.



International Coal Limited

Our corporate marketing activities were aimed at maintaining the Company's profile and key stakeholder relationships. A number of Asian investors continued to express an interest in the Company and its coal assets. The Board continues to develop these relationships for the Company's long term benefit, particularly as our projects move beyond exploration toward mine development.

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Summary

The Board and Management of ICX are pleased with the Company's development over the last quarter. The Company views positively the progress at its Bundaberg and Consuelo Projects. International Coal now has a strong portfolio of coal assets with:

- Hard coking coal at EPC 2196 in the Maryborough Basin;
- Granted tenements (EPC 2318, 2327 and 2332) with export quality thermal and semi-soft coking potential in the Bowen Basin; and
- 1.2Bt Inferred Resource of thermal coal in the emerging Eromanga Basin.

The Board and management remains committed to developing this range of high quality coal resources as part of its strategy to position the Company for growth well into the future. We remain confident that the development of these assets will deliver benefits to shareholders; particularly as coal market conditions improve. We take this opportunity to thank our shareholders for their ongoing support.

Further information about our company and projects can be found at www.intercoal.com.au

Yours faithfully,

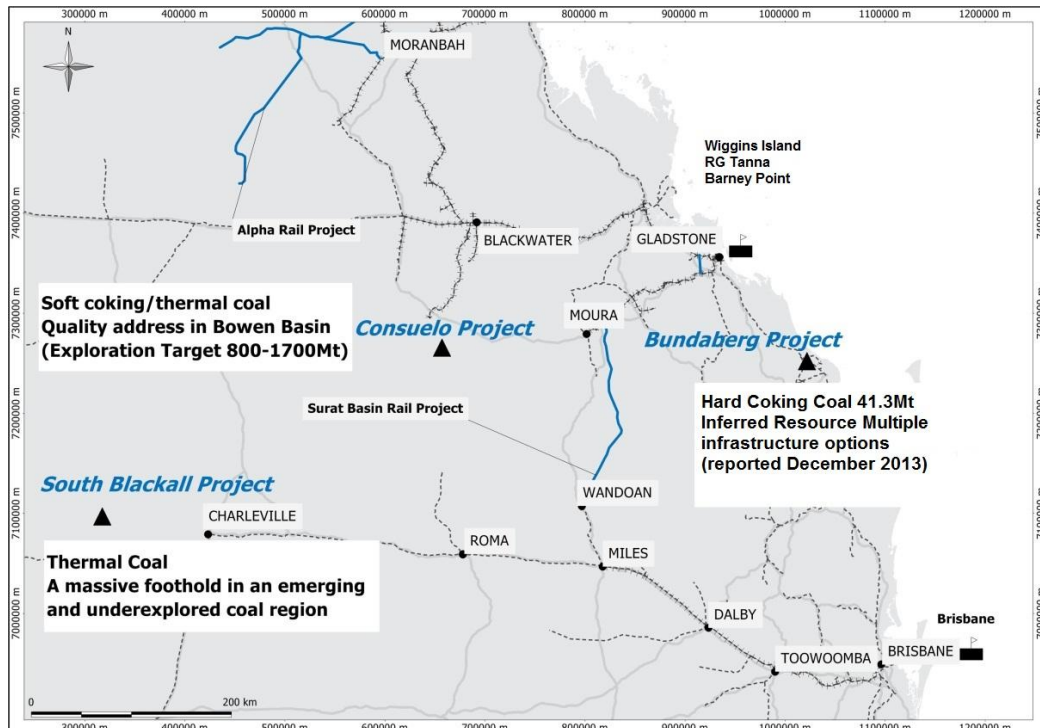
Hugh Dai
Executive Director and acting Chief Executive Officer
International Coal Limited

For further information contact –

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Figure 1 – International Coal Projects



COMPETENT PERSON'S STATEMENT

All JORC Inferred Resource and Exploration Target estimates discussed in this report have been released previously. Technical information relating to the coal projects in this announcement has been compiled by several technical specialists and reviewed and signed-off by Mr Mark Biggs, Principal Geologist formerly of Moultrie Database and Modelling and now of ROM Resources. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has over 28 years of experience relevant to the style and type of coal mineralisation under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves (JORC Code 2012).

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 31st July 2014 and have been carried out in accordance with the principles and guidelines of the JORC Code 2012. With respect to Exploration Targets and Inferred Resource estimates mentioned for South Blackall and Consuelo, this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Finally, Mr Mark Biggs consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.