



International Coal Limited

INTERNATIONAL COAL LIMITED CHAIRMAN'S ADDRESS

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The past year has been one of the worst on record for the coal industry and for coal mining. The prices of both thermal coal and metallurgical coal have been in constant decline.

Coal mines across the whole world have been closed or put on a care and maintenance basis. Glencore has taken the unusual step of closing all its coal mines for 1 month to reduce supply and relieve pressure on prices.

Propaganda from the green lobby and fears of global warming have demonized coal as a source of energy to the extent that the general public, and the investing public are being lead to believe that coal is finished and therefore they should not invest in any coal companies.

My experience over many years in the mining industry and investment industry is that when the market has completely given up on something then we are either at the bottom of very close to it.

Coal is the cheapest source of energy in the world, nothing comes close to matching its cost effectiveness.

So called renewables are much more expensive and they are unreliable without the development of a system to store power which has not yet been developed. Nuclear power is very expensive and has been demonized even more than coal by the greenies and other lobby groups.

Gas will be used to a greater extent in the future but the world lacks the infrastructure to maximize its use. The USA has not got the plants to liquefy sufficient natural gas to fill demand. Even developed countries like Australia have not got sufficient pipelines to supply all its cities never mind supply new power stations.

Developing nations will not be in a position to use gas for their power needs for many years and so the only alternative for a power hungry and fast growing nation is to build additional cheap and efficient coal fired power stations.

Both India and China have very ambitious plans for lifting their peoples out of poverty. Abundant and cheap energy is absolutely essential to achieve this. Only coal can supply this.

The Indians have announced the building of a huge new coal mine in the Galilee Basin with the Queensland Govt. financing the building of a new railway to Abbott Point.



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Peabody and Glencore have announced plans to build a new open pit between their existing mines in NSW.

China is buying coal reserves which will be developed over coming years. Both China and India foresee the requirement for a secure supply of thermal coal to last them 25/30 years. This is not a sign of a dying industry.

None of this means that sentiment in the market for coal is likely to improve in the near term. To me , however, it is a sign we are close to the bottom of the cycle. From here onwards things should start to improve, sentiment towards the coal industry will soften as people begin to see through the noise and propaganda and come to the realization that coal not only has a future but that the lifting of hundreds of millions out of poverty will be entirely dependent on coal as a source of the energy required .

International Coal has valuable coal resources and as time progresses this value will be recognized by the market. I remain optimistic for the future of the company.

In the meantime the board is minimizing all expenses while making sure that tenements are being kept in good standing.

The board is also considering all possibilities for the ongoing commercial life of the company.

I would like to take this opportunity to thank our shareholders for their patience in this difficult time and to thank my fellow directors and our staff for their work over the past year.

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