

30 November 2012

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

I would like to take this opportunity to thank the Directors and the executive team for their hard work and commitment this year – a period when Endocoal has performed exceedingly well when compared to many of its peers in this difficult economic environment.

I would like to thank Mr Alan Broome, the founding Chairman of Endocoal who resigned in July 2012. Alan set a strategic path for Endocoal which I was pleased to be able to follow through on.

I would also like to take this opportunity to advise members that I will be retiring at the conclusion of this meeting and your Board will be electing a new Chairman at that time. As the founding Managing Director of Endocoal and with the transition of operations to Brisbane and the successful progress towards obtaining our first Mining Lease it is an appropriate time for me to stand aside as we seek Directors domiciled in Queensland.

I will now turn to the 2012 financial year -

The Company has maintained a strong focus to the continued exploration activities on both our granted tenements and in the assessment of new areas for application, resulting in an increase in our JORC by 469% to 498.5Mt , including a maiden Marketable Reserve of 13Mt at the Meteor Downs South project, and additional tenements being granted, being Overlander, Mt Inglis, Carfax West and Thirty Mile Creek.

Our drilling at Rockwood indicated anthracite coal properties and our CEO & Managing Director, Tim Hedley attended the 5th Coaltrans World Anthracite, Coke, Coking Coal and PCI Summit in Hong Kong to learn about the exciting market potential and prospects for this new coal in the Australian Coal Industry.

Our drilling at Stockyard Creek Project confirmed the presence of coal plies with strong coking coal properties.

The Company has made significant progress in taking the Meteor Downs South project forward to the development stage. I am delighted to be able to say that the company is moving towards completing the environmental management plan. The application for the Mining Lease was lodged with the Department of Natural Resources in April 2011.

The Company continues active discussions on Port and Rail Access, with the aim of enabling delivery of production from our Meteor Downs South Project as early as late 2013. The company has acquired 2 million tonnes of FFFA status entitlement to assist in seeking access to Stage Two of the Wiggins Island Coal Export Terminal, and is considering options for transport of coal prior to the commissioning of that terminal.

The Company has completed the transition of its Corporate Office and the Registered Head Office from Sydney to Taringa, on the outskirts of Brisbane City. With that move the company appointed a Brisbane based Chief Financial Officer, Peter Edwards and transferred the role of Company Secretary to him in August this year. I would like to thank our previous founding Company Secretary, Justin Clyne for his excellent work over the past four years.

Following a number of unsolicited approaches for the Company and the appointment of Macquarie Capital as our Corporate Advisor, the Company has been in active dialogue with a number of parties in relation to potential merger and acquisition transactions. I am delighted that we could announce to the market on 29 October that your Board unanimously recommended a cash offer from U&D Mining of \$0.38 cents per share for 100% of Endocoal's Share Capital through a Scheme of Arrangement, in the absence of a superior proposal and subject to Independent Experts concluding the scheme is in the best interests of the members.

At the time of the announcement the cash consideration of \$0.38 cents per share represented a 70.6% premium on the one month Volume Average Weighted Price (VWAP). Completion of the transaction is expected in March 2013 as this provides sufficient time for the Company and U&D Mining to obtain the necessary approvals to complete. An Explanatory Memorandum containing information relating to the scheme and the reasons for the Directors recommendation of the Scheme together with the Independent Experts Report is expected to be dispatched to Endocoal members in early 2013. The Endocoal shareholders meeting to approve the scheme of arrangement is expected to be held in Late February or early March 2013.

At the same time Endocoal has entered into a 12 month Loan Facility Agreement with U&D to provide interim funding of A\$4,000,000, for working capital. The loan agreement enables Endocoal to fund its ongoing activities in the intervening period without causing dilution to shareholders that would have resulted if further funds had needed to be raised through another share placement.

Further information will be provided in the CEO and Managing Director's Report.

Regards

Rod Austin

Interim Chairman