

CHAIRMAN'S LETTER

Dear Fellow Shareholder,

The past year has continued the pronounced growth of the Company's projects supported by the scale and durability of Asia's growth in demand for metallurgical and thermal coal which I commented on in last year's Annual Report.

That resilience of demand, despite a still difficult global economic environment, has underscored your Company's objective and commitment to delivering large scale coal production growth during the next few years. The corporate and operational achievements during the past year have established a sound platform to deliver that objective.

I highlight just some of the significant developments during the year which are detailed in the following pages:

- The acquisition interests in four coal projects in the Surat Basin and Sydney Basin was completed for a total of \$127 million.
- Exploration efforts and acquisitions have increased the Company's attributable JORC compliant resources by approximately 63% to more than 1.3 billion tonnes.
- The Company secured a 3.0 million tonne per annum Stage 1 allocation to ship coal through the Wiggins Island Coal Export Terminal, currently scheduled for use in 2014 based on an imminent closure of the port construction financing.
- The Company has committed to the development of WICET Stages 2/3 and the Surat Basin Rail to support the development of the Surat Basin projects, currently scheduled for 2016.
- The Company has been appointed as project managers by joint venture partners KEPCO, POSCO, Mitsui and JFE Shoji.
- Staff numbers have been increased, and continue to be increased, significantly in a competitive labour marketplace with new offices opened in Brisbane, Newcastle and Moss Vale to service the Company's projects.

As a reminder of the difficulties of the mining industry, the Company's operations were adversely affected by severe wet weather in Queensland which restricted exploration activities and resulted in the flooding of the Baralaba mine in December 2010. I am pleased to report that operations are now back in full swing.

In summary, achievements during the year demonstrate the Company's objective of fast paced growth in its scale of activities. This is primarily due to the commitment of management and staff, and the ongoing support of the Company's valued shareholders, all of whom to which I extend the Board's thanks.

We look forward to fulfilling the Company's future objectives from the sound platform for growth that has been established.

Yours sincerely,



Norman A. Seckold

Chairman