



International Coal Limited

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**International Coal Limited**

**CURRENT ACTIVITY &  
COAL OUTLOOK  
PRESENTATION**

**August 2012**

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# Forward Looking Statement & Disclaimer

The presentation contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, information with respect to the future financial and operating performance of the Company, its affiliates and subsidiaries, the estimation of mineral reserves and mineral resources, realization of mineral reserves and resource estimates, costs and timing of development of the Company’s projects, costs and timing of future exploration, timing and receipt of approvals, consents and permits under applicable legislation, results of future exploration and drilling and adequacy of financial resources. Forward-looking information is often characterized by words such as “plan”, “expect”, “budget”, “target”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words or statements that certain events or conditions “may” or “will” occur.

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Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management of the Company made in light of their experience and their perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the Company’s ability to carry on its exploration and development activities, the timely receipt of required approvals, the price of coal, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.



## Recent Highlights

- Substantial drill program completed at South Blackall & Phase 2 underway
- Maiden JORC resource of 728Mt of thermal coal from EPC2197 at South Blackall
- 10 additional tenements adjacent to EPC2197 at South Blackall
- Substantial part of JORC resource from EPC 2197 is at shallow depth with Gross Raw CV of 4,360-5,040 kcal/kg
- Farm-in and JV agreement announced with Queensland Coal Investments over suite of Bundaberg Coking Coal Projects
- Exploration Program over Coking Coal projects announced
- Pursuing other value adding investment opportunities

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## Suite of Projects

### Thermal Coal

- South Blackall Project – 10 Tenements including EPC2197 & around 8,000 sqkm2
- EPC1507 – adjacent to Anglo American operating mine. Plan to drill this site
- Other projects throughout Queensland

### Coking Coal

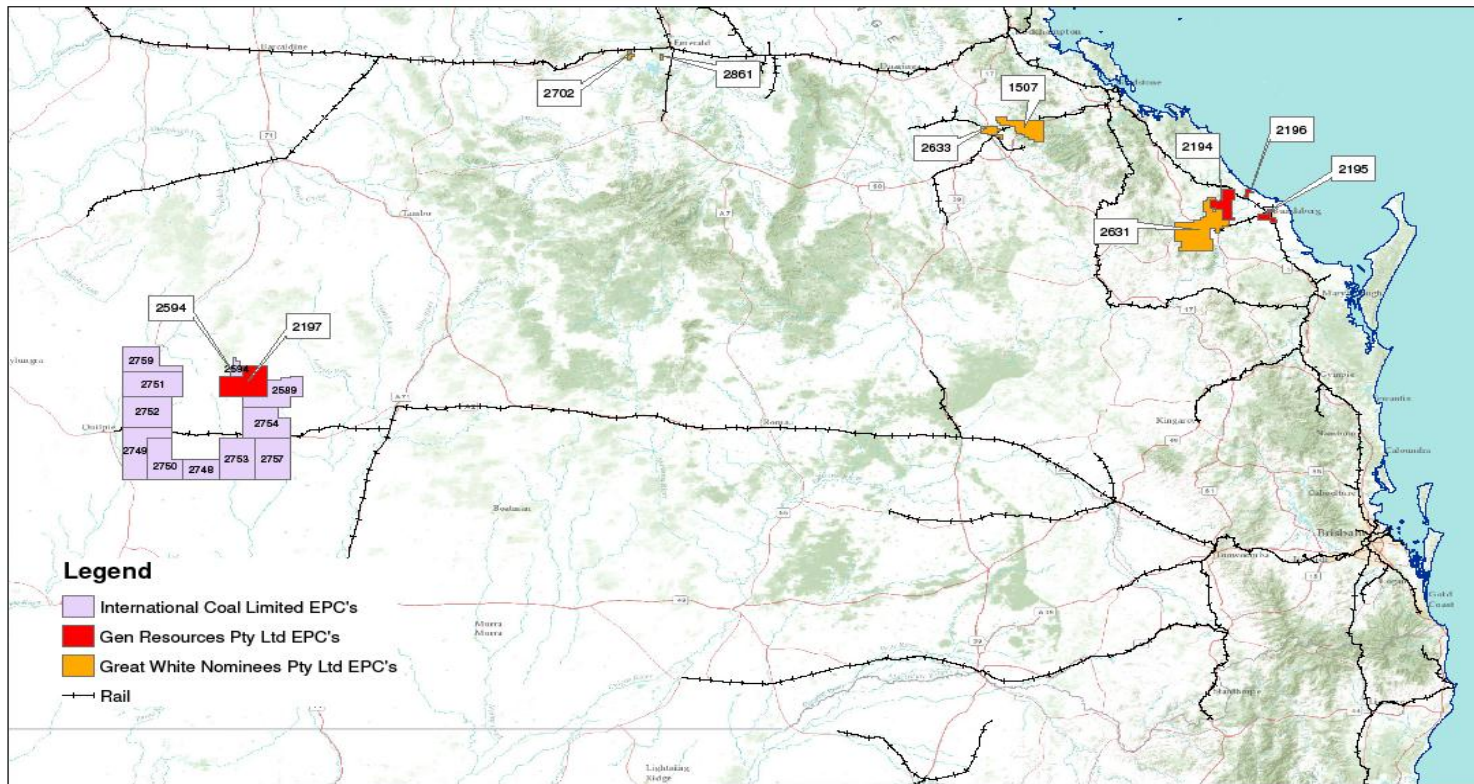
- EPC 2194, 2195 & 2196 west of Bundaberg in well known coking coal region
- EPCA 2631
- All projects included in Farm-in/JV with Queensland Coal Investments

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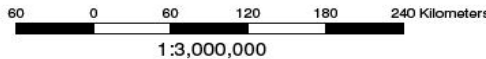


# Bundaberg and South Blackall Projects - Locations

International Coal Limited  
Plan Showing Exploration Tenure for Coal in Queensland  
Plan 1 of 2



Projection: GCS\_GDA\_1994



Plan drawn from information obtained from Old Govt. IRT mapping system on 5/1/2012 and Bing Maps base data

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9/1/2012

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## International Coal - Projects

### ➤ Bundaberg Projects

- Developing hard coking coal region.
- Exploration target (ranked highly prospective) of 280 Mt – 370 Mt <sup>(1)</sup>
- Near neighbours include Northern Energy (new New Hope), Guildford Coal, Cliff Resources and Hancock Coal.
- 45 km north of proposed new New Hope Mine.

### ➤ South Blackall Projects

- EPC 2197 - Large tonnage thermal coal exploration target – 8.0Bt – 9.0 Bt <sup>(1)</sup>
- JORC Resource of 728 Mt of Phase 1 drill program already achieved.
- Eromanga basin – a developing region
- Recently application for 10 additional projects surrounding EPC2197 – covers 8,800 km<sup>2</sup>

- Experienced exploration team engaged with drilling started and projected to continue over the next 9 – 12 months.

(1) It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



## The World Outlook for Coal

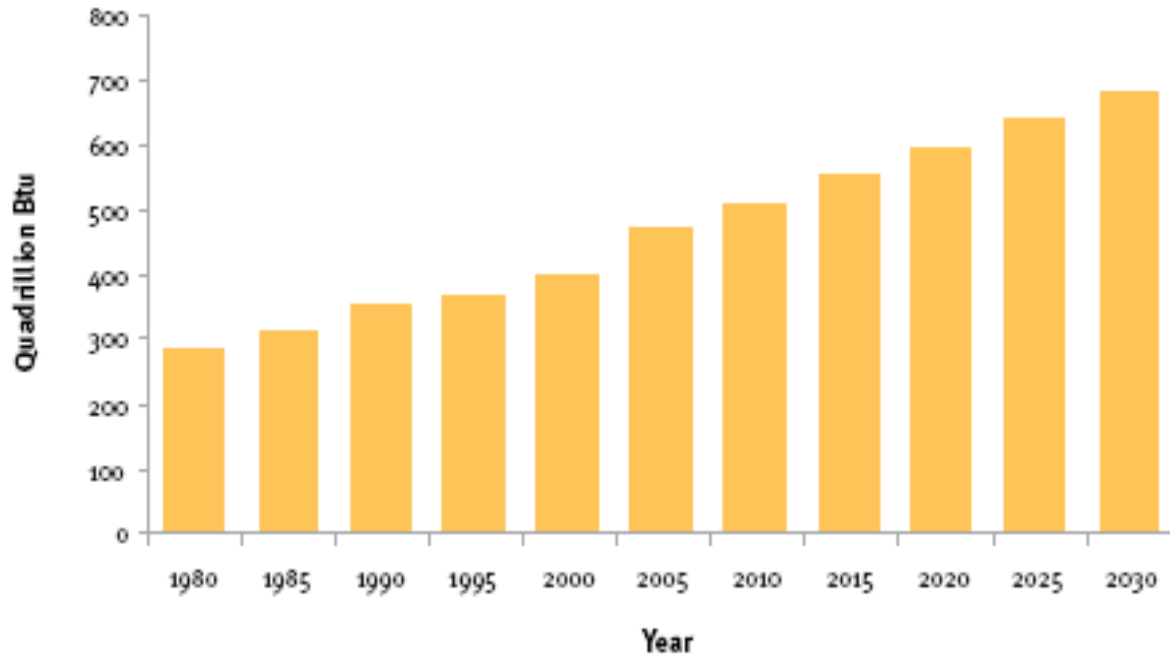
- Global demand is projected to grow
- Australia has the capacity to meet global demand
- China & India projected to account for 90% of growth in consumption to 2030
- Thermal coal demand projected to increase 33% over next 2 decades
- Demand of coking coal is expanding which requires production increases



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# Global and Domestic Energy Trends

World marketed energy is projected to increase by over 33% over next 2 decades. Total world energy use is expected to rise from 508 quadrillion British thermal units (Btu) in 2010, to 522 quadrillion Btu in 2015, to 678 quadrillion Btu in 2030.



Source: CoalPlan 2030, Queensland Government

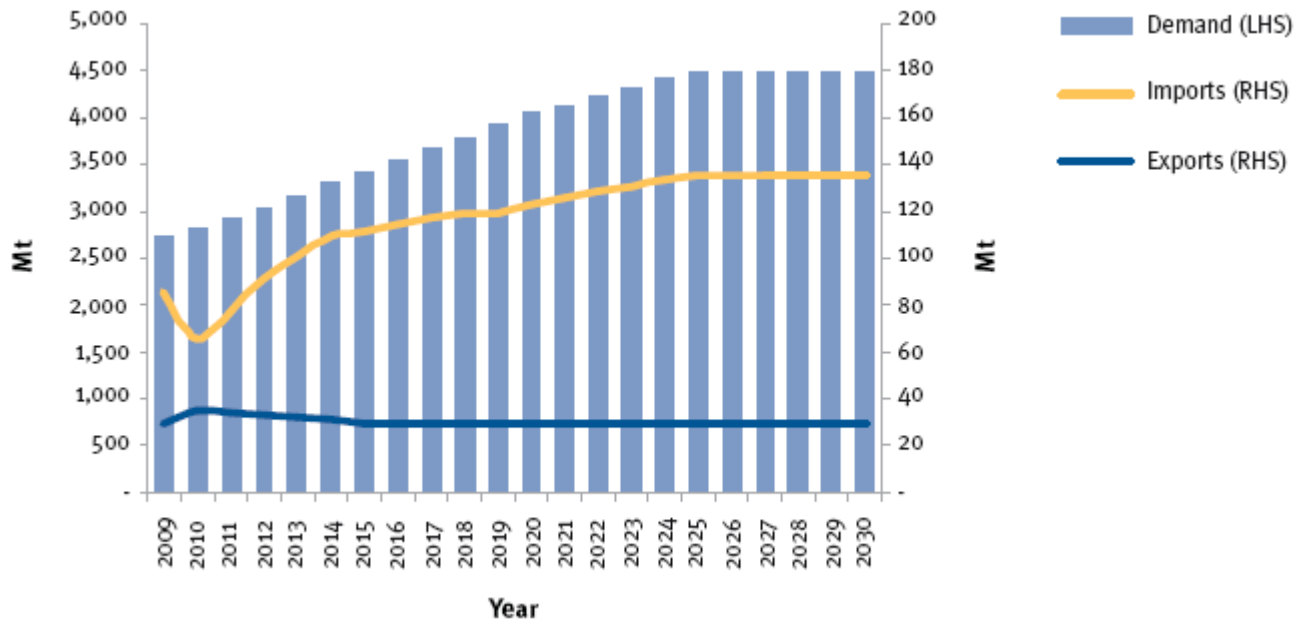




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# Chinese Import Demand

China, the world's largest coal producer, can significantly affect the seaborne trade in coal. Wood Mackenzie forecast that China's total coal demand will increase by over 1700Mt between 2009 and 2025. China will remain a net import for the foreseeable future.



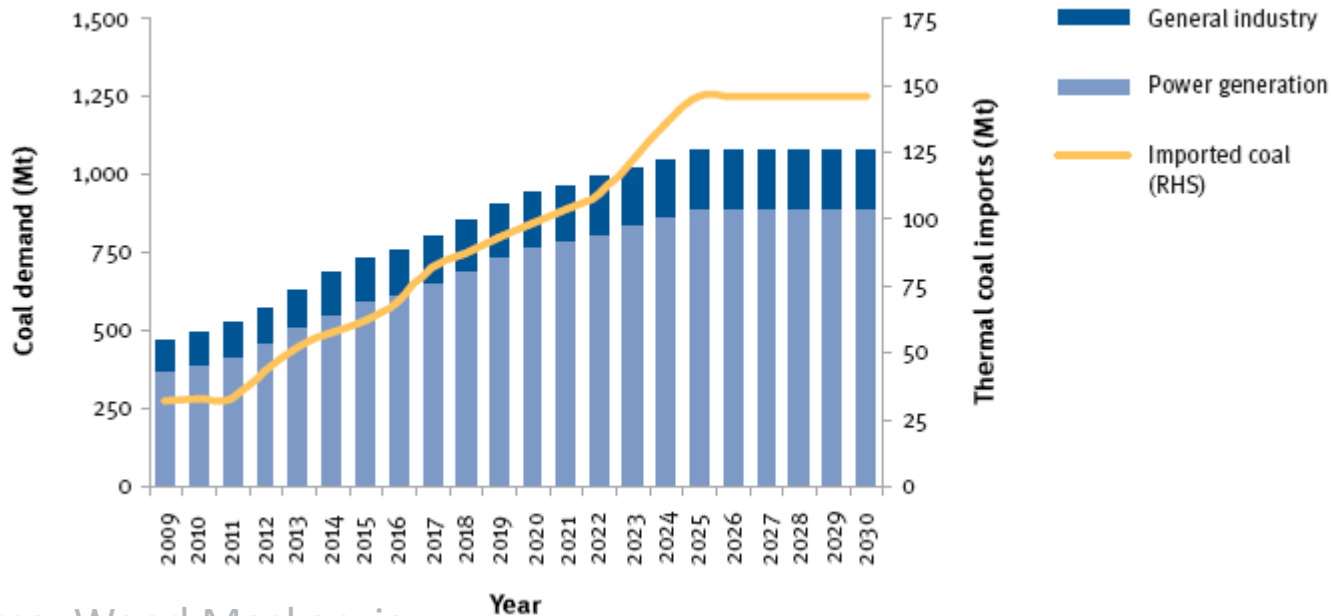
Source: Wood Mackenzie



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# Indian Import Demand

Wood Mackenzie forecasts coal export to India will increase strongly, with demand driven largely by the expansion of coal-fired electricity generation and the growth in steel production. ABARE notes that India is projected to remain one of the fastest growing thermal coal import markets, with import expected to double between 2009 and 2015. Wood Mackenzie believes that India's steel industry has strong long-term growth potential due to very low per capital steel consumption of 45kg (world average 200kg).

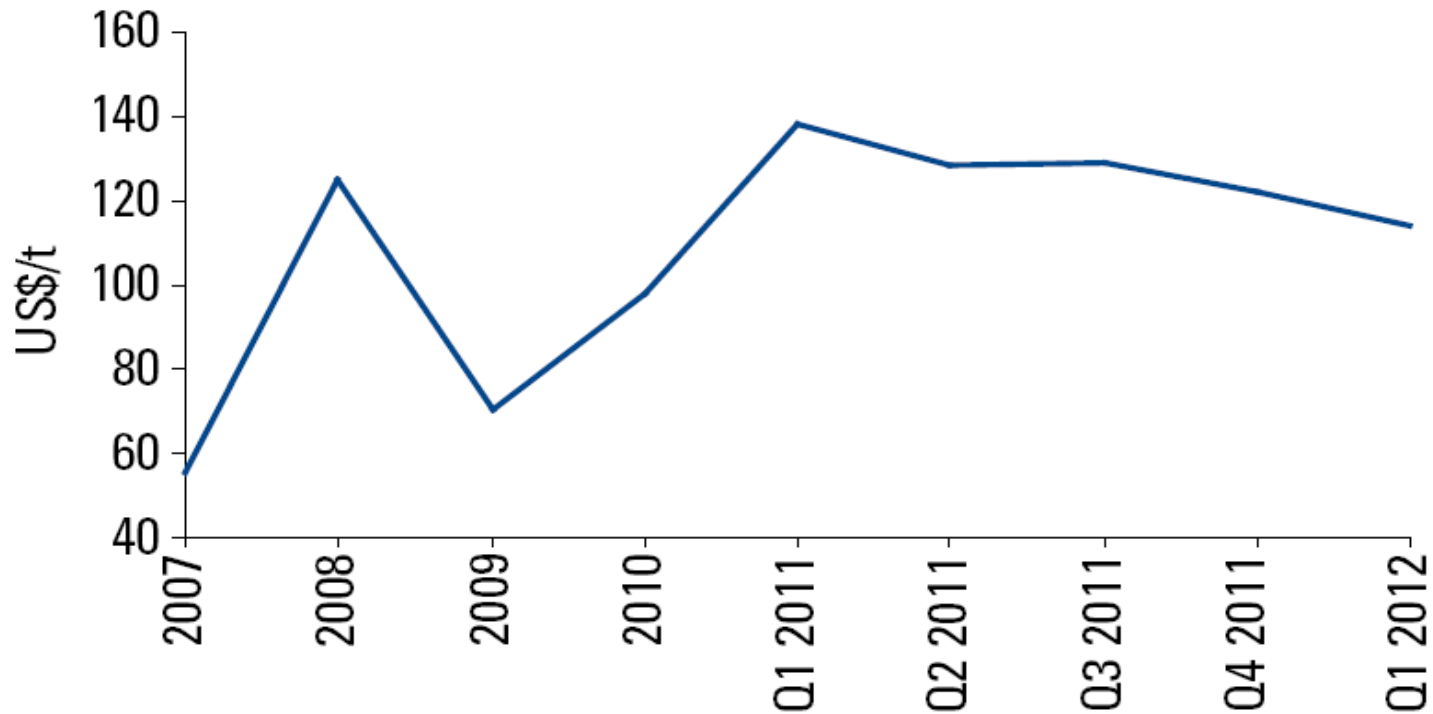


Source: Wood Mackenzie



## Outlook for Coal and Demand – price recoveries

### Historical thermal coal contract prices



Source: BREE, EIU

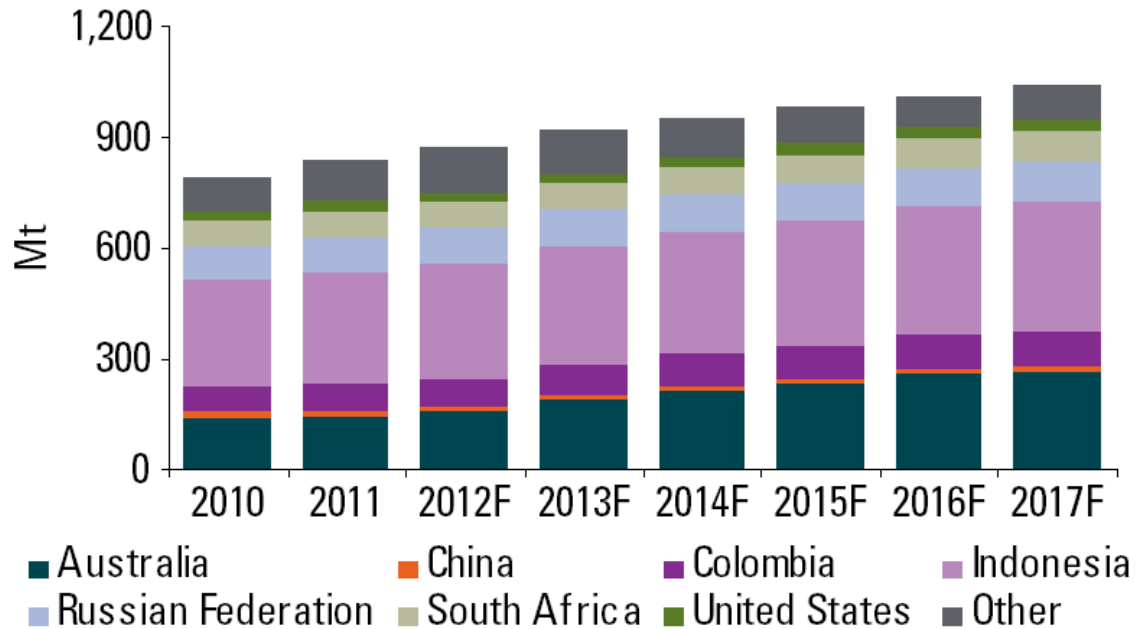
FOB Newcastle (6,700 kcal/kg)



# Outlook for Coal and Demand – exports to grow

Figure 3: Global thermal coal exports

## Thermal coal seaborne exports



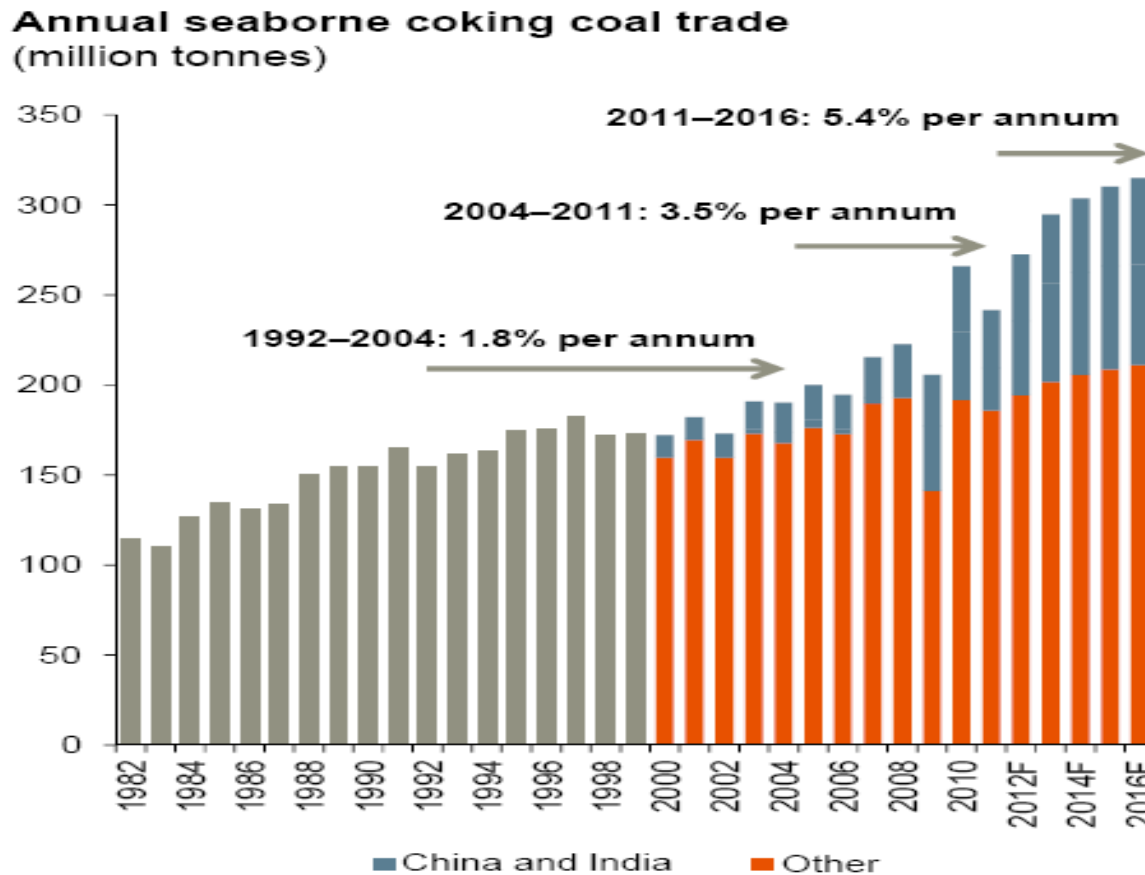
Source: BREE, KPMG Analysis

Source: BREE, KPMG Analysis

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## Outlook for Coal and demand – significant demand expected



Source: IEA, Macquarie Bank



## Directors and Management

### John Lester - Non Executive Chairman.

- Experienced Director and Corporate Advisor to the Resource Sector
- Previous MD of leading iron ore company based in Western Australia .

### Hugh Dai - Managing Director

- Acts as an advisor to a number of Chinese and Australian Organisations.
- Secured numerous JV's between Chinese and Australian Resource companies.

### David Round – Director / Chief Financial Officer

- Experienced CFO of a number of Resource Explorers and Producers.
- Extensive Resource Corporate Advisory and Co Secretarial experience.

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## Capital Structure and Cash

### › Shares on issue

**Total on issue**

**132,730,003**

(only 6,625,000 shares currently restricted)

### › Options on issue

**Issued**

**40,700,000**

**Directors/Management Options (30c - 50c)**

**8,000,000**

### › Market Capitalisation at 20/7/12 (fully diluted)

**\$35,000,000**

### › Cash at 30 June 2012

**\$3,950,000**



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## **Bundaberg Projects (EPC2194 & 2196 & EPCA2631)**

- Farm-in & JV agreement concluded with Queensland Coal Investments (QCI is a subsidiary of Hancock Prospecting )
- QCI to spend up to \$3m over next 2-3 years advancing projects.
- QCI to potentially pay an additional \$2m direct to ICX to earn 51% of projects.
- Detailed exploration program developed.
- ICX can retain 49% of projects after earn-in concluded.





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## **Bundaberg Projects (EPC 2194 & 2196 & EPCA2631)**

- Potential for Coking Coal discovery.
- Two target exploration coal-bearing units:
  - Burrum Coal Measures
  - Maryborough Formation
- Principal target is Cretaceous hard Coking Coals:
  - Several exploration targets have been determined.
  - Speculative exploration targets require drilling and sampling.



## Bundaberg Project – Exploration Targets (high prospectivity ranking)

Coal Measure/ Formation	EPC/EPCA Mask	Mask Area (Km <sup>2</sup> )	Estimated Cumulative Thickness (m)	Average Density (m <sup>3</sup> /Kg)	Inventory Coal (Insitu) (Mt)	Unexpected Geological Loss <sup>1</sup> (%)	Exploration Target <sup>2</sup> (Mt) (1)
Burrum Coal Measure	EPC 2194 North	20.83	2.5	1.45	75.5	20	50 - 70
Burrum Coal Measure	EPC 2194 South	1.81	1	1.45	2.62	20	<5
Burrum Coal Measure	EPC 2196 North	3.69	1	1.45	5.4	20	5-10
Burrum Coal Measure	EPC 2196 South	7.41	1.2	1.45	12.9	10	5-20
Maryborough Formation	EPC 2194	66.26	3	1.45	288.2	25	200 - 250
Maryborough Formation	EPC 2196	11.1	3	1.45	48.3	25	20 - 40

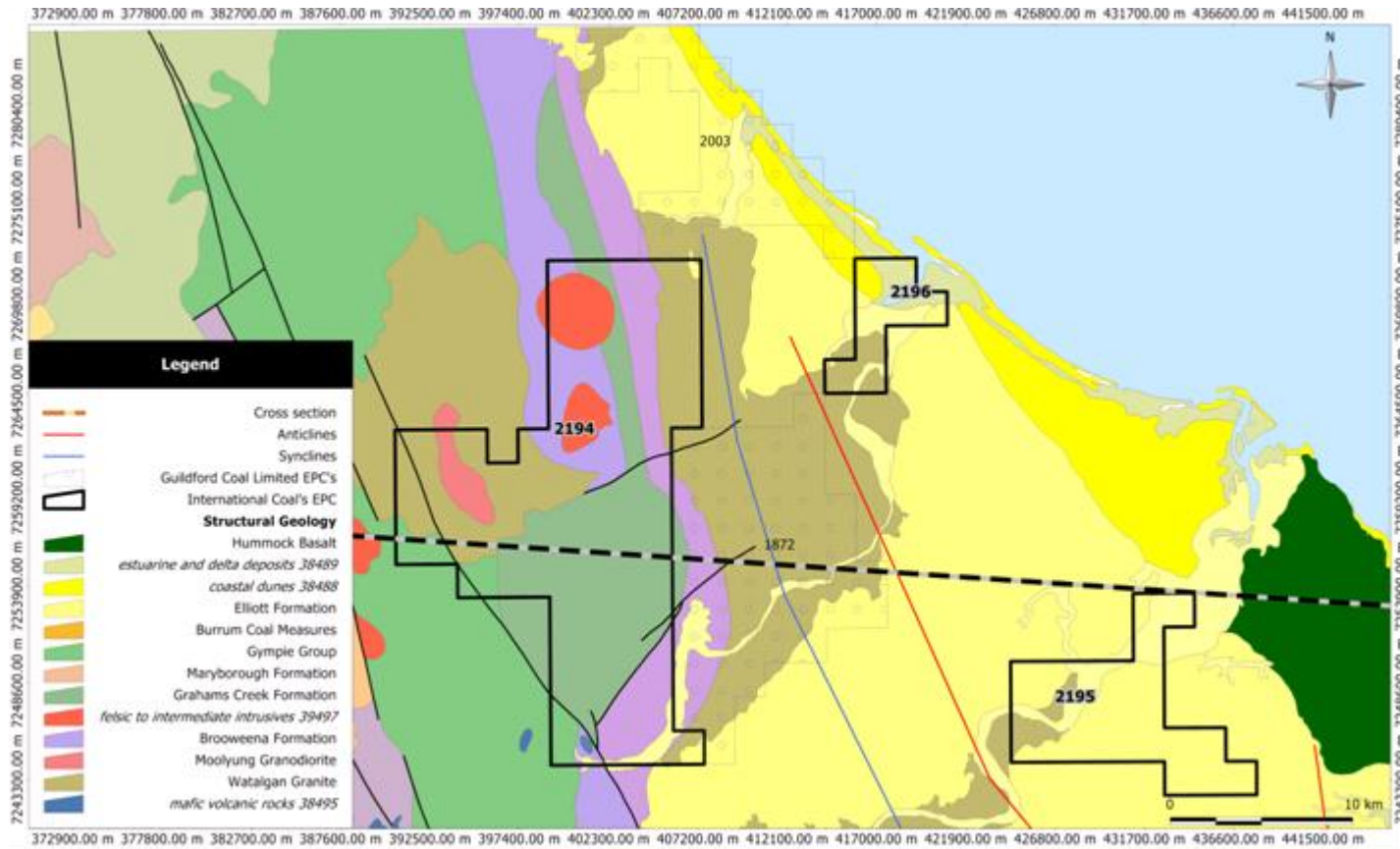
(1) It should be noted that the tonnages quoted above are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



# Bundaberg Project

## Local Geology

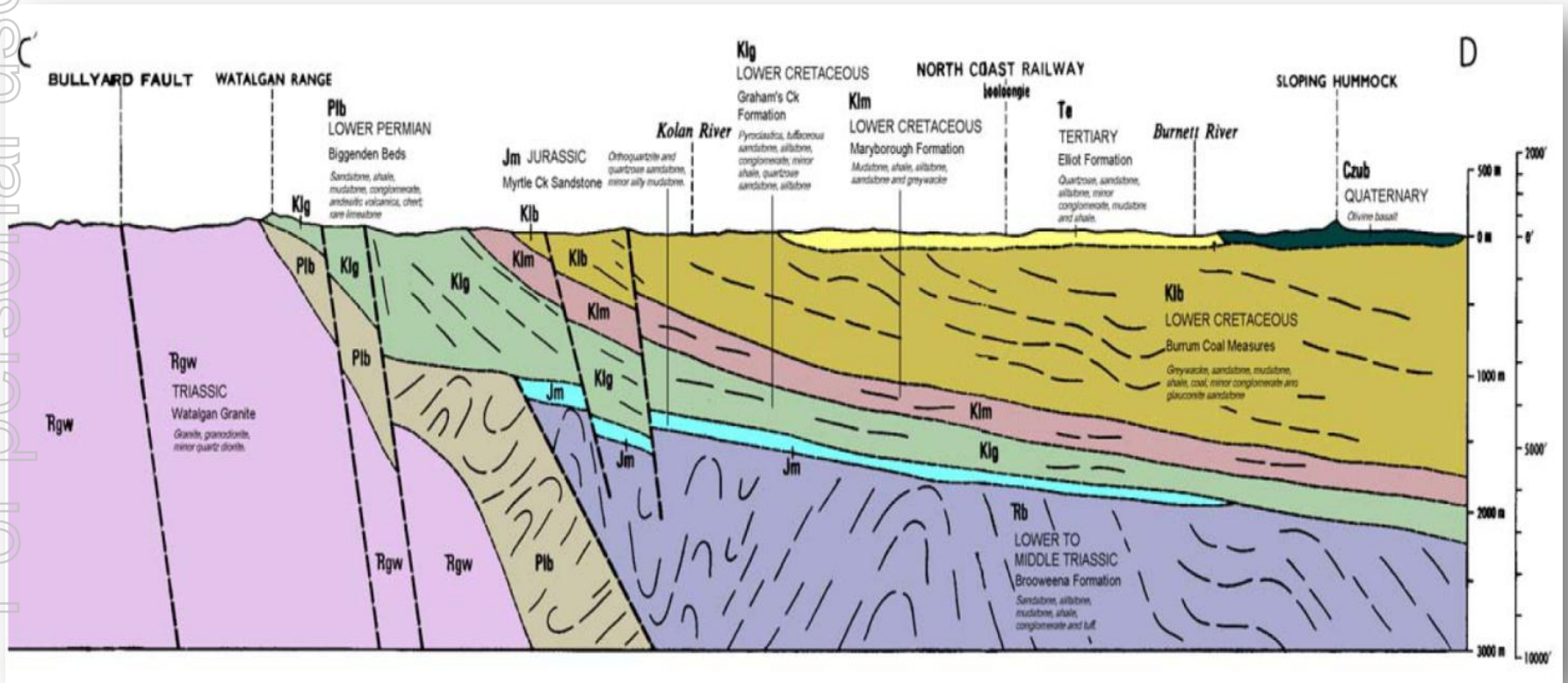
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# Bundaberg Project

## Cross Section



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## Bundaberg Project

### Nearby explorers

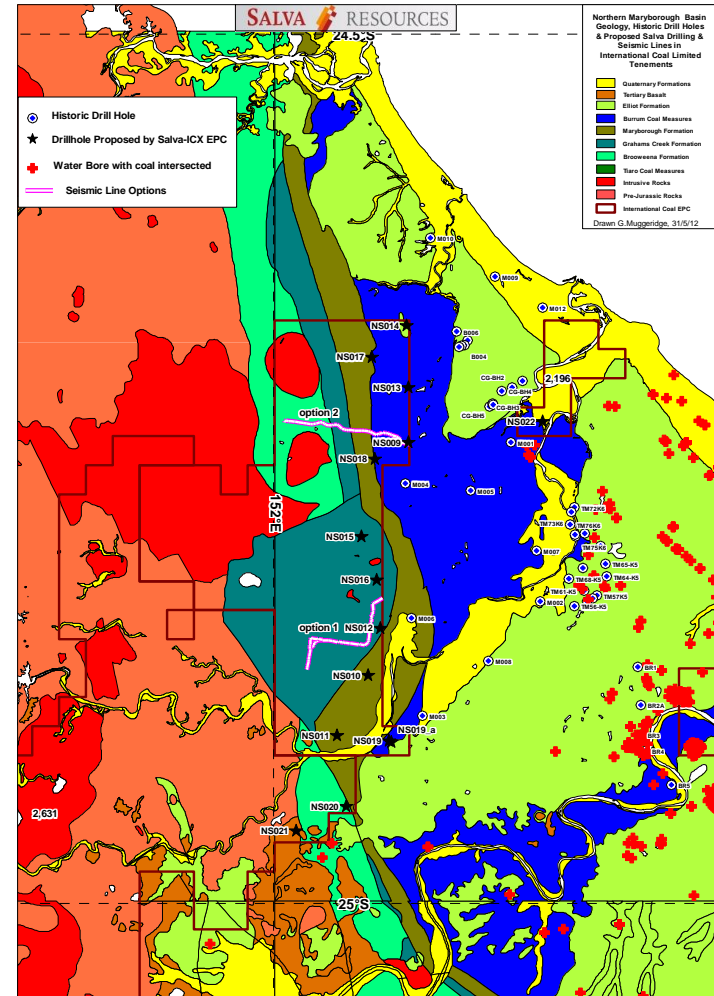
- Northern Energy Limited (Now owned by New Hope):
  - Proposed Colton Mine located 45 km to the south of the Bundaberg Project.
  - 105 Mt in resources.
  - Hard Coking Coal (crucible swell numbers >8) within in the Burrum Coal Measures.
  - Recent takeover by New Hope.
- EPC 2194 adjacent to Guildford Coal's (ASX: GUF) EPC 1872 where current coal exploration is being concluded.



# Bundaberg Project

## Exploration Programme

- Year 1
  - 10 – 12 holes
  - Seismic testing
  - Assessment of core
- Year 2
  - Potential further drilling
  - Coal quality testing



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## South Blackall Projects

### ➤ Current Activity

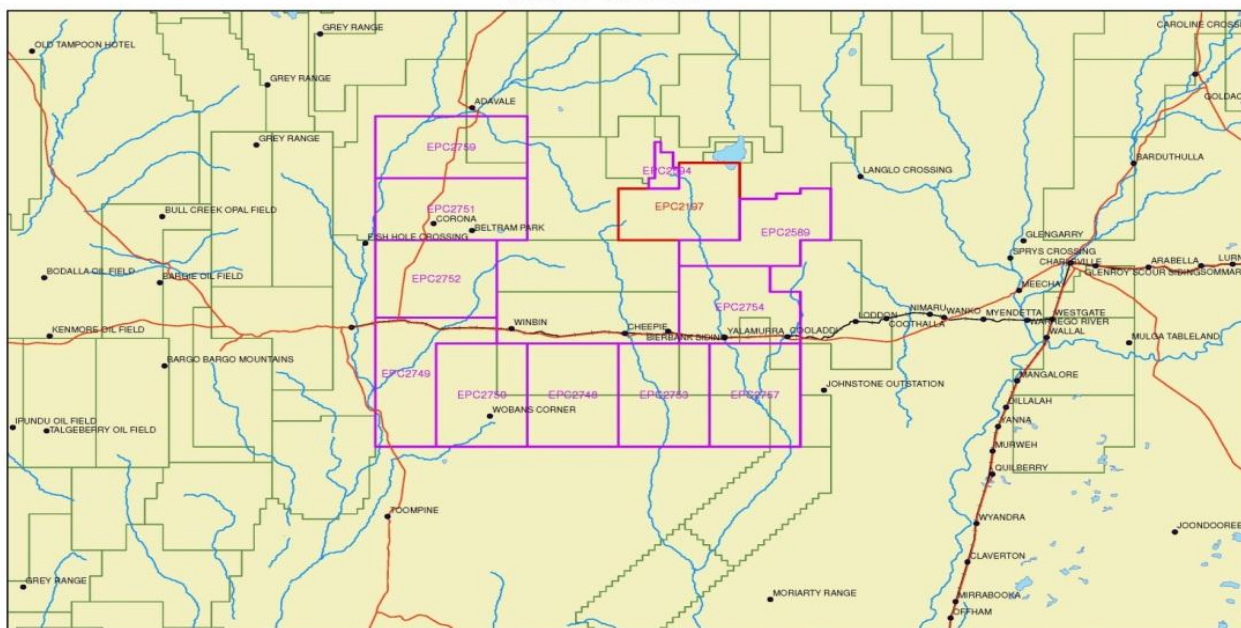
- Phase 2 drill program underway to identify shallow seams & continuity on EPC2197.
- Plan to substantially increase resource size
- Concept study over project area & infrastructure development underway
- ICX is actively progressing investor discussions about developing this region into the new coal precinct in Qld.



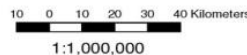
# South Blackall Projects

➤ All projects including EPC2197

International Coal Limited  
Plan Showing Exploration Tenure for Coal in Queensland  
West of Charleville



Projection: GCS\_GDA\_1994



**Legend**

- International Coal Ltd EPC Applications
- Gen Resources Pty Ltd EPC's
- EPC's OTHER

DRAFTED BY P.DAVIS  
5/12/2011

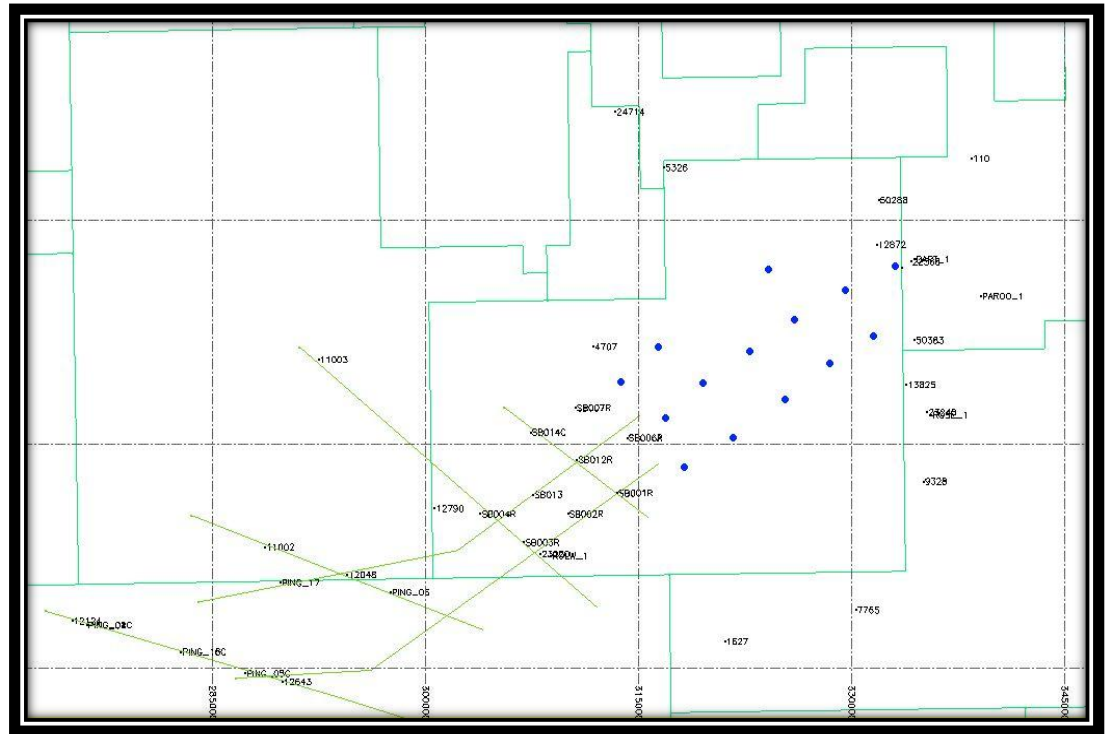
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## South Blackall Project – Exploration Programme

- ▶ Year 1
  - ▶ 14 holes drilled
  - ▶ Core taken and analyzed
  - ▶ \$900,000 spent
  - ▶ Resource achieved
  
- ▶ Year 2
  - ▶ 10-15 Holes planning
  - ▶ Coal Quality Testing ongoing
  - ▶ \$1,000,000 to spend
  - ▶ Better understanding of geology and quality
  - ▶ Concept study
  - ▶ Substantial increase to JORC resource
  - ▶ Additional drill holes over site – see map



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# South Blackall Project – JORC Calculation

Substantial coal within shallow depth

Best seams are the largest with high raw Calorific Values

Substantial JORC resource of quality from minimal seams with ongoing assessment to prove this theory

Formation	Seam	Area	Seam Thickness	Depth Band (m)	Volume	Wet, insitu Relative Density	Average Raw Ash	Average raw Gross Calorific Value	Mass	Unexpected Geological Loss	Residual Insitu Mass
		km <sup>2</sup>	m		km <sup>3</sup>	kg/m <sup>3</sup>	%adb	(MJ/kg)	Mt	%vol	Mt
Winton	WN01	8.01	0.38	38 -250	3.05	1.45	49.1	11.22	4.43	15.0	3.76
Winton	WN02	46.56	1.00	38 -250	46.78	1.45	35.6	13.77	67.83	15.0	57.66
Winton	WN03	80.66	1.26	38 -250	102.01	1.45	15.3	18.68	147.92	15.0	125.73
Winton	WN04	40.58	0.66	38 -250	26.71	1.45	34.9	13.10	38.74	15.0	32.93
Winton	WN05	67.46	1.09	38 -250	73.63	1.45	25.7	16.15	106.76	15.0	90.75
Winton	WN06	55.49	1.32	38 -250	73.06	1.45	38.4	13.13	105.93	15.0	90.04
Winton	WN07	48.80	0.76	38 -250	37.20	1.45	23.0	16.99	53.94	15.0	45.85
Winton	WN08	101.49	1.07	38 -250	109.02	1.45	11.2	20.49	158.08	15.0	134.36
Winton	WN09	29.51	0.45	38 -250	13.29	1.45	49.0	10.46	19.28	15.0	16.38
Winton	WN10	54.03	0.40	38 -250	21.53	1.45	47.0	10.80	31.22	15.0	26.54
Winton	WN11	51.59	0.87	38 -250	44.69	1.45	18.5	18.17	64.80	15.0	55.08
Winton	WN12	34.65	0.81	38 -250	28.21	1.45	9.7	21.09	40.91	15.0	34.77
Winton	WN13	1.36	0.07	38 -250	0.09	1.45	-	-	0.14	15.0	-
Winton	WN14	9.48	1.06	38 -250	10.02	1.45	34.5	13.84	14.53	15.0	12.35
Winton	WN15	6.73	0.31	38 -250	2.10	1.45	36.0	12.99	3.04	15.0	2.58
Winton	WN17	2.31	0.31	38 -250	0.72	1.45	-	-	1.04	15.0	-
Winton	WN20	1.46	0.17	38 -250	0.25	1.45	-	-	0.37	15.0	-
Mackunda	MAK01	4.40	0.38	60 - 300	1.68	1.50	-	-	2.52	20.0	-
Mackunda	MAK02	3.73	0.46	60 - 300	1.70	1.50	-	-	2.55	20.0	-
Mackunda	MAK03	3.05	0.67	60 - 300	2.03	1.50	37.0	12.78	3.04	20.0	-
Mackunda	MAK04	2.85	0.18	60 - 300	0.50	1.50	-	-	0.75	20.0	-
Mackunda	MAK05	2.23	0.25	60 - 300	0.55	1.50	-	-	0.82	20.0	-
			<b>13.93</b>						<b>868.62</b>		<b>728.79</b>

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# **SUMMARY AND STRATEGIC OUTLOOK**

## **International Coal:**

- has acquired quality projects adjacent to existing projects and within defined Geological Systems.
- is focused on drilling and exploration – a JORC resource upgrade in the short term is expected.
- Bundaberg project Farm-in / JV provides a clear path to development
- Focus on concept study development to bring projects to development within defined timeframes

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## COMPETENT PERSON'S STATEMENT

Technical information relating to the coal projects in this announcement has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy and has over 24 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 Minerals Resources and Reserves (JORC) 2004.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 1st August 2011 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code). 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

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