



ASX Announcement

17 October 2013

Dear Shareholders

The purpose of this letter is to keep you up to date with what your Company is doing to protect your interests in the Doyles Creek Project in NSW following the recent report by the Independent Commission Against Corruption (**ICAC**) into Operation Acacia.

The ICAC Report on Operation Acacia (August 2013)

The ICAC has found that former Minister Macdonald and Messrs Maitland, Ransley, Poole and Chester engaged in 'corrupt conduct', as defined in the *Independent Commission Against Corruption Act 1988*, during the process that led to Doyles Creek Mining Pty Ltd (**DCM**) being granted Exploration Licence 7270 (**EL 7270**) in 2008. The Commission has made recommendations pursuant to its findings that certain matters should be referred to the NSW Director of Public Prosecutions (**DPP**) and the NSW Crime Commission. The circumstances of the corrupt conduct as reported by the Commissioner were not, and could not have been, known to NuCoal at the time NuCoal purchased DCM. Your Company is an innocent party in this matter.

ICAC Report on Mining Tenements (due by end 2013)

The final ICAC report is due by the end of 2013 and it may contain recommendations regarding EL 7270. If the Commission maintains its announced timetable, the inquiry will have taken 25 months to reach a conclusion. This is an extraordinary amount of time which has been made less tolerable for NuCoal's shareholders by the fact that much of the period was taken waiting on matters that have no relationship to NuCoal and DCM at all, particularly Operations Jasper and Indus. After the ICAC report is delivered, the NSW Government has no publicly stated timetable for action on the ICAC recommendations, so there may be another indeterminate wait until the uncertainty created by the ICAC investigations is concluded.

Until ICAC's recommendations are made and considered by the NSW Government, NuCoal will continue to be in the difficult position of not having certainty as to its security of tenure or a clear course of action for compensation for its losses.

ASX:NCR • Share Information

Issued Shares: 768.6m

Registered Office

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Board of Directors

Chairman:

G. Galt

Managing Director:

G. Lewis

Non Executive Director:

J. Beecher

Non Executive Director:

M. Davies

Company Secretary:

M. Etcell

Key Projects

Doyles Creek Mining Pty Ltd

Hunter Valley NSW

Tenement: EL7270

Ownership: 100%

Doyles Creek Underground Mine Training School

Contact: Maree Roberts

Dellworth Pty Ltd

Hunter Valley NSW

Tenements: EL6594 & EL6812

Ownership: 100%

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Protecting NuCoal's Legal Position

Given this situation the NuCoal Board has determined to take whatever realistic steps it can to protect the Company's legal position, especially taking into account the elapse of time and the potential for future actions by NuCoal to become statute barred. Shareholders are advised that the following initiatives are being pursued forthwith:

a) Potential Mandamus Against Minister for Mineral Resources

NuCoal applied to the Minister for Mineral Resources for the renewal of EL 7270 and for the grant of assessment leases (ALAs 48 and 49) across most of the area covered by EL 7270 before the term of EL 7270 expired. These applications have not yet been determined by the Minister.

DCM has recently written to the Minister for Mineral Resources requesting him to determine all outstanding applications made under the *Mining Act 1992* by 31 January 2014. If this does not occur, DCM has indicated it will file proceedings in the Land and Environment Court of NSW seeking a mandatory order from the Court requiring that the Minister determine the outstanding applications.

b) Action against former Minister MacDonald and the NSW Government

The ICAC report found circumstances that could establish that former Minister MacDonald had committed the common law crime of 'misconduct in public office' (**Criminal MIPO**) and recommended that the circumstances be referred to the DPP to determine whether criminal charges should be laid against the former Minister.

The elements of Criminal MIPO are materially similar to the tort of 'misfeasance in public office' (**Civil MIPO**) which, if proven, could be the basis for an entitlement to damages from the former Minister and the State of NSW.

The NuCoal Board has therefore instructed its lawyers to commence preparation of the necessary documents required to initiate proceedings based on Civil MIPO. If this action ultimately becomes necessary and is successful, it may result in compensation from the NSW Government by operation of the *Law Reform (Vicarious Liability) Act 1983*.

Yours sincerely



Gordon Galt
Chairman
NuCoal Resources Ltd

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