



ENSHAM
RESOURCES
PTY LIMITED

ABN 23 011 048 678

As Operator of the
Ensham Coal Project

Level 18, AMP Place
10 Eagle Street
GPO Box 814
Brisbane Qld 4001
Australia

Telephone:
+61 7 3221 1201

Facsimile:
+61 7 3221 1225

Website:
www.ensham.com.au

The Ensham Coal Project
is a joint venture of the
following companies which
are liable severally in the
following proportions:

Bligh Coal Limited
ABN 20 010 186 393
47.5%

Idemitsu Australia
Resources Pty Ltd
ABN 45 010 236 272
37.5%

LG International
(Australia) Pty Limited
ABN 2 002 806 831
15.0%

14 October 2011

Dear Stakeholder

Since 2008, significant wet weather events have severely impacted communities throughout Central Queensland, and Ensham Mine is no exception. As a result of rainfall well above the 10-year average during 2009 and 2010, by late-2010 we had unintentionally collected a significant amount of water in our mining pits.

In December 2010 under a Transitional Environmental Program (TEP) approved by the Department of Environmental Management (DERM), Ensham released 7,000 ML of water without report of environmental harm. However by the end of the 2010 wet season, rainfall had replaced most of the water released, returning the amount of water stored on site to 20,000 ML.

This water is being temporarily stored in a number of Ensham's mine pits. As a result, we are unable to restore the onsite water balance using our permanent water storage facilities or access the coal stock within these pits which comprises a large proportion of our coal resource.

TEP application

It is critical to Ensham's operations that we restore the water balance on site in a safe and timely manner and are able to recommence operations in affected mining pits.

Under DERM's Fitzroy Model Water Conditions, the removal of the surplus 20,000 ML of water temporarily stored at Ensham would take many years, making it unlikely that Ensham would achieve water balance within a reasonable timeframe.

Today Ensham lodged an application with DERM for a TEP to authorise the controlled release of the 20,000 ML of excess water.

Our application proposes to release a maximum water volume of 300 ML/day while the Nogoa River is experiencing high flows of up to 30,000 ML/day to ensure adequate dilution and protection of the water quality.

Water quality will be closely monitored during the water release, in accordance with the TEP conditions. This will involve sampling and field or laboratory analysis of the release water and in the Nogoa River at a number of locations upstream and downstream of the Ensham mine site and the results will be provided to DERM and made available on our website.

Once the excess water has been removed in accordance with the TEP and the water balance is restored onsite, the water balance will be maintained in line with the Fitzroy Model Water Conditions.

Next steps

More information about our TEP proposal is available on Ensham's website:
www.ensham.com.au.]

Over the next few days either myself or senior Ensham staff will be in contact with you to explain in more detail our proposed activities. In the meantime, if you have any questions or require any further information, please feel free to contact us directly.

I thank you in advance for your consideration of these issues.

Yours sincerely

Peter Westerhuis

Chief Executive Officer