

Submission
No 2

**INQUIRY INTO MINING AMENDMENT
(COMPENSATION FOR CANCELLATION OF
EXPLORATION LICENCE) BILL 2019**

Name: Mr Frank Pfeffer
Date Received: 3 July 2019

Partially
Confidential

Dear Honorable Committee Members,

I am writing this submission on behalf of the United States direct investors in NuCoal Resources (NCR), as well as the indirect United States Limited partners in Taurus Funds Management, who were a significant shareholder and driver for the listing of NCR.

By way of background, I am 65 years old, have been working since I am 10 years old and have been fortunate enough to be in the investment management business for over 30 years. The thirty plus direct investors in NuCoal are close friends and family members, as well as some long-standing business clients. The limited partners in Taurus are large institutional investors that, on a look through basis, represent in excess of 100,000 retirement plan beneficiaries and retirees. I introduced them all to NuCoal directly or through the Taurus partnership.

In general, I would consider myself to be a very experienced investor and someone that my clients or friends trust to do my homework – with my considerable experience, I clearly understand that Mining investments can be risky. In the case of NuCoal, I was able to get to know the Managing Director, _____, a highly experienced and trustworthy Mining Executive. I knew the senior members of the Board of Directors _____ (Principals of Taurus) very well, as I had worked extensively with them on other investments. They are also extraordinary mining professionals of the highest integrity. I reviewed all the information on NCR's resource, the Mining plan, the financials, the potential off-takers and I studied the mid and long-term outlook for metallurgical coal. My fellow investors and I, after weighing all the known risks, made substantial investments (for us) in NCR.

As you know, the valuation of NCR grew significantly as the price of the stock went from 10 cents per share to 62 cents per share due to the efforts of the firm in executing on its strategy and delivering a proven reserve. And then ICAC got involved with the original lease holder, Doyles Creek Mining. Given my intimate knowledge of the arm's length transaction and the Taurus and NCR people involved, I definitively knew that there was no wrongdoing on their part. In fact, I added significantly to my NCR holdings given the confidence I had in the facts.

When the ICAC reported their findings two years later, I was stunned that they recommended expunging the license but was somewhat comforted that they recommended explicitly compensating the innocent shareholders of NCR. When the New South Wales legislature agreed and decided within a few days to expunge the license and **not** provide compensation, with no recourse for a fair resolution, I was distressed and in absolute disbelief. To reiterate, NCR was never part of the ICAC investigation and was publicly announced to be an innocent bystander.

The fact is, I probably knew more about my NCR investment than I did on any other investment that I have ever made. I believed I weighed the risks carefully. What I

never contemplated was political risk- something that is usually associated with such morally disreputable countries such as the Democratic Republic of the Congo or Venezuela, **but never Australia**. This situation has made me question everything I know about investing.

I have been spending the last 5 years writing letters, meeting with the U.S. Trade Representative office, the Australian Trade Ministry in Washington D.C. and countless U.S legislators. All in the hope that, somehow, the innocent U.S. shareholders of NCR (and our counterparts in Australia) would get a fair day in Court or Arbitration. With the established facts clear, I believe wholeheartedly that justice will prevail and perhaps I personally can regain my belief in the **rule of law**.

Today, Honorable Committee Members, you have the opportunity to right a serious injustice. On behalf of all the investors in NCR, I ask that you support the progression of the proposed Bill so that innocent victims in this nightmare, can finally receive Natural Justice and have their case Independently considered.

Thank you very much for this opportunity to make a submission.

Sincerely,

Frank Pfeffer