



บริษัท ท่าอากาศยาน จำกัด (มหาชน)

TONGKAH HARBOUR PUBLIC COMPANY LIMITED

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Dear Shareholders,

I would like to inform all of you that the printed version of the Annual Report 2010 and a Supplementary Analysis of Tungcum's environmental practices have been dispatched.

Recently, a Cabinet Resolution was passed to delay the issuance of any new licenses, pending further investigation of the environmental impact of Tungcum's operations including, alleged use of mercury and cyanide. Our lead geologist, Dr.J.P Mills has formulated an in-depth report in an effort to clarify Tungcum's policies and environmental review. Dr.Mills' report details "a review into allegations that is mining in Loei Province has led to environmental contamination and toxic element leakage from its TSF installation", and is based upon numerous Tungcum geological surveys, site engineering and environmental monitoring results compiled since 1995 (prior to the commencement of mining).

Both Dr.Mill's report and the Company's Annual Report 2010 will be available online shortly. In the mean time, we would like to post a "Professional Observation on the operations of Tungcum Limited", discussing the key development milestones and scientific underpinnings of our project.

Various allegations have been put forth by different parties on the Company's practices in Loei, in particular by NGO groups, and the Company wishes to convey factual explanations to counter any allegations.

Best regards,

Mr. Ronald Ng Wai Choi

Managing Director

TUNGKUM LIMITED, A PROFESSIONAL OBSERVATION

Tungum Limited (TKL), majority owned and operated by TongkahHarbour Public Company Limited (THL) has been in operation since obtaining its concession in November 1991, and in production since September 2006, even though it had mine plans approved in December 1996. The obvious question is-- what took so long in getting into production?

Two major factors are remembered in this case- 1) Upon having mining plans accepted in fairly short order, it then took years to progress through a maze of approvals by many government departments- about thirteen in all, for the mining license. The concept of introducing a one stop approach to licensing still remains an idea. 2) The banking industry in Thailand, as well as the SET had little-to-no experience in mine financing; so, after licensing, it took several more years to obtain project financing through the Thai banking system; and even then on terms not reasonable to the mining industry.

Given the above learning curve, the observant investor would then be surprised to find discrepancies occurring when comparing the Concession terms of Agreement [the Agreement] with terms later imposed unilaterally on TKL's mining venture by various Government agencies, even before production began. Most significantly being the entry of the ALRO into the picture and its imposition of land rental fees plus other fees that would later amount to a doubling of TKL's royalty payments [arguably, the payments are the highest direct royalty payments in the mining industry, world-wide].

The fact that the mining sites occur on lands declared unsuitable for agriculture [being rocky hill slope areas with thin infertile soil cover and no agricultural development], and being one of the key points in being granted the mining licenses, apparently, irrelevant.

Ongoing during the production phase, and now, TKL still wrestles with the ALRO in court in efforts to have the double royalty claims declared illegal or dropped. In addition, TKL is being plagued with an ongoing mish-mash of bureaucratic, disjointed spot demands, along with NGO harassment based on allegations of TKL malpractice including environmental contamination. Although decidedly lacking in substantiation, said allegations have been harbored by the Government to the point where the Cabinet has declared a halt to further TKL expansion pending an investigation into the NGO's allegations; all this said and done [behind closed doors] without inviting a response from TKL management.

The net effect of this very unrewarding working environment has been a total disregard for TKL's terms of contract [Concession Agreement] and a future without any signs of stability in which the now stressed out shareholders can place confidence. One might ask- what led to this about turn from the initial positive approach to the mining project by both the Government of the time, the local community counsel, and the TKL management? Looking into TKL's Background, one would note a well-founded setup and progression of development and production along recognized professional lines wherein the following points have been included:

1. Declaration of the region as a mining area. Pursuant to extensive Government sponsored regional mineral surveys conducted during the 1960's into the 1980's, the Loei province region was found to host widespread base metal and gold mineralization and subsequently, the Government's delineation of the region as a mining area. The declaration then led to the designation of concession areas put up for bidding

2. TKL's LegalityThe mining project is on solid legal and practical grounds with its concession [the Block 4 Concession]won in competitive bidding and granted in 1991pursuant to fulfilling prescribed requirements including the signature bonus. Upon following due process, TKL was granted six mining licenses (ML's) in 2003, valid for 25 years (+) after having made economically viable deposit discoveries, and mining plans accepted in December 1995.

3. Development and Foundation Setting The project facilitiesare located on massive granitic [granodiorite] rock with overlying insitu unconsolidated material highly suited for compaction, thus forming a safe foundation for the tailings storage facility [TSF] and dam construction. The foundation surveys were done under accredited third party engineering supervision. A watershed divide or boundary separates the mine's watershed from that of the nearby village environs.

[Recognition of this natural divide is fundamental in sourcing and evaluating any surface or groundwater contamination, or other ill-health problems.]

4. Pre-Mining and Ongoing third party monitoringSurveys.Pre-mining background surveys done byKhonKaen University[KKU] in 1995 and 2005-6 (and Government surveys published in 2002 and 2008) show results pervasively higher than standard safe limits across the region, including the village environs and the pre-mining operations area, particularly for cyanide, arsenic, and lead.

However, ongoing monitoring at prescribed locations within and around the mining operation show element concentrations consistently within the generally accepted safe limits,and with no sign of leakage from the tailings storage facility (TSF).

5. Regional and local benefits. TKL's operation maintains many local benefits including- large area employer- employing some 380 people mainly from nearby areas, large regional payrolland local business stimulus amounting to millions of Baht per month, community services, technology transfer in many skills, and brings foreign exchange into the national economy.

This is a significant local statistic given that the mining area is not suited for agriculture and held no forest of primary or timber quality.

6. Up-to-date mining and processing practice. The project uses up-to-date modern equipment with design, installation, and inspection, pursuant to internationally accredited design and consulting expertise.

7. Cooperation with DPIM and OEPP Government Departments. Throughout its operations, TKL has maintained close cooperation with the above departments in planning and environment management practice

8. On-siteHealth Monitoring Services- In cooperation with the nearby Wangsapung Hospital, TKL maintains a qualified nursing staff on site for all shifts. The ongoing monitoring has not disclosed any ill health problems among the mine's work force

9, Pervasive Mineralization and Environment Impact.The widespread existence of mineralized veining (gold-base metal ore minerals with sulfides and arsenic) across Loei province, including the village environs concerned here, will be an ongoing permanent, fundamental, consideration in evaluating any surface and groundwater in relation to health issues.

10, Sampling Practice.Soil, surface and groundwater, test results in relation to health issues and contamination sources are only reliable in so far as sampling technique, and all environmental factors in

action at the time the samples were taken, are noted and duly considered by qualified expertise. At TKL sampling for environmental purposes is done by qualified personnel under these guidelines.

11. Allegations by NGO's Against TKL's Operation. Since mine production began in 2006, agitation against the operation has been intensified led largely by regional NGO groups. However, the allegations [mainly on health issues] made against the mine are generally rhetorical in nature and without any factual data relating said allegations to the mine's activities.

Given the above points of discussion, TKL's mining operation is founded on solid grounds, developed under qualified supervision, and is operating in a professional manner. The NGO allegations being made against its existence are without reason; there are no substantiated professional malpractice indications being put forth, merely allegations. Moreover, the Government [at least some influential element within it], in passing an entirely one-sided Cabinet resolution, was apparent sympathy with the NGO's allegations in forcing unilateral action on behalf of the NGO's without offering TKL a chance to make any statement in its defense.

These pressure tactics leads one to wonder what the real reason is for the ongoing outcry against TKL? Is there a hidden agenda here being played out under the guise of environmental activists as a cover; and, possibly, in association with special interests and/or political entities? If so, the future looks bleak for any mining venture [or comparative industry] in Thailand hoping to succeed through due process of agreement, performance, and recognized professional practice,