

31 October 2013

QBL expands its portfolio of coal projects in Mozambique

The Company is pleased to advise that it has entered into a further agreement with Regius Coal to include all of Regius Coal's assets in Mozambique.

Previously the agreement with Regius Coal Mining Ltd (RCML) and QBL only included agreements over two licenses being licenses 4070L and 4169L in Mozambique. The new agreement now includes all of Regius Coal's assets, which includes agreements over licenses 2232L, 4185L and applications for licenses 5038L, 5084L and 5085L. Current effective ownership of Regius of these further licenses are 20% over 2232L, 70% over 4185L and 5% on the applications. Regius has option agreements to earn further interests in these projects as set out in the annexure.

The previous agreement with Regius and QBL would have required a new SPV company to be set up to transfer Regius' interests in 4070L and 4169L to form a joint venture company with QBL. The new agreement simplifies the arrangement giving QBL the option, for the same expenditure as previously agreed and announced, to earn up to a 51% interest directly in Regius Coal Pty Ltd (RCPL), the subsidiary company of RCML. RCPL is the company that holds the rights to the agreements on the assets in Mozambique. There are no additional expenditure obligations on QBL as a result of the new agreement.

This is a superior outcome for QBL and Regius, as it gives QBL a larger potential asset base, gives a longer time frame in which to evaluate and determine which assets the JV wishes to further develop, and simplifies the arrangement for both QBL and Regius with greater flexibility on the allocation of the agreed expenditure over all of Regius Coal's assets, and not just on the two projects originally included.

QBL now has the option over the next 12 months to spend up to \$750,000 on RCPL's assets to earn a 35% interest directly into RCPL, with a further option over the following 18 months to invest an additional \$1.2M to earn pro rata up to a 51% interest in RCPL.

As previously announced, should QBL exercise these options to earn an interest in RCPL, and should expenditure exceed these amounts following the exercise of the options, prior to any such further expenditure, the company will be in further discussions with the ASX to see if there are any implications for needing to recompile with Chapters 1 and 2 of the ASX Listing Rules.

Both QBL and Regius look forward to working together in developing these assets in this highly prospective coal bearing region.

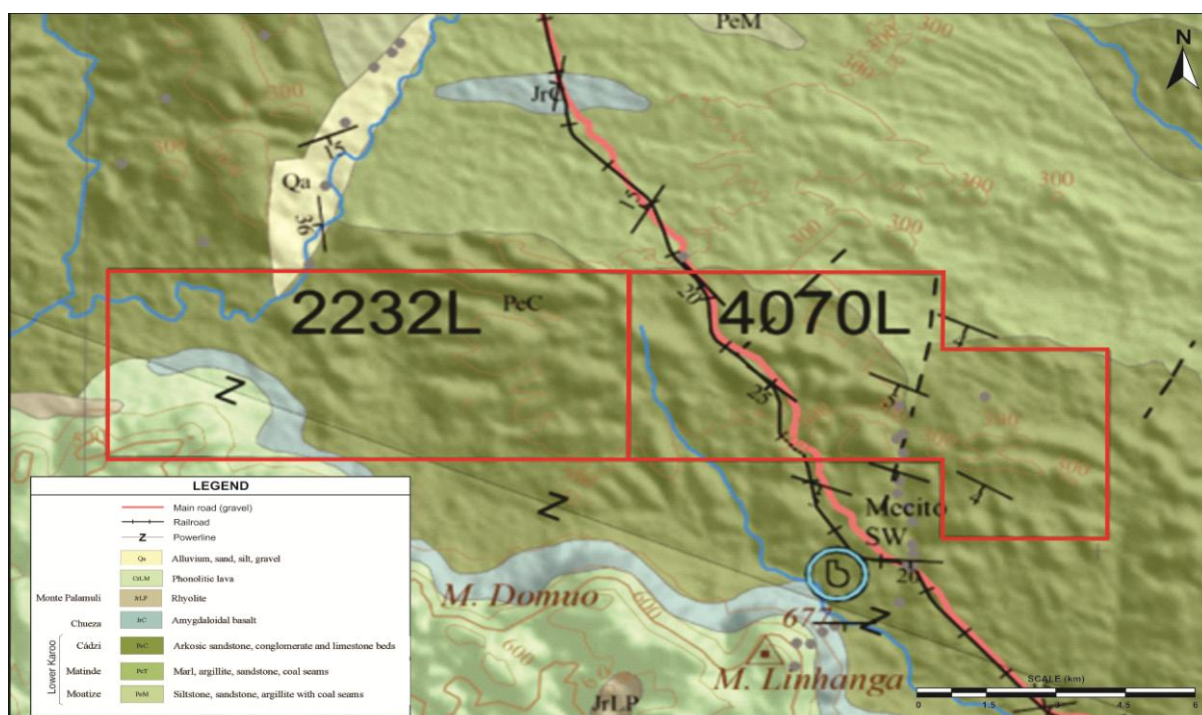
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Appendix 1 – License Summary

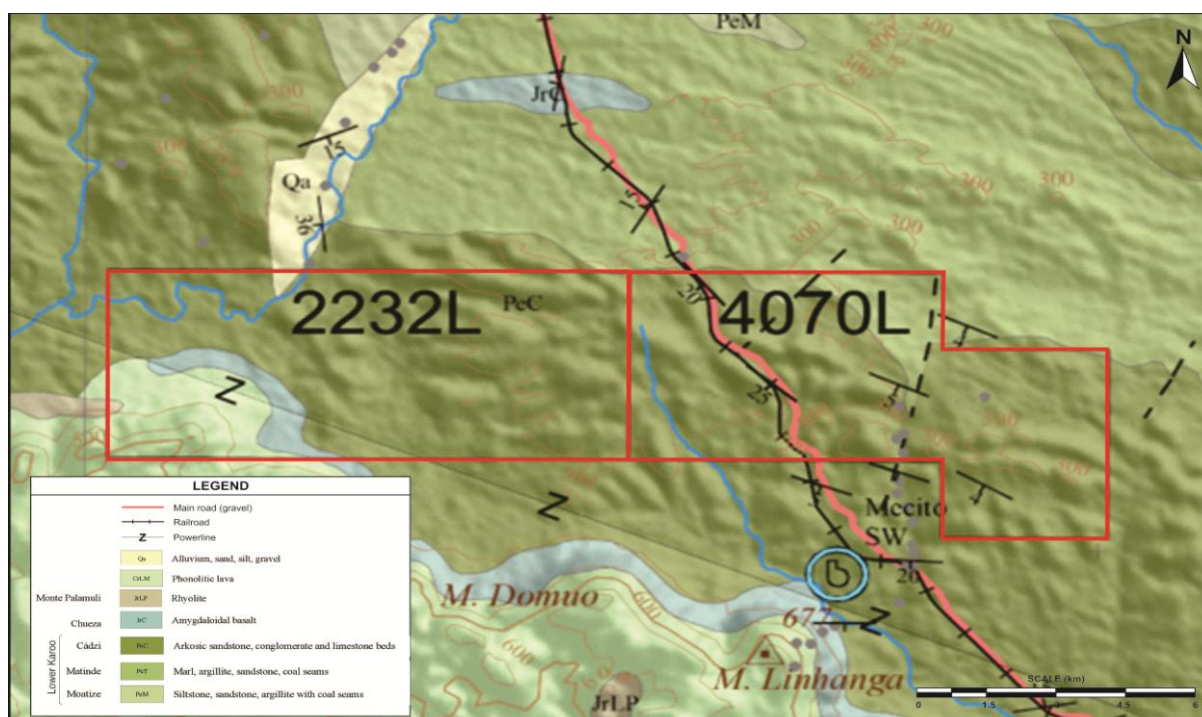
License	4070L
About	■ Located 70km Southeast of Tete in the Moatize-Minjova sub-basin ■ 5,000 ha underlain with Lower Karoo sediments ■ Adjacent to Rio Tinto eastern licenses ■ Matinde formation and 3m coal outcrop in northeast of 4070L, interpreted to be shallow dipping (<5deg) ■ Sena Railway to Beira transects 4070L with derelict sidings present on license area
Status	Granted
Existing Interest	80%
Nature of Interest	Regius Coal is the legal and beneficial owner of 80% of the shares on issue in Extra Minerais Lda, the company holding license number 4070L
Other Shareholders in Extra Minerais Lda	20% of shares in Extra Minerais Lda are held by Mr. Carlos Venichand
Final Payments Required in relation to the Existing Interest of 80% ¹	US\$900,000
Performance Payments	Nil

1. The Final payment of US\$900,000 relates to the acquisition of 80% of the shares in Extra Minerais Lda from Mr. Carlos Venichand, the holder of license 4070L. There is no final agreed date for payment of this amount, although interest accrues and is payable on amounts outstanding at a rate of 5% above the 6 month LIBOR. Regius Coal has pre-paid interest to the vendor to the sum of US\$300,000. Despite the Final Payment not yet being paid by Regius Coal, Regius Coal is the still the existing holder of an 80% interest in Extra Minerais Lda and subsequently an 80% interest holder in license 4070L.

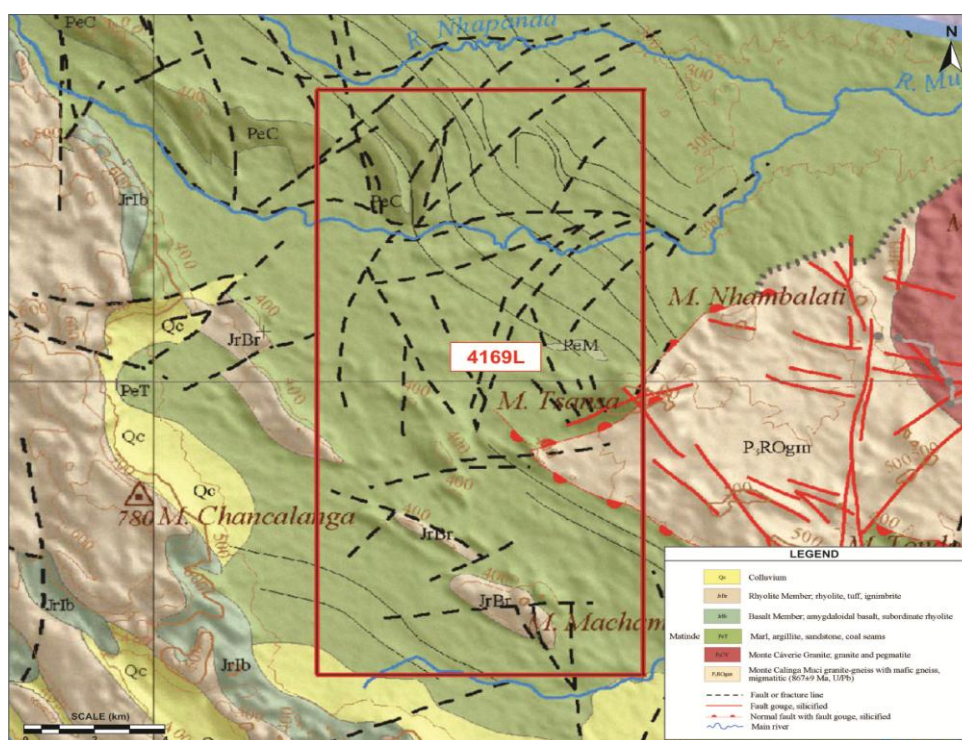


License	2232L
About	■ Located 70km Southeast of Tete in the Moatize-Minjova sub-basin ■ Adjacent to Rio Tinto eastern licenses ■ 5,000 ha, majority underlain with Lower Karoo sediments
Status	Granted
Existing Interest	20%
Rights to Acquire	80%
Additional Payments Required in relation to the Existing Interest of 20%	US\$225,000 payable in June 2013* US\$338,250 payable end of February 2014
Conditional Purchase Price for Additional 60% equity (can acquire further 60% equity if either of the minimum thresholds are met)	Thermal Coal JORC Inferred Resource - US\$2m + US\$0.005/t over 100Mt up to a maximum additional US\$3m Coking Coal JORC Reserve - US\$10m for min 50Mt + US\$0.06/t up to a maximum additional US\$5m

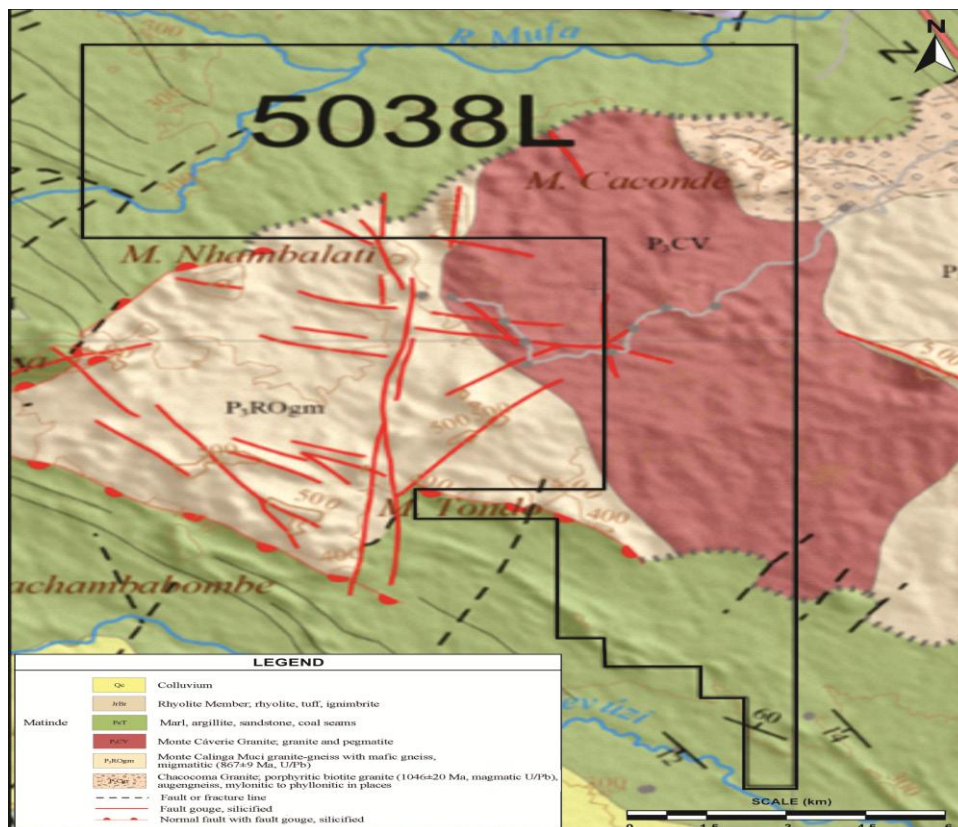
*Regius Coal is in discussion with the vendors of this license to defer this payment until the license is further reviewed by QBL's geologists for its development potential.



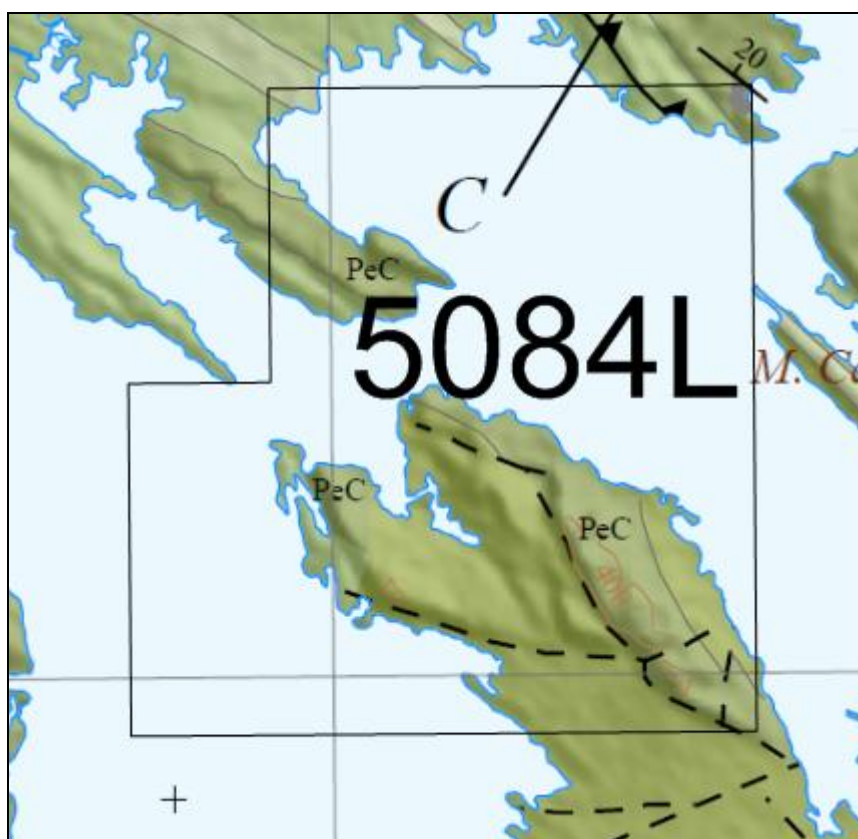
License	4169L
About	- License previously held by Riversdale (Rio Tinto) 17,000ha in size, 95% underlain with Lower Karoo sediments - In Joint Venture/earn in with SPI – Gestão e Participações, S.A.R.L(“SPI”) Mozambican government investment company - Borders license 5038L to the east 30-50km south of ENRC Estima & Jindal - Basin very well developed in the Northern section
Status	Granted
Existing Interest	Management control over the project, and right to acquire an initial 20% interest through the payment of US\$750,000 ¹ to SPI
Nature of Interest	Regius Coal has entered a binding agreement to acquire 20% of the shares on issue in Massimbe S.A, the company holding license 4169L through the payment of US\$750,000
Other Shareholders in Massimbe S.A.	3 Mozambican Companies: SPI – Gestão e Participações, S.A.R.L, Touch Publicidade, S.A & Nduku Investimentos, S.A
Payment Required to acquire an initial 20% interest	US\$750,000 ¹
Rights to Acquire up to	85%
Earn In & Performance Payments in relation to moving to an 85% interest	\$1m upon proving 100Mt Thermal Coal JORC Inferred Resource \$4m upon Resource upgrade to 100Mt min Thermal JORC Indicated to acquire a further 15% further equity. \$20m upon JORC Coal Reserve of minimum 100Mt (30% further equity) Final equity (20%) can be bought at commercial value less 10% discount following proving a JORC Reserve of minimum 450Mt. Coking Coal JORC Reserve - additional payment of \$0.05 per ton of JORC Coking Coal Reserves up to \$10m maximum (payments to Mozambican minority shareholders for all JORC compliant Coking Coal Reserves a defined on license 4169L)



License	5038L
About	■ Located <50km west of Tete in the Sanangoe-Mefideze sub-basin & RIO's Benga project ■ 30km south of JINDAL's +1200Mt project and 50km south of ENRC's +1Bt Estima project ■ 14,380ha in total, of which 7,400ha underlain with Lower Karoo ■ 6 coal seams in Sanangoe-Mefideze sub-basin. Lower seam correlates with Chipanga seam of Moatize area.
Status	Application
Existing Interest	5%
Rights to Acquire	Up to 80%
Additional Payments Required to acquire an 80% interest	\$130,000 within 7 business days from issuance of license 5085L \$435,009.25 payable upon executing the definitive sale agreements which should occur within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest	Thermal Coal JORC Reserve - US\$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US\$2m Coking Coal JORC Reserve - US\$10m for minimum 100Mt + US\$0.05/t over 100Mt to maximum additional US\$3m



License	5084L
About	■ Located 250km northwest of Tete on the Cahora Bassa dam in the Mecanha-Vuzi sub-basin. ■ 8,860 ha in total of which 2,650 ha underlain with Lower Karoo sediments. ■ Bordering and opposite ENRC North Shore concessions. ■ Portuguese proved coal in western Cahora Bassa area when planning the dam.
Status	Application
Existing Interest	20%
Rights to Acquire	80%
Additional Payments Required to acquire an 80% interest	\$50,000 within 7 business days from issuance of license 5084L \$167,311.25 payable upon executing the definitive sale agreements which should be within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest in MEDC Lda	Thermal Coal JORC Reserve - US\$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US\$2m Coking Coal JORC Reserve - US\$4m for minimum 50Mt + US\$0.05/t over 50Mt to maximum additional US\$3m



License	5085L
About	160km West of Tete. 7,940 ha in total of which 1,700 ha underlain with Lower Karoo.
Status	Application
Existing Interest	5%
Rights to Acquire	80%
Additional Payments Required to acquire an 80% interest	\$20,000 within 7 business days from issuance of license 5085L \$66,924.50 payable upon executing the definitive sale agreements which should be within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest in MEDC Lda	Thermal Coal JORC Reserve - US\$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US\$2m Coking Coal JORC Reserve - US\$4m for minimum 50Mt + US\$0.05/t over 50Mt to maximum additional US\$3m

