stanmorecoal

28 May 2018

Maiden JORC Reserve

Isaac Plains Underground Mine

HIGHLIGHTS

- A maiden JORC Reserve based on the Pre-Feasibility Study is declared at 12.9M tonnes in the Probable category
- Marketable Reserves total 8.2M tonnes of Semi-soft coking coal, and 1.2M tonnes of Thermal coal – total marketable 9.4M tonnes
- The outcome of the pre-feasibility study supported the commitment of capital funds by Stanmore Coal to develop a Bankable Feasibility Study (BFS).
- A competitive tender process was undertaken based on an Early Contractor Involvement model and Mastermyne (ASX: MYE) were awarded the contract for the development of the BFS in partnership with Stanmore Coal. This work commenced in the first week of March 2018

Stanmore Coal Limited (**Stanmore** or the **Company**) (**ASX: SMR**) announces the declaration of a maiden JORC Reserve for it Isaac Plains Underground Mine at the Isaac Plains Complex near Moranbah in the Bowen Basin. The assessment of a JORC complaint Mineable and Marketable Coal Reserve was undertaken by the Competent Person at the conclusion of the Pre-feasibility work scope which was concluded in January 2018.

The Pre-Feasibility Study (PFS) used the structural geology interpretation from the 3D Seismic programme that Stanmore coal commissioned from Velseis during 2017. This enabled the mine plan to locate key extraction panels between the major faulting known to exist within the coal resource area. Two mining methods were assessed for the PFS, one based on the development of first working narrow pillars, and the second based on the "Duncan" method where larger pillars are developed initially but then during a retreat mining phase the pillar size is reduced thus extracting additional coal.

The annual production rate generated in the PFS was 1.2Mtpa of ROM coal, with an average annual yield varying within in the range of 71-74% to produce a mix of semi-soft coking coal and thermal coal with typical specifications as currently produced at Isaac Plains.

A summary of the Reserve assessment is shown in the table below:

Probable Reserves Estimate (JORC Code)

ROM Coal Reserves (tonnes)			Marketable Coal Reserves (tonnes)	
Indicated Resources			SSCC	Thermal
Development	2,470,000	19%	1,561,000	245,000
Extraction	4,526,000	35%	2,861,000	448,000
Sub-total	**6,996,000**	**54%**	**4,422,000**	**693,000**
Measured Resources				
Development	2,131,000	16%	1,364,000	173,000
Extraction	3,859,000	30%	2,468,000	313,000
Sub-total	**5,990,000**	**46%**	**3,832,000**	**486,000**
Total ROM	**12,986,000**	tonnes	**8,254,000**	**1,179,000**
			Total Marketable Coal	
			9,433,000	

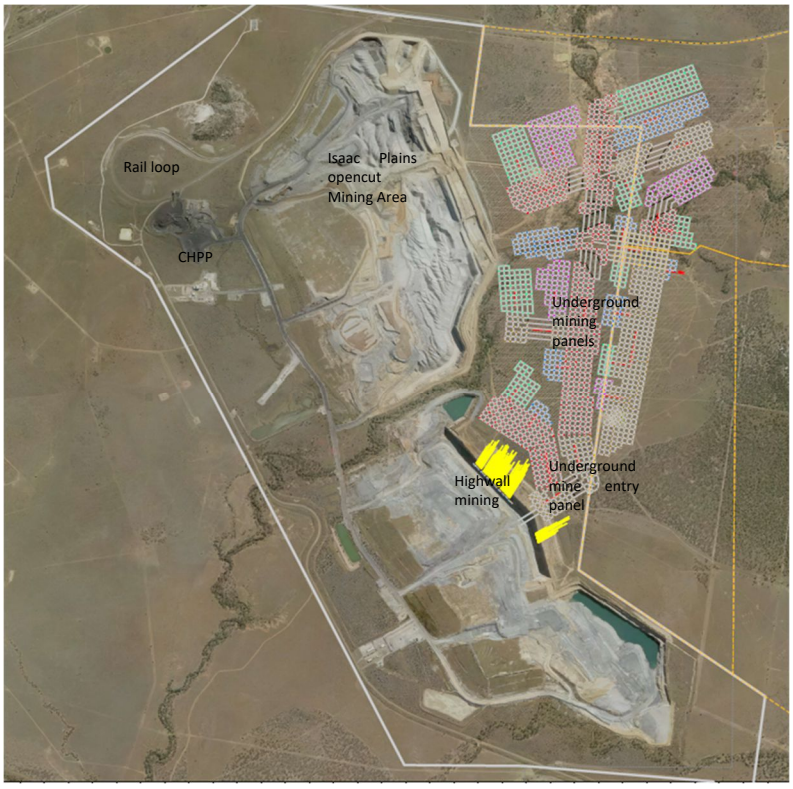
JORC Status

All Reserves exist within the Leichhardt seam of the Rangal Coal Measures in the Bowen Basin. Predominantly the Leichhardt seam is a contiguous single coal seam across the project area with a number of normal and thrust faults affecting mining panel layout. An area to the north of the planned workings exists as an upper and lower ply[1], as defined by a stone parting band of >0.3m, and at this stage this area has not been included in the underground mine reserve.

Raw coal qualities are generally consistent across the resource area.

The Reserves have been classified as Probable Reserves at this stage of project analysis (Pre-Feasibility Study) and it is anticipated that at the conclusion of the BFS a suitable upgrade in the category can be achieved.

Figure 1:
Isaac Plains Underground Mine Plan



Highwall mining extraction areas shown in yellow (historical workings)

1 A small portion (5.2Mt) (~6%) of the total Isaac Plains Complex Resources are within the Leichhardt Upper and Lower seams, which are a split of the main seam where >0.3m of parting exists.

Yours faithfully

Ian Poole
Chief Financial Officer & Company Secretary

FOR FURTHER INFORMATION, PLEASE CONTACT:

Dan Clifford
Managing Director
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Ian Poole
Chief Financial Officer & Company Secretary
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ABOUT STANMORE COAL LIMITED (ASX CODE: SMR)

Stanmore Coal operates the Isaac Plains coking coal mine in Queensland's prime Bowen Basin region. Stanmore Coal owns 100% of the Isaac Plains complex which includes the original Isaac Plains Mine, the adjoining Isaac Plains East Project (a new open cut project due to commence operations in July 2018), and the Isaac Plains Underground Mine (currently being assessed in a Bankable Feasibility phase). The company is focused on the creation of shareholder value via the efficient operation of Isaac Plains, timely development of Isaac Plains East Project and identification of further development opportunities (such as the Isaac Plains Underground Mine) within the region. In addition, Stanmore Coal holds a number of high quality development assets (both coking and thermal coal resources) located in the Queensland's Bowen and Surat Basins.

COMPETENT PERSON STATEMENT

The information in this report relating to the proposed Isaac Plains Underground Mine coal reserve is based on information compiled by Mr Mark McKew who is a member of the Australian Institute of Mining and Metallurgy and is an employee of Geostudy Pty Ltd. Mr McKew is a qualified mining engineer and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McKew consents to the inclusion in this statement of matters based on the information, in the form and context in which it appears.

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APPENDIX – JORC Code, 2012 Edition – Table 1, ISAAC PLAINS UNDERGROUND #1 RESERVE

This Appendix details section 4 of the JORC Code 2012 Edition Table 1 - 'Estimation and Reporting of Ore Reserves'. Details relating to the Mineral Resources in Sections 1, 2 and 3 of Table 1 of the JORC Code have been published separately. Section 5 Estimation and Report of Diamonds and Other Gemstones' have been excluded as they are not applicable to this deposit and estimation.

SECTION 4 ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	JORC Code explanation	CP Comments
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves*	• Coal resources have been estimated as part of a report by Xenith Consulting • Pty Ltd titled "Isaac Plains 2018 Resource Estimate" dated 16 February 2018. • The coal resources statement contained in that report meets the JORC requirements and that report has been endorsed by a competent person Mr. T Turner employed by Xenith Consulting • Coal reserve estimates presented have relied on the information presented in that resources report including: ○ JORC coal resource classification boundaries; ○ Seam thickness contours; ○ Seam floor contours and gradients; ○ Depth of cover contours ○ Insitu coal density ○ Inherent and insitu moisture estimates; and ○ Coal seam qualities. • Reported coal resources relative to the underground mine area are (refer Table 2.4 from the Xenith Consulting Report):

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>CP Comments</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th rowspan="2">Coal Resources</th><th colspan="2">Depth</th><th rowspan="2">Total (Mt)</th></tr>
<tr><th>100m - 150m</th><th>> 150m</th></tr>
<tr><td>Measured</td><td>9.8</td><td>3.7</td><td>13.5</td></tr>
<tr><td>Indicated</td><td>4.3</td><td>15</td><td>19.3</td></tr>
<tr><td>Sub-total</td><td>14.1</td><td>18.7</td><td>32.8</td></tr>
<tr><td>Inferred</td><td>3.6</td><td>3.1</td><td>6.7</td></tr>
<tr><td>Total</td><td>17.7</td><td>21.8</td><td>39.5</td></tr>
</table>

Notes:
1. Only resources >100m deep are noted in the above table, i.e. open cut resources have been excluded.
2. Resources contained within the seam split zone have not been included in the above table as the underground mine plan does not extend into the seam split area.
3. The underground mine plan does not include any resources from the inferred category.
4. Reported coal resources are inclusive of the estimated coal reserves.</td></tr>
<tr><td>Site visits</td><td>• Comment on any site visits undertaken by the Competent Person and the outcome of those visits.
• If no site visits have been undertaken indicate3 why this is the case.</td><td>• The competent person has worked in a number of underground coal mines surrounding the proposed Isaac Plains mine including Grosvenor, Moranbah North and Broadmeadow mines.
• The competent person visited the Isaac Plains site on 14 March 2018 to insect the:
○ Surface area above the proposed underground area for current land uses and surface features (topography / creeks etc);
○ Existing infrastructure;
○ Exposed highwalls and in particular the highwall above the</td></tr>
</table>

Criteria	JORC Code explanation	CP Comments
		proposed mine entries. • No impediments to the proposed mining plans were identified. • An underground visit was not possible as no underground mining has occurred on the Isaac Plains site to date.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable and that material Modifying Factors have been considered.*	• A report titled "Isaac Plains Underground Pre-Feasibility Study Report" dated 19 January 2018 was prepared by Stanmore Coal based on input from numerous expert consultants. • The mine layout design used to convert the relevant coal resources to coal reserves is described in the "IPU PFS Mining Study Report" prepared by Singleton Engineering Solutions dated January 2018. • Based on the information contained in the Pre-Feasibility Report, the competent person believes the mine layout presented is both technically achievable and economically viable.
Cut-off Parameters	• *The basis of the cut-off grade(s) or quality parameters applied*	• Limits used to design the underground mine layout were: ○ Planned open cut mining strip limits (minimum 60m offset); ○ Extracted highwall mining areas; ○ Major faults as identified by the seismic surveys; ○ Seam floor gradients – areas with a gradient > 1 in 5 were ○ excluded; ○ Seam split lines (only areas with the full LHD seam section were included); ○ Goonyella branch rail line. • Within these limits extraction has been planned to extend from the seam roof to seam floor contacts. For the proposed mine layout: ○ Minimum seam thickness = 3.0m ○ Maximum seam thickness = 4.2m • Coal quality varies from roof horizon to floor horizon, however the Pre-Feasibility Report proved that mining the full seam thickness together in a single pass achieved the best economic outcome.

Criteria	JORC Code explanation	CP Comments
		• The Pre-Feasibility Report showed that all parts of the proposed mine layout contributed to the overall NPV and hence no part of the underground mining area was excluded based on economic outcomes.

Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*
	• *The mining dilution factors used.*
	• *The mining recovery factors used.*
	• *Any minimum mining widths used.*
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*
	• *The infrastructure requirements of the selected mining methods.*
		• Duncan method is the proposed coal extraction process – this is a partial extraction method designed for continuous miners and breaker line supports that avoids caving and goaf formation. The method provides a high coal recovery whilst also maintaining flexibility and is suited to resource areas containing faulted ground.
		• This mining method has not been used in Queensland but has been utilized successfully elsewhere in Australian coal mines.
		• Mine entry will be gained from portals driven into an exposed abandoned open cut highwall at Isaac Plains. Entries are planned from an elevated position on the highwall, ramping down to the seam through the roof stone – this will provide flood protection for the mine.
		• Geotechnical advice received from MineAdvice Pty Ltd confirms that 5.5m wide roadways with 43m road center to center square pillars can be formed safely on advance and these pillars can be stripped in to a central core (24.5m x 24.5m) during panel retreat. This will ensure minimal roof spall and minimal surface subsidence (target is < 200mm surface subsidence).
		• Extraction of the seam from roof to floor is planned. Interfaces are typically over-excavated, hence the following parameters have been applied:
		  ○ Roof Dilution = 100 mm
		  ○ Floor Dilution = 100 mm
		  ○ Dilution density = 2.2 t/m3
		• Given the seam thickness (+3m), mining operations can be confined to inseam excavations, i.e. belt transfers and other infrastructure will be housed within normal height roadways and hence no additional dilution is planned. Typically 1 x conveyor sump + 1 x overcast will be required

Criteria	JORC Code explanation	CP Comments

		per panel – these are likely to be the only intentional out of seam excavations and extracted stone will be stowed within abandoned panels underground.
		A number of major faults will be traversed in the underground mine requiring stone driveage. Stone produced from these activities has not been included with the ROM coal reserves. It is assumed that all intentional stone driveagewill be stowed in mined out areas underground.
		• A coal loss factor of 10% has been applied to all reserves to allow for uncertainty regarding:
		  ○ Coal thickness (estimates were based on contours from drill hole intersections – faulting across the deposit will distort these estimates); and
		  ○ Recovery around faults (major and minor).
		• Coal stooks will be left during retreat operations, hence a general recovery allowance of 85% has been applied to the retreat reserves.
		• Moisture assumptions contained within the quoted reserves are:
		  ○ Insitu Reserves = 4.5%
		  ○ ROM Coal = 7%
		  ○ Product Coal = 10%
		• Insitu coal density was provided from the coal resources report. The density was estimated from the air dried coal density, inherent moisture and insitu moisture using the Preston and Sanders Insitu Relative Density Equation.
		• All coal reserves lie within the measured and indicated coal resource boundaries.

Criteria	JORC Code explanation	CP Comments
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors* • *applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Isaac Plains is an operating open cut currently mining the target underground seam. Consequently the process plant is suited to the seam that will be extracted. • Two coal products are planned, a primary product (semi-soft coking coal at 9.5% ash) and a secondary product (thermal coal at 16% ash) – this is a continuation of current practices. • CHPP yield predictions are based on the recent exploration program results for theoretical laboratory yield with plant efficiency factors applied to predict plant performance. • Open cut production will continue in parallel with underground mining increasing the feed to the CHPP, however total feed will remain less than plant capacity.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• No environmental work has been completed for the proposed underground mine at Isaac Plains. However, ○ The adjacent open cut mine operates subject to all required environmental approvals (western boundary of the underground area); ○ Environmental studies have been completed for the Isaac Plains East open cut mine (eastern boundary of the underground area); ○ Cattle have been grazed for many years across the proposed underground surface area; ○ Entries to the underground will commence from within the open cut lease boundary; ○ Existing infrastructure will be used to support the underground mine (CHPP, waste dumps, rail loop, offices, workshops, stores, access roads etc) and ○ Proposed mining method minimises surface subsidence maximum

Criteria	JORC Code explanation	CP Comments
		target < 200mm). • Consequently the competent person cannot foresee any barriers to obtaining the required environmental approvals and licenses.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Proposed underground operations will utilise the existing open cut infrastructure, i.e. o Power lines and water supplies; o Access roads to the site; o Office blocks; o CHPP plus train load out and rail loop. • Minimal additional infrastructure is planned above ground. Coal from the underground conveyor system will be stockpiled on the floor of the open cut. Trucks will transport the ROM from this location to the CHPP. • An assessment of the existing infrastructure and additional plant required for the underground was provided as part of the Pre-Feasibility Report. Capital costs identified in that report have been included with the economic assessment of the project.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Equipment and infrastructure capital cost estimates were based on budget price requests for major items. A number of items were assumed to be second hand in order to reduce capital costs. • Sustaining capital and operating costs were derived from previous feasibility studies for a similar project and a number of budget price requests. • The basis of the estimate for both capital and operating costs were a range of data sources, including: o Previous feasibility studies for similar projects o Benchmarked estimate data o EPC/EPCM contractors o Equipment suppliers o Bulk material suppliers

<table>
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Specialist project estimating consultant

Total capital costs were estimated at A$M 72.19. This amount includes allowances for exploration, studies, initial capital, deferred capital and sustaining capital for the life of mine.
Estimated operating costs varied by year, however in summary:

Operating Unit Cost Estimates (A$ / Product tonne)
<table>
<tr><th></th><th>Min</th><th>Max</th><th>Average</th></tr>
<tr><td>FOR Costs</td><td>48.90</td><td>93.10</td><td>66.00</td></tr>
<tr><td>Port and Rail</td><td>12.30</td><td>13.00</td><td>12.90</td></tr>
<tr><td>Logistics and Marketing</td><td>1.60</td><td>2.90</td><td>2.00</td></tr>
<tr><td>Private Royalties</td><td>1.30</td><td>4.20</td><td>2.00</td></tr>
<tr><td>State Royalties</td><td>8.70</td><td>12.00</td><td>10.60</td></tr>
<tr><td>Total FOB Costs</td><td>76.90</td><td>121.40</td><td>93.40</td></tr>
</table>
</td></tr>
<tr><td>Revenue Factors</td><td>

The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.
The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products

</td><td>

Forecast coal prices and exchange rates varied by year across the life of mine. Assumed average sale prices were:

Semi-soft Coking Coal = A$ 146.70 / tonne
Thermal Coal = A$ 99.00 / tonne

Stanmore Coal utilises forecast coal prices based on the Wood MacKenzie semi-annual long-term forecast model.
Isaac Plains now has 2 years of history marketing the Isaac Plains Semi-soft coking product at 9.5% ash. This coal has been accepted in the Japanese and Korean steel making market as an attractive blend metallurgical coal used in their coke ovens and blast furnaces.
Underground product coal is forecast to match the historical metallurgical characteristics of the Isaac Plains met coal product.
Thermal coal forecasts used in the economic assessment reference a blend of broker analyses plus the Wood MacKenzie forecast.

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</table>

Criteria	JORC Code explanation	CP Comments
		• The forecast exchange rate is based on broker analysis
Market Assessment	• *The demand, supply and stock situation for the particular commodity consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecast and the basis for these forecasts.* • *For industrial minerals the customer specification testing and acceptance required prior to a supply contract.*	• ROM coal from the underground operation will be batch washed to produce separate saleable products, however a potential opportunity exists to blend the product with coal sourced from open cut operations. • Two product coal types (semi-soft coking coal and thermal coal) will be produced from the Isaac Plains Complex. These coal product specifications have been successfully marketed from Isaac Plains Mine into export markets. The annual tonnages proposed are lower than the actual tonnages sold previously and hence no issues are expected in successfully marketing the tonnages produced. • A supply demand analysis incorporating forecast production levels from Isaac Plains shows an ongoing demand between committed supply and worldwide demand into the future. • No special marketing strategies are required for the Isaac Plains underground project.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs*	• The Pre-feasibility valuation model was prepared based on data made available from: ○ Other similar reports; ○ Proposals from Mastermyne and Delta SBD (underground contractors); and ○ Internal Stanmore assessment studies. • Inputs and outputs have been reviewed internally with key parameters established in line with a range of industry operating benchmarks. • Financial models assumed: ○ Corporate tax rate = 30% ○ Inflation factor = 1.00 (real basis) ○ NPV discount factor = 10%. • NPV was calculated on the basis that the mine is an incremental extension operation.

Criteria	JORC Code explanation	CP Comments
		• Project sensitivity shows that for key inputs of Capex, Opex, FX rates and coal prices of +/-15%, the NPV in all cases remains positive. .
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate*	• Stanmore IP Coal will manage the operations. They have a proven track record in developing relations with key stakeholders. • Stanmore does not expect any major social issues
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No new mining leases are required for this project. • The underground project is subject to a minor amendment to the existing environmental authority. The application for amendment is proposed to be submitted to the Queensland Government in June 2018. Consultation with government and community groups to date indicate approval should be supported as impacts will be very low and existing mining in the open cut have been operational for over 8 years. Amendment approval for the project is expected in the period October - November 2018. • Over 50% of the underground reserves lie within the boundaries of ML70342. The remainder lie within the boundaries of MDL135, however mining lease applications (MLA's) covering the underground mining area within MDL135 were lodged and subsequently ML's have been granted for the application areas. All underground mining now lies within the boundaries of ML's controlled by Stanmore Coal. • Land embraced by the mining and infrastructure areas is owned or is under contract to Stanmore Coal. • Approval will be required for the proposed mining method. The Duncan method of extraction has not been applied in Queensland but has been used in other Australian states. The method is not a full extraction process but does require a remotely operated CM to extract coal from beneath unsupported roof and the use of remotely operated breaker line supports

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>CP Comments</th></tr>
<tr><td>Classification</td><td>

The basis for the classification of the Ore Reserves into varying confidence categories.
Whether the result appropriately reflects the Competent Person's view of the deposit.
The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).

</td><td>

All underground coal reserves have been classified as probable. The competent person believes this to be an appropriate classification because:

Geological grid models have not been used directly to estimate block parameters e.g. seam thickness, coal density etc. (parameters were taken from contour plans generated from the geological model);
Mining method is unproven in Queensland mines (geotechnical and cost uncertainty);
A large number of faults have been identified across the mining area (geotechnical uncertainty with mining through faults); and
Economic assessments have been based on a pre-feasibility level report (not bankable feasibility study).

Probable Reserves Estimate (JORC Code)
<table>
<tr><td>ROM Coal Reserves (tonnes)</td><td></td><td></td><td>Marketable Coal Reserves (tonnes)</td><td></td></tr>
<tr><td>Indicated Resources</td><td></td><td></td><td>SSCC</td><td>Thermal</td></tr>
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<tr><td></td><td></td><td></td><td>Total Marketable Coal</td><td></td></tr>
<tr><td></td><td></td><td></td><td>9,433,000</td><td></td></tr>
</table>
</td></tr>
<tr><td>Audit or reviews</td><td>

The results of any audits or reviews of Ore Reserve estimates

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No audits or reviews of the reserve have been conducted

</td></tr>
</table>

Criteria	JORC Code explanation	CP Comments
Discussion of relative accuracy / confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No statistical or geostatistical procedures have been used in the estimation of the coal reserves presented. • Modifying factors used for the reserve estimate are based on normal parameters used in the underground coal industry and are not specific to Isaac Plains, e.g. moisture contents, roof and floor dilution, stone density etc. • Geotechnical advice on pillar sizes and allowable pillar stripping for extraction are based on a pre-feasibility level assessment. These parameters will be re-evaluated in the feasibility level study. • Seam thickness estimates were based on contour plans generated from the geological model and ranged from 3.0m to 4.2m. Variations in seam thickness will be inevitable as additional geological information is obtained – for present purposes a general 10% reduction factor has been applied. • The most significant areas of uncertainty in the Isaac Plains economic assessment related to coal prices and foreign exchange rates. To mitigate this uncertainty, values were based on information from highly regarded industry experts in this field. • Small differences may be present in the estimate totals due to the tonnage information being rounded so as to reflect the usual uncertainty associated with the estimate