stanmorecoal

12 June 2018

ACQUISITION OF WOTONGA SOUTH COKING COAL DEPOSIT

Stanmore Coal (ASX: SMR) is pleased to announce that it has executed definitive agreements with Peabody Australia to acquire MDL137[1] and EPC728[2] from Millennium Coal Pty Ltd.

Subject to approvals, the acquisition of these tenements, located adjacent to Isaac Plains, will provide Stanmore with the right to develop an open cut mining operation with the ability to extract circa 15 -20 million tonnes of coal thereby significantly extending the life of the Isaac Plains Complex. This coal will be part of Stanmore Coal's new Isaac Plains South Project which is to be developed south of the existing Isaac Plains Complex. The new tenements will be amalgamated with Stanmore's EPC755 which holds significant potential for coal resources additional to Wotonga South.

- **Stanmore has agreed to acquire the Wotonga South coking coal deposit contained within MDL 137 and an additional exploration area (EPC 728) for $30 million cash (consisting of $6 million payable at completion expected in July 2018 followed by a series of deferred payments totalling a further $24 million payable over the following 12 months) plus a production based royalty capped at circa $10 million (paid quarterly if the premium HCC[3] coal price is over A$170/t).**
- **The Wotonga South deposit has a Coal Resource of 22.8 million tonnes (compliant with JORC 2012) which is 10 kilometres south of the existing coal handling and process plant (CHPP) at Isaac Plains.**
- **The deposit will support a mine life of 8-10 years and has the capability to produce semi-hard coking coal, a mid-vol PCI product, as well as a range of semi-soft/weak coking coals.**
- **The acquisition is expected to be funded from cashflows and existing debt facilities of the company.**
- **Completion of the acquisition is subject to obtaining FIRB[4] approval and satisfaction of other customary conditions precedent.**

[1] MDL – Mineral Development Lease
[2] EPC – Exploration Permit for Coal
[3] HCC – Hard Coking Coal
[4] FIRB – Foreign Investment Review Board

Stanmore has recent project approval experience with the successful permitting of the Isaac Plains East Project and intends to immediately commence the approval process required. The development of Wotonga South is a logical extension of the Isaac Plains complex and a fast track approval process will be undertaken incorporating a thorough mine planning and environmental assessment such that development of the operation can be achieved as soon as practicable.

The Wotonga South deposit will be operated as a satellite development for the Isaac Plains Complex with coal beneficiation and train loading activities all undertaken at the existing Isaac plains CHPP[5].

Peabody completed a JORC 2012 Coal Resource Report[6] in March 2018 which defines a Total Resource of 22.8 million tonnes categorised as:

Measured Resource	18.7 million tonnes
Indicated Resource	3.6 million tonnes
Inferred Resource	0.5 million tonnes

Table 1 from the MDL137 Wotonga (South) Resource Statement, March 2018 is attached to this announcement. Since the date of this report, MDL137 has been renewed for a further 5 years. EPC728 has an expiry date of April 2021.

The current planning estimate, which is subject to further studies, is for a circa 15 – 20 million ROM tonne open pit with a strip ratio (bcm: ROM tonne) of less than 8:1. This is a significant improvement on the life of mine strip ratio of the Isaac Plains East deposit which is planned to commence production in July 2018. The larger estimate of ROM tonnes, lower strip ratio and better coal qualities makes the Wotonga South deposit a significant addition to the value and mine-life of the Isaac Plains Complex.

The existing Isaac Plains Complex has core infrastructure capable of processing 3.5Mtpa ROM coal through the CHPP (nominally 500tph) and train load out facility. Stanmore Coal's strategic plan has been to expand operations that can feed the existing Isaac Plains infrastructure, and this now incorporates:

i. Isaac Plains East – planned to commence production in July 2018, operating in parallel with the Isaac Plains mine for a period;

ii. Isaac Plains Underground – Bankable Feasibility Study due for completion in 2018; and

iii. Wotonga South Deposit – proceeding with the environmental assessment and mining lease approval process as soon as practical.

The Company believes production from the three open pit sources together with potential underground mining at Isaac Plains will lead to a long-life operation with the CHPP operating at full capacity. When Stanmore originally purchased the Isaac Plains Mine the life of mine (LOM) was only two years. The approval of Isaac Plains East Project has extended the LOM to 8 years and the acquisition of the Wotonga South deposit will provide for a LOM of 15 years. The future development options associated with the full exploitation of the Isaac Plains South Project and the development of further underground opportunities are planned to increase the LOM for the Isaac Plains Complex to +20 years.

The purchase of Wotonga South, and early progress of the mining lease approval process, will enable the Company to evaluate the optimal mining schedule in the life of mine planning and scheduling process. Each year Stanmore Coal will seek to optimise production and costs to maximise EBITDA and cash flows, taking

[5] Coal Handling & Preparation Plant

[6] Competent Person Mr Kane Maxwell of Peabody Energy Australia, consents to the inclusion of this information

into account coal price movements and forecasts. The addition of Wotonga South will enhance our flexibility and opportunity to maximise the benefit of this process.

The acquisition is expected to be funded from cash flows. Taurus Funds Management has agreed to restructure the Company's existing debt facilities to make available up to US$12 million for the acquisition, if required. Taurus continues to support Stanmore Coal's growth plans with flexibility within Stanmore's existing US$51M debt and guarantee facilities.

Dan Clifford, Managing Director of Stanmore Coal stated "This represents the culmination of the work completed over the last three years to assemble a long-life resource base for the company. With the acquisition and permitting of Isaac Plains East and now the acquisition of Wotonga South, Stanmore can cement its 'capital light' approach utilising our regional advantage and infrastructure. With this significant step taken, and the bankable feasibility study underway for the Isaac Plains Underground, the Company has a clear pathway for the full utilization of the circa $350 million replacement value infrastructure at Isaac Plains acquired by the Company in 2015 and supports a significant improvement in EBITDA and cash flow from operations for the Company over the next 15-year period."

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Yours faithfully

Ian Poole
Company Secretary

FOR FURTHER INFORMATION, PLEASE CONTACT:

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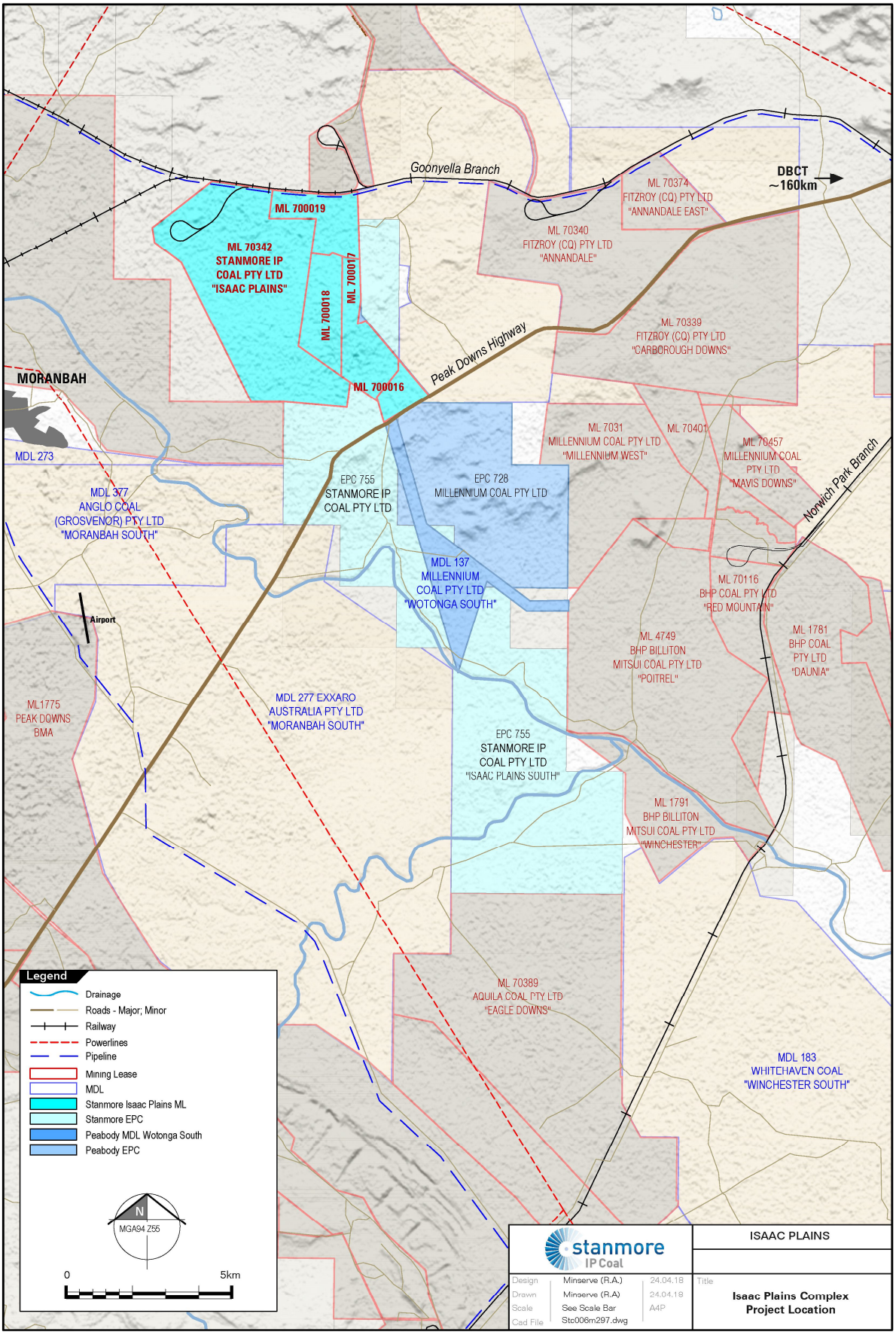
Managing Director
07 3238 1000

Mr Ian Poole
Company Secretary
07 3238 1000

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.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MDL 137
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Airport
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MITSUI COAL PTY LTD
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COAL PTY LTD
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MITSUI COAL PTY LTD
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AQUILA COAL PTY LTD
"EAGLE DOWNS"
MDL 183
WHITEHAVEN COAL
"WINCHESTER SOUTH"
Legend
Drainage
Roads - Major; Minor
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Drawn Minserve (R.A) 24.04.18
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Cad File Stc006m297.dwg
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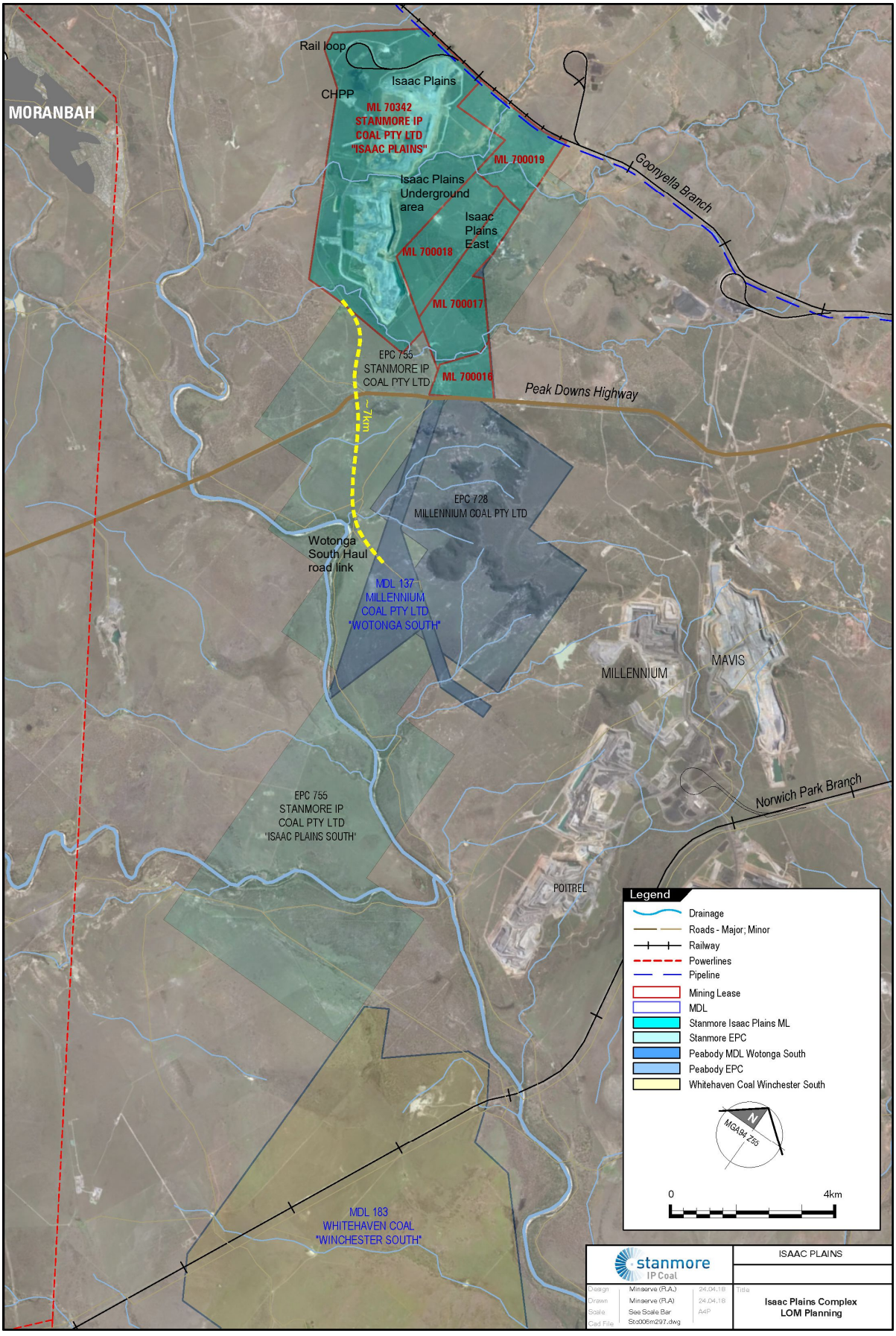
Isaac Plains Complex
Project Location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EPC 755
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EPC 728
MILLENNIUM COAL PTY LTD
Wotonga
South Haul
road link
MDL 137
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COAL PTY LTD
"WOTONGA SOUTH"
MILLENNIUM
MAVIS
Norwich Park Branch
EPC 755
STANMORE IP
COAL PTY LTD
"ISAAC PLAINS SOUTH"
POITREL
MDL 183
WHITEHAVEN COAL
"WINCHESTER SOUTH"
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Title
Isaac Plains Complex
LOM Planning

APPENDIX 1 – MDL 137 (SOUTH) RESOURCE REPORT TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Vertical drill holes were used to obtain core samples (4-inch diameter) of the coal seam and associated stone partings. • Sub samples based on brightness profiles and natural stone partings >5cm thick were initially undertaken to determine geological/quality ply boundaries. After ply definitions were determined subsequent samples were taken at these ply boundaries and/or sub samples were combined to form these plys • Core samples were measured using a tape measure on extraction and all drill holes were geophysically logged with down-hole wireline gamma/density/caliper tools to confirm sample recovery and ply representation. Linear core recover was calculated by dividing the measured length of the core by the drilled length. Photographs of the core sample were also taken.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other*	• Vertical, 150mm open hole air drilling using a Polycrystalline diamond bit was completed to approximately 3 meters above the target coal seam/working section • Conventional 4 Inch core (101.6mm diameter) on mud/water injection was completed on the remaining coal and associated stone partings to approximately 6m below the base of the last target ply.

Criteria	JORC Code explanation	Commentary
	type, whether core is oriented and if so, by what method, etc).	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• For all core sections of the holes, samples were visually assessed on a centimetre by centimetre scale by the field geologist and placed in core boxes until down-hole geophysics were run on the completed hole. Once the geophysical logs were received, sampling of the core was undertaken to ensure correct sample intervals, recovery and representivity. Linear core sample recoveries were recorded. • Samples were double bagged in plastic and care was taken by the geologist to ensure all fines material was swept into the appropriate sample • Conventional 4 Inch core drilling produced good results in terms sample recovery with all holes achieving >95% linear core recovery. • Minimum linear sample recovery cut-off (for use as a quality point of observation) was set at 95% of the mining ply thickness.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All chip and core sections were visually inspected and details recorded in accordance with industry standard guidelines (CoalLog Geology and Geotechnical Trailing manual – ACARP Project C22017) • All core sections were geotechnically logged in accordance with industry standard guidelines (CoalLog Geology and Geotechnical Trailing manual – ACARP Project C22017) • All drill core was photographed • Sampling of the core undertaken utilizing down-hole geophysics to ensure correct sample intervals. • The entire hole is logged and recorded, with the detailed logging of core at cm increments
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Sampling for analysis only undertaken on drill core. • Sampling in accordance with corporate guidelines and industry standard guidelines (CoalLog Geology and Geotechnical Trailing manual – ACARP Project C22017) • Core is sampled in 50cm increments or at ply/brightness profile boundaries by splitting the core with hammer and chisel. It is subsequently placed into sealed plastic bags and then 200L drums for transport to the laboratory. Subsequently, individual coal samples may be composited to form a full ply or working section • 4 inch core was specifically adopted to provide sufficient coal material to undertake chosen coal quality analysis on >50cm plies

Criteria	JORC Code explanation	Commentary
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All coal quality and geotechnical analysis techniques are per Australian Standards and completed at NATA accredited laboratories. • Down-hole geophysical logging tools are per industry accepted standards, with natural gamma, density, caliper and slimline sonic types run on all holes. • All down hole tools are calibrated at a test well on a monthly basis, delivering +/- 5cm accuracy.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All data generated by the rig geologist is verified by the project geologist. • All coal quality results are verified by the project geologist, coal quality technologist and resource geologist. • All primary digital data is entered into a company database with physical copies being scanned and saved to a separate file server. • Statistical and geostatistical validation routines completed on data to identify outliers. • Outliers investigated to confirm validity or reasons for potential exclusion recorded
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic*	• All survey associated with drill collars, conducted using high precision differential GPS with base station reference with an accuracy of +/- 20mm • All survey co-ordinates captured in AGD 1984 AMG Zone 55 (ESPG 20355) to conform with adjacent mine site coordinate system • Topographic control captured using Lidar aerial survey, with an accuracy of +/- 20mm

Criteria	JORC Code explanation	Commentary
	control.	
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Geostatistical analysis of coal ply and working section parameters (thickness and ash) to determine deposit variability. • Kriging error was used to define confidence categories based on maximum allowable relative error. • Sample compositing only applied on sub-samples of a mining ply (reasons for sub-sampling explained in earlier section).
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Samples distributed along known coal seam strike and down dip to ensure unbiased sampling • Coal quality variability due more to depositional environment than structure and vertical core holes provide unbiased sampling for analysis. • Variogram fans assessed to determine any bias in direction/trend
Sample security	• *The measures taken to ensure sample security.*	• Each sample is secured in plastic bag(s) and tagged with a unique sample ID. • Sample bags are loaded into a 200L drum and a sample dispatch form is sent with the drum to the laboratory. • All drums are couriered to the laboratory by a commercial transport company. • A digital copy of the sample dispatch form is emailed to the laboratory; when the drum is opened the dispatch forms and drum contents are reconciled.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Reviews of sampling techniques and laboratory coal quality procedures conducted by PEA coal quality department annually • Internal review of lab results undertaken regularly to ensure sample intervals reflect the geology and are applicable to the relevant mining ply.

Section 2 Reporting of Exploration Results

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• MDL 137 (‘Wotonga’) is held by Millennium Coal Pty Ltd (100%) a subsidiary of Peabody Energy and was granted on 7 June 1993 commencing 1 July 1993.
• MDL 137 has been renewed several times with the most recent renewal having been granted on 26 September 2014 for a further period of 5 years commencing 1 July 2013 and will expire 30 June 2018.
• On the 1st of July 2015 Stanmore IP Coal Pty Ltd negotiated a contract with Millennium to acquire the contractual rights to explore and apply for higher level tenure over the tenure north of the Peak Downs Highway as though it were the underlying tenure holder. This contract took effect from September 2015.
• MDL 137 currently forms a ‘Project’ with adjacent Exploration Permit ‘EPC728’. Project status approval commenced on 17 April 2016 in accordance to ‘Pursuant to section 141C of the Mineral Resources Act 1989 - Operational Policy 8/2012 Project-based permit administration’.
• Tenure details:
<table>
<tr><th>Permit</th><th>Grant</th><th>Expiry</th><th>Next Anniversary</th><th>EPC Current Sub-Blocks</th></tr>
<tr><td>EPC 728</td><td>17/04/2001</td><td>16/04/2021</td><td>17/04/2018</td><td>7</td></tr>
<tr><td>MDL 137</td><td>07/06/1993</td><td>30/06/2018</td><td>01/07/2018</td><td></td></tr>
</table>
</td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• Majority of exploration prior to 2004 was conducted by BHP Mitsui. Appraisal of exploration drilling and resource assessment was conducted by JB mining in 2002, at which time 9 coal quality holes and 38 chip holes had been drilled in the tenure. The majority of the holes were not geophysically logged and topographic surface and collar relative levels were relatively inaccurate. Due to this at this time the majority of deposit was classified as inferred.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Deposit type is coal with thermal to semi-soft coking metallurgical properties (9.1)
• Geological setting is Bowen Basin, Rangel coal measures, coalescing of the Leichardt and Vermont seams (Average total thickness of 5.4m)
• Deposit strike is NNE-SSW (~5 deg) dipping at 5-5.5 deg bounded by regional</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		scale faulting in the north and east • Coal is weathered to an average of 20m • No known volcanic materially impact the coal potions of the deposit
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A detailed list of drill holes containing relevant summary information used to define the resource can be found in Appendix 7 – MDL 137 (South) Drill hole information.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Aggregation of raw coal ply quality to working section level was done on a thickness multiplied by insitu density basis. • Aggregation of product qualities was done on Ash multiplied by yield basis • Aggregation of tonnages was done on a thickness multiplied by insitu density basis • 50% Raw Ash % (ad) cut of was used to delineate coal (<50%) and non-coal material

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Seam thicknesses have been reconciled to geophysics to ensure accuracy. • Verticality (azimuth and angle by depth) for all geophysically logged holes has been used to calculate true and apparent thickness of lithological units. For holes without geophysical logs, intercepts are assumed vertical. Holes without verticality information are ***not*** used for thickness calculations (7.5)
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• All appropriate diagrams are contained within the main body or appendices of the report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All available validated data has been included in the geological model and associated resources report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other Exploration data is contained within: ○ Appendix 6 – MDL 137 (South) Geostatistical Analysis Report
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Future work will center on • water monitoring • detailed mine design and planning • feasibility and environmental studies

Criteria	JORC Code explanation	Commentary
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• lox, fault delineation and sterilisation drilling • JORC reporting on any material changes • Potential opportunities to incorporate or evaluate adjacent (specifically southern) leases and maximize/change lease boundary shape on ML application have been evaluated however are considered commercially sensitive and are therefore not reported.
	•	•

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Database automation, validation routines and look up codes utilized where possible to remove human error element. • Hierarchical personnel system used for data signoff i.e. multiple people required to approve data for modelling purposes
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• No site visit of tenure has been conducted; however, the competent person was involved in drill program planning, coal quality program management, data validation and geological modelling. The competent person supervised drilling programs over the tenure
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The overall confidence in the geological interpretation of the deposit is high. This is due to low variability (both structural and coal quality) as evidenced by the laterally consistent seam dip, lack of structure and relatively homogeneous coal quality (ply by ply basis) proven by geostatistical studies. • Two areas of higher variability are adjacent to local and regional scale trust faulting which bound the deposit • Regional scale geological mapping is also used as supporting information to confirm continuity of the deposit
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• Deposit dimensions are approximately 2.5km along strike and 1kn down dip. Deposit is constrained by a 120m depth cut-off limit, an average of 20m depth of weathering and fault structure/s in the North
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen*	• Maptek Vulcan software was used to generate the resource estimate. The triangulation and inverse distance modelling algorithms were utilized for structural and coal quality grids respectively, as these are considered the appropriate techniques for modelling coal deposits. Due to the relatively homogeneous nature of the deposit all extreme grade values were investigated, generally found to be erroneous and discarded from the modelling dataset. Distances between drill holes for resource classification were determined by a geostatistical study.

Criteria	JORC Code explanation	Commentary
	include a description of computer software and parameters used. • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• No deleterious elements have been identified. • Mining plies (or working sections) have been developed based on thickness (of the coal seams and stone partings) and coal quality (predominantly Ash and Calorific Value). • There is a clear relationship between Ash, and geophysical parameters, which has been selectively used to improve interpolation between points in certain areas. • The relatively uncomplicated nature of the deposit allowed for the generation of resources using simple inverse distance and triangulation algorithms. • The validation process prior to geological modelling and resource generation involves the following steps: • a) Mine site geologist validates all drill hole data following data acquisition and entry by the rig geologist, • b) Coal technologist validates all coal quality results, • c) Project geologist validates all primary data (drill holes, geophysical surveys, ground mapping), coal quality results and external data • d) Resource geologist validates all primary and coal quality data, mine operations data and any external data • Validation routines include, but are not limited to: • Comparison of geology and geophysics in drill holes • Cross sections of model vs drill holes and geophysical surveys • Reconciliation of geological model against mined out areas • Statistical review of geological and geotechnical data sets to highlight anomalies and outliers • Reconciliation of modelled grids against data points using calculated relationships (i.e. Ash/Relative Density/Yield)
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All tonnages are calculated at an insitu moisture basis of 4%.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A raw ash % (ad) cut-off grade of 50% is used to distinguish between coal and rock material

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Assumed mining method is conventional open cut strip mining, utilizing excavators, dozers and mining trucks similar to adjacent mine site/s • 120m open cut depth limit has been assumed based on existing practicable open cut strip rations for similar marketable coal types in adjacent open cut mines • No minimum mining thickness is assumed for the Mineral Resources, although no coal plies are less than 0.3m thick, which is commonly considered a thickness cut-off. • These mining factors are based on the existing assumptions currently in use.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Assumptions on the coal beneficiation process were based on the existing Millennium Coal CPP configurations • Coal utilization and marketability is based of coal utilisation graphs using coal product results derived from detailed washability and product laboratory quality results
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well*	• Existing mining and processing operations indicate there are no environmental factors that impact on the reasonable prospects for eventual economic extraction.

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	advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Bulk density assumptions are generated from relative density (RD) sample analysis results (air dried moisture basis) and assessment of density graphs from wireline geophysical logs (insitu moisture basis). RD results are provided by NATA accredited laboratories
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Classification of Mineral Resources is based upon spacing between drill holes that can be considered Points of Observation (POB). POBs used for the determination of resource are described in detail in section 8.1.3 • Geostatistical analysis has also been conducted to determine variability of critical coal quality parameters and coal thickness' (Appendix 6 – MDL 137 (South) Geostatistical Analysis Report) • The variation in resource polygons for the mining plies is appropriate for the deposit in the opinion of the Competent Person
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• An internal company review of the modelling method and associated resource estimate was completed. The process and results were deemed suitable for public release.
Discussion of relative	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an*	• The geostatistical report utilized the global estimation variance method, with the following parameters: • Measured Resources = 10% Relative Error at 95% Confidence level

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accuracy/ confidence	*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 resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that 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.*	• Indicated Resources = 20% Relative Error at 95% Confidence level • Inferred Resources = 50% Relative Error at 95% Confidence level • These relative error and confidence levels were applied to an assumed open cut pit outline, constrained by the geology of the resource to a depth of 120m