realm resources

ASX Announcement
Media Release

Company Announcements
ASX Limited
By Electronic Lodgement

22 December 2017

Updated JORC Statement of Coal Resources and Reserves for Foxleigh Plains Project, a subset of the Foxleigh Coal Mine

Highlights

- Updated geological assessments and studies at the Foxleigh Plains Project have been completed, incorporating 80 additional drill holes into a new estimate of Coal Resources and Reserves.
- The Foxleigh Plains Project is a subset of the operating Foxleigh Coal Mine (Realm 70%).
- Coal Resources for the Foxleigh Plains Project have been estimated at 63Mt (28.5Mt Measured, 24.5Mt Indicated and 10Mt Inferred), and Reserves at 51.2Mt (33.5Mt Proven and 17.7Mt Probable) as at 30 September 2017 and reported in accordance with the JORC Code 2012
- Marketable Reserves for the Foxleigh Plains Project have increased by 10Mt of Low Volatile PCI product to 34.3Mt (22.6Mt Proven and 11.7Mt Probable) compared to the prior assessment (24.4Mt) on 31 October 2016.
- This estimate of Coal Resources and Reserves is an update to the Foxleigh Plains Project component of the broader Foxleigh Coal Mine JORC Statement as disclosed in the ASX Announcement 'Initial JORC Statement of Coal Resources and Reserves' dated 20 December 2016 and updated in the Independent Geologist's Report which was incorporated into Realm's Notice of Extraordinary General Meeting dated 14 June 2017.

1. Introduction

1.1 Background

Realm Resources Limited (ASX: RRP) ("**Realm**" or the "**Company**") is pleased to announce that its subsidiary, Middlemount South Pty Ltd ("**Middlemount**" or "**MMS**"), has undertaken the necessary geological assessments and studies required to estimate the Coal Resources and Reserves for the Foxleigh Plains Project ("**the Foxleigh Plains Project**") located in ML70431 and ML70470, in Central Queensland (Figure 1). The Foxleigh Plains Project is a subset of the operating Foxleigh Coal Mine.

All Coal Resources and Reserves are quoted on a 100% basis. Realm has a 70% interest in the Foxleigh Mine (including the Foxleigh Plains Project).

The information contained in this release provides the Statement of Coal Resources and Reserves for the Foxleigh Plains Project as at 30 September 2017, as independently estimated by Measured Group Pty Ltd ("**MG**") on behalf of Middlemount. The information is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves, 2012 ("**JORC Code 2012**") and the ASX Listing Rules.

The following information prescribed by the JORC Code 2012 is included in this announcement and its Appendices:

- Detail of the Coal Resources for the Foxleigh Plains Project (see Table 1 in Section 2);
- Detail of the Coal Reserves for the Foxleigh Plains Project (see Table 2 in Section 3)
- Additional information –Foxleigh Plains Project Coal Reserves Estimates (Appendix 1);
- Supporting Plans, Sections, and Tables (Appendix 2);
- JORC Code 2012 Table 1 for the Foxleigh Plains Project Coal Resources and Reserves (Appendix 3), and
- Coal Resources Declaration and Competent Person's Statement (Appendix 4).

1.2 Foxleigh Mine JORC statement of Coal Resources and Reserves

The updated Foxleigh Plains Project Coal Resources and Reserves are a subset of the Foxleigh Mine Coal Resources and Reserves previously disclosed in the ASX Announcement 'Initial JORC Statement of Coal Resources and Reserves' dated 20 December 2016 (**Foxleigh Initial JORC Statement**) and updated in the Independent Geologist's Report which was incorporated into Realm's Notice of Extraordinary General Meeting dated 14 June 2017 (**Foxleigh Updated JORC Statement**).

The Foxleigh Mine JORC statement of Coal Resources and Reserves is:

- Coal Resources (which includes Reserves) – 82.3Mt (33.3Mt Measured, 29Mt Indicated and 20Mt Inferred);
- Coal Reserves – 52.7Mt (29.2Mt Proved and 23.5Mt Probable); and
- Marketable Coal Reserves – 39.2Mt (22.4Mt Proved and 16.8Mt Probable).

The information in the Foxleigh Initial JORC Statement and Foxleigh Updated JORC Statement was reported in accordance with the JORC Code 2012.

Readers should refer to the Foxleigh Initial JORC Statement for details of the Competent Persons Statement and to the Foxleigh Updated JORC Statement for details of the basis of the predicted yield to achieve Marketable Coal Reserves for the Foxleigh Mine.

Except as set out in this Announcement, Realm confirms that it is not aware of any new information or data that materially affects the information included in the Foxleigh Initial JORC Statement and Foxleigh Updated JORC Statement and that all material assumptions and technical parameters underpinning the estimates in the Initial JORC Statement and Foxleigh Updated JORC Statement continue to apply and have not materially changed.

Figure 1: **Foxleigh Regional Location**

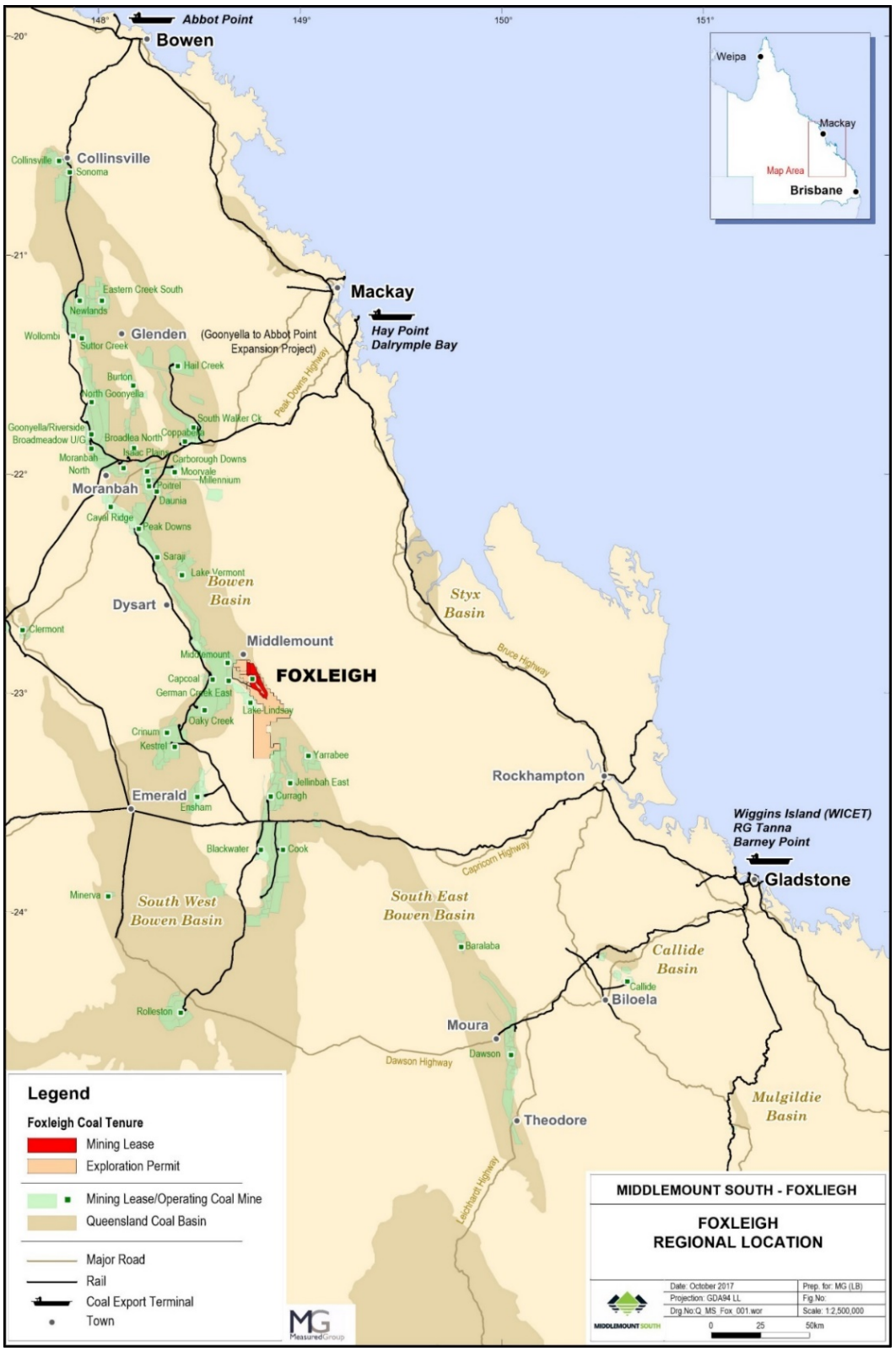
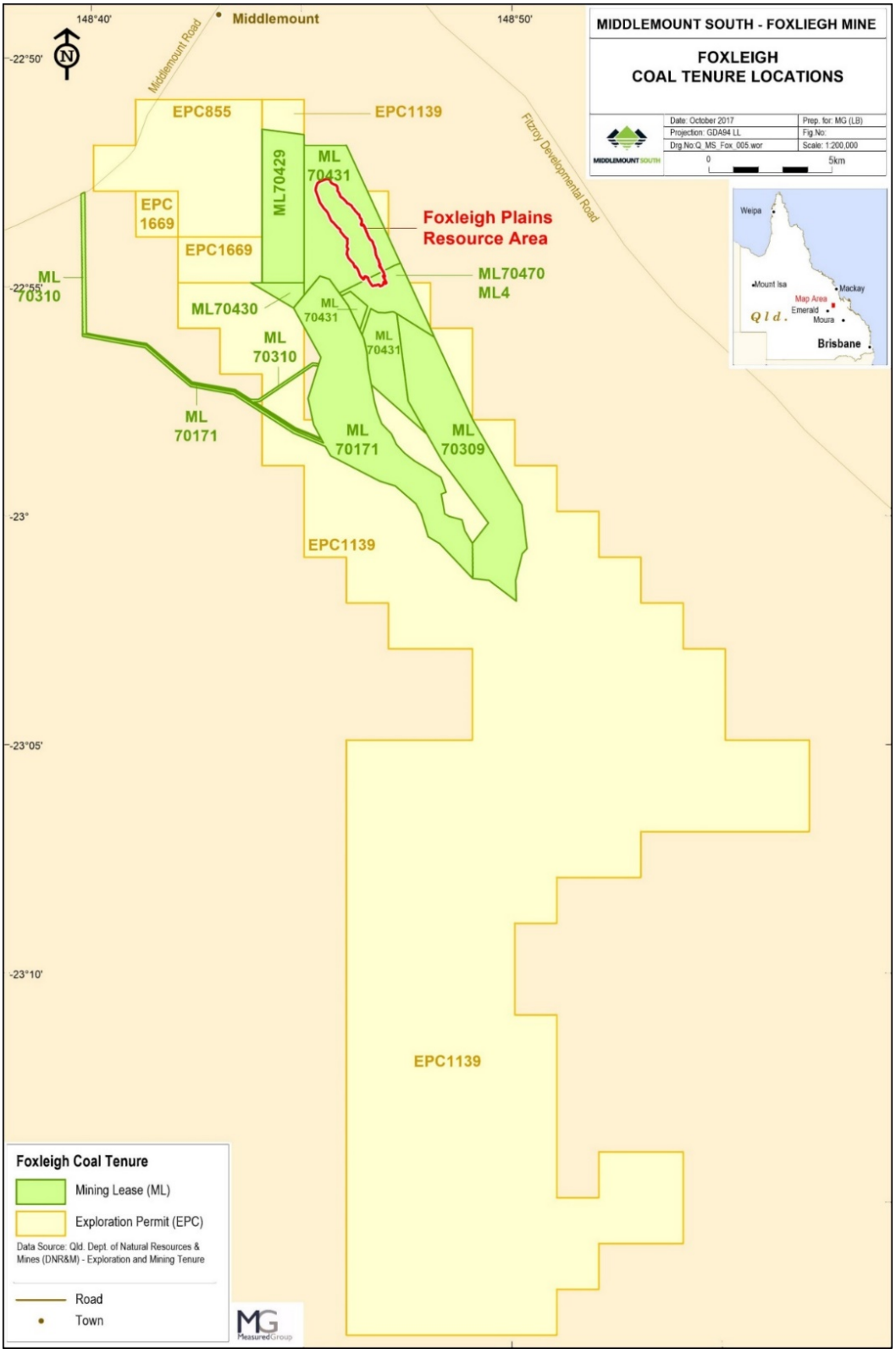


Figure 2: Foxleigh Plains Project and Coal Tenure Locations



2. Statement of Coal Resources – Foxleigh Plains Project

The Coal Resources estimate for the Foxleigh Plains Project has increased from 43.6 Mt in 31 October 2016 estimate to 63.4 Mt in the 30 September 2017 estimate.

The reasons for the uplift include greater resource confidence due to additional drilling, and inclusion of the Pisces 2 seam as a resource. Increased drilling in the Foxleigh Plains Project area has also extended the resource to the north and increased the resource confidence categories from 19.3 Mt Measured, 15.8 Mt Indicated, 8.5 Mt Inferred in the 31 October 2016 estimate to 28.5 Mt Measured, 24.5 Mt Indicated, 10 Mt Inferred in the 30 September 2017 estimate.

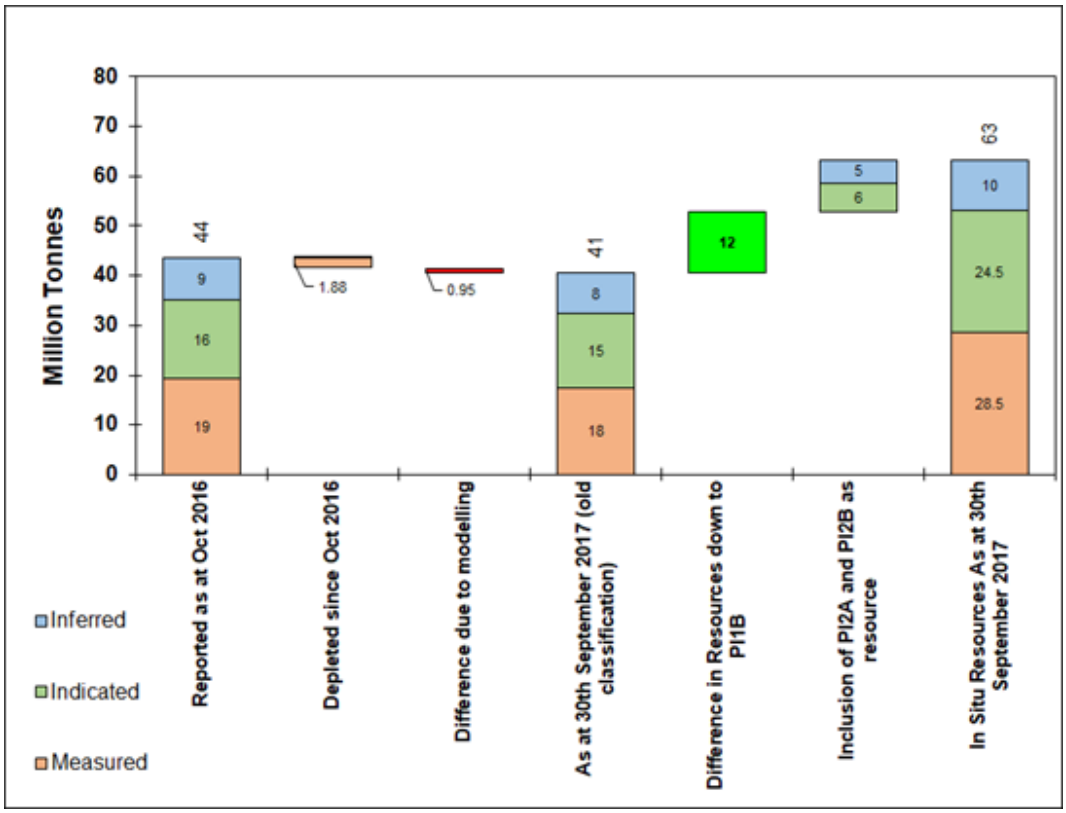
Table 1 below summarises the Coal Resources for the Foxleigh Plains area as at 30 September 2017.

Table 1: Coal Resources

Mining Method	Tenement	Measured		Indicated		Inferred		Total	
		LV PCI Coal (Mt)	Raw Ash (%)	LV PCI Coal (Mt)	Raw Ash (%)	LV PCI Coal (Mt)	Raw Ash (%)	LV PCI Coal (Mt)	Raw Ash (%)
OC	**ML70431**	26.6	15.66	23.4	17.76	10	20.20	**60.3**	**17.25**
OC	**ML70470**	1.9	14.35	1.1	24.90	0	NA	**3.1**	**18.49**
Total		**28.5**	**15.57**	**24.5**	**18.11**	**10**	**20.20**	**63**	**17.31**

Note: Any discrepancy in the summed total is due to rounding

Figure 3: Change in Foxleigh Plains Project Coal Resources since 31 October 2016



Notes:

1. *Any discrepancy in the summed total is due to rounding.*

3. Statement of Coal Reserves – Foxleigh Plains Project

The total Coal Reserve estimate for the Foxleigh Plains Project has increased from 34.3 Mt in 31 October 2016 to 51.2 Mt as at 30 September 2017 largely due to additional drilling and a change in yield assumptions. This has translated to an uplift in Proved and Probable Reserves from 18.5 Mt Proved, 15.8 Mt Probable in 31 October 2016 to 33.5 Mt Proved, 17.7 Mt Probable as at 30 September 2017.

Furthermore, there has been a 10Mt increase in Marketable Reserves from 24.4Mt (13.9 Mt Proved and 10.5 Mt Probable) as at 31 October 2016 to 34.3Mt (22.6 Mt Proved, 11.7 Mt Probable) as at 30 September 2017.

Table 2 below summarises Coal Reserves for the Foxleigh Plains Project as at 30 September 2017.

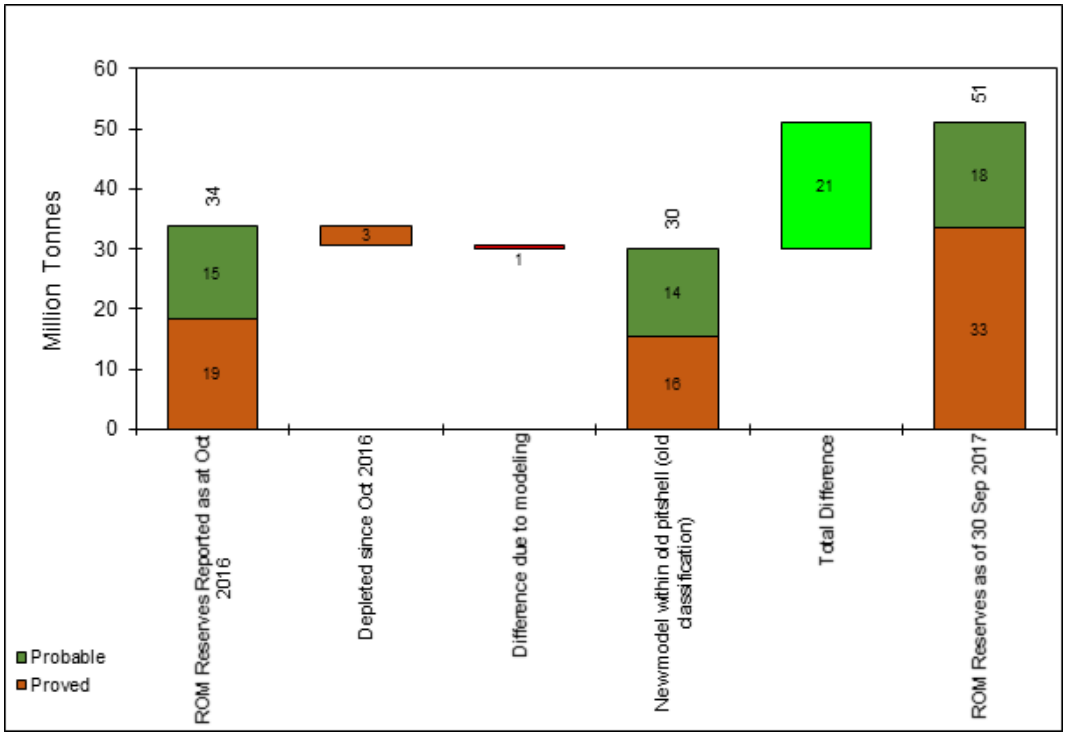
Table 2: Coal Reserves – Foxleigh Plains Project

Mining Method	Tenements	ROM Reserve			Marketable Reserves		
		Proved (Mt)	Probable (Mt)	Total (Mt)	Proved (Mt)	Probable (Mt)	Total (Mt)
OC	**ML70431 & ML70470**	33.5	17.7	51.2	22.6	11.7	**34.3**

Notes:

1. *There is 1.09Mt ROM of Inferred material in the current mine schedule which has not been included in the above table and is not included in any of the financial calculations.*
2. *Marketable reserves are reported at a Product Moisture basis of 10.5%.*
3. *All coal is LV PCI quality.*
4. *Any discrepancy in the summed total is due to rounding.*

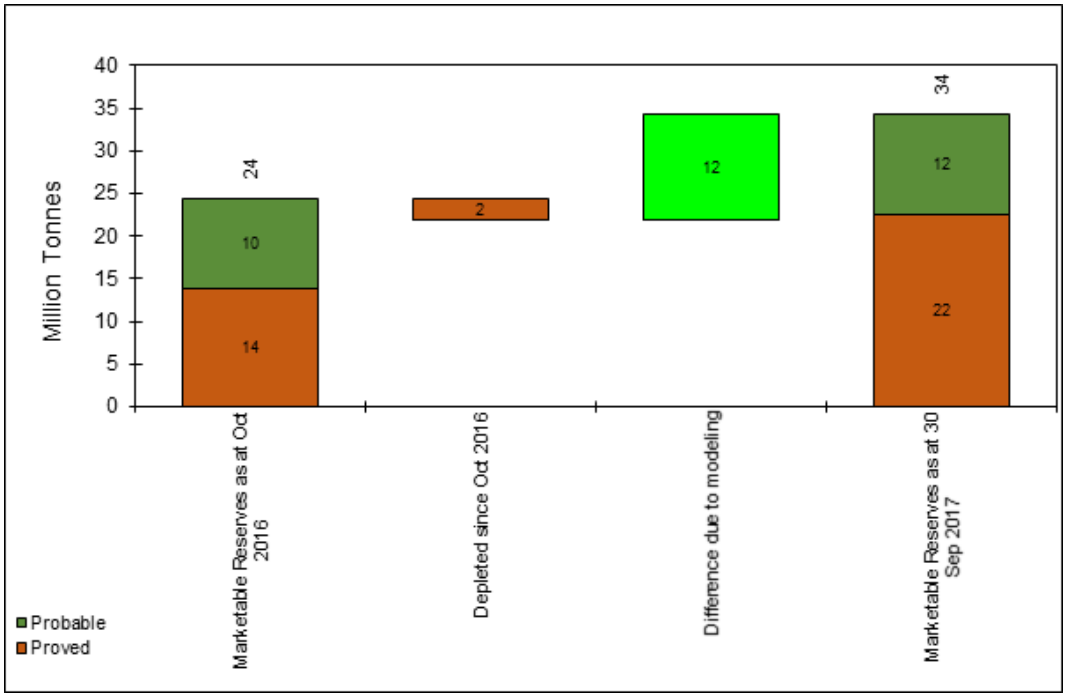
Figure 4: Change in Foxleigh Plains Project ROM Coal Reserves since 31 October 2016



Notes:

1. *Any discrepancy in the summed total is due to rounding.*

Figure 5: Change in Foxleigh Plains Project Marketable Coal Reserves since 31 October 2016



Notes:

1. *Any discrepancy in the summed total is due to rounding.*

4. General

While the Foxleigh Plains Project forms a subset of the Foxleigh Coal Mine, the Company has not confirmed the impact that the Updated JORC Statement of Coal Resources and Reserves for Foxleigh Plains Project has had on the JORC Statement of Coal Resources and Reserves for the Foxleigh Coal Mine.

The Company is working on an updated JORC Statement of Coal Resources and Reserves for the Foxleigh Coal Mine, which is expects to release in H1 2018.

4.1 JORC Code 2012 compliance

The statement of Coal Resources and Reserves presented in this report has been prepared by Competent Persons in accordance with the JORC Code 2012. Additional materials in relation to the detailed reporting for RCCP are included below.

4.2 Competent Persons

The information in this Announcement relating to the Foxleigh Plains Project Coal Resources and Reserves is based on, and fairly represents, information compiled by a Competent Person (as defined in the JORC Code 2012 and identified below). The Competent Person has at the time of reporting, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking, to qualify as a Competent Person as defined by the JORC Code 2012. The Competent Person consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Foxleigh Plains Coal Resources: Mr Lyon Barrett, Measured Group Pty Ltd (Member AusIMM).

Foxleigh Plains Coal Reserves: Mr Matthew Nielsen, Measured Group Pty Ltd (Member AusIMM).

See Appendix 4 for the relevant Competent Person's Statements.

4.3 About Realm

Information on Realm Resources Limited is available on the Company's website at www.realmresources.com.au.

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This Announcement may include various forward looking statements which are identified by the use of forward looking words such as “may”, “could”, “will”, “expect”, “believes”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Statements other than statements of historical fact may be forward looking statements. Realm believe that it has reasonable grounds for making all statements relating to future matters attributed to it in this Announcement.

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Appendix 1 Additional Information - Foxleigh Plains Project Coal Reserve Estimates

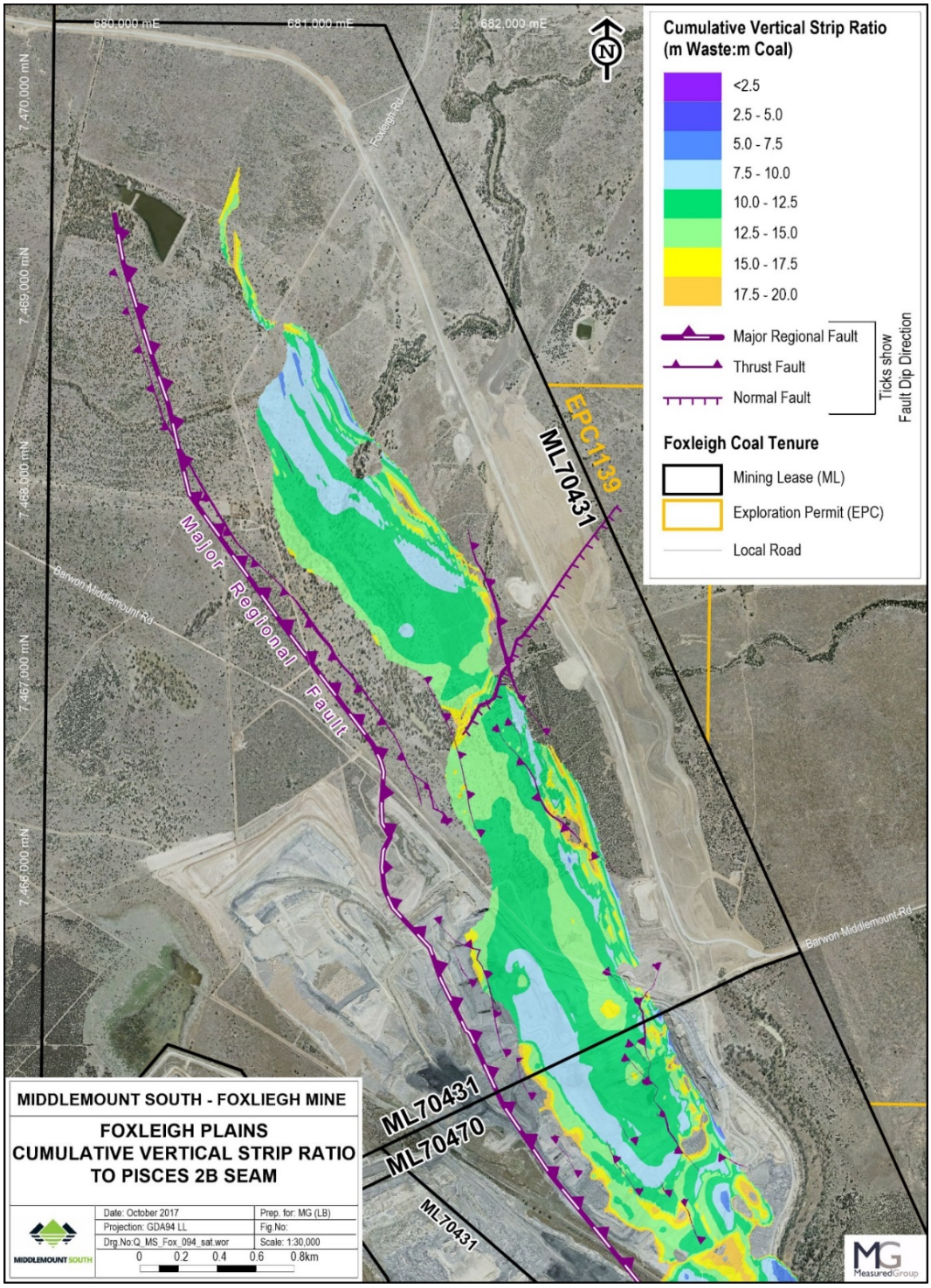
1. Background

The previous Resource and Reserve estimate for Foxleigh Plains was undertaken by Encompass Mining on 31 October 2016. Changes to the resource and reserve estimate since that time are due to the incorporation of 80 new drill holes into the model and associated re-interpretation of faults from new drilling and 2D seismic data. The Foxleigh Plains area is also an active mining area, and the resource has also been depleted since 31 October 2016 due to mining.

The Pisces 2 seam has also been included as a coal resource in the Foxleigh Plains area. Historically, the vertical strip ratio cut-off for resources at the Foxleigh mine has been 15:1, and as such, the Pisces 2 seams has previously been included in mine plans. Preliminary high-level analysis, confirms that 15:1 is the approximate breakeven Strip ratio cut-off for Foxleigh Plains, and that the majority of the Pisces 2 Seam has a strip ratio lower than 15:1. The maximum depth to the floor of Pisces 2B in the resource area is 240m. It is likely that economic extraction of the Pisces 2 seam (in whole or in part) will occur at Foxleigh Plains and therefore the Pisces 2 Seam is considered a coal resource.

Figure 6 (overleaf) shows the cumulative vertical strip ratio down to the Pisces 2B Seam at Foxleigh Plains.

Figure 6: Cumulative Vertical Strip Ratio to Pisces 2B



2. Project Status

The Foxleigh Coal Mine is owned by the Foxleigh Joint Venture which consists of POSCO Australia Pty Ltd (20%), and Nippon Steel & Sumitomo Metals Australia Pty Ltd (10%) and Middlemount South Pty Limited (70%), a 99.9% subsidiary of Realm Resources.

Most of the bulk earthworks is by Truck and Excavator being assisted by Bulk Dozing when suitable with enough equipment capacity to allow coal to be mined at a rate of up to 4.7Mtpa ROM.

The ROM coal is hauled to the Coal Handling and Preparation Plant and washed to produce a Low Volatile PCI Coal which is railed 280km to Dalrymple Bay Coal Terminal for export. The current capacity of the CHPP is more than 5Mtpa of ROM feed coal.

The mine is located across ML70431 and ML70470. Native Title has been extinguished across the ML although cultural heritage surveys have been completed in line with the Cultural Heritage Management Plan.

3. Conversion Process

The process applied for the Foxleigh Plains Open Cut pit in converting Resources to Reserves is as follows:

- Site visit by the competent person/s
- Geological Model Evaluation
- Mine Design
- Extraction of Mine Reserves from the Geological Model
- Scheduling of the Extracted Reserves
- Economic Evaluation of the Scheduled Reserves
- Reserve Summary Table and Report

The competent person has conducted a 3-day site visit to the mine to gather data in preparation of this report, which included an inspection of the Foxleigh Plains Open Cut.

All geological information available for mine planning for the Foxleigh Plains area has been provided in an ABB Minescape format. This data was converted into a resolved grid format to produce a gridded seam model, suitable for transfer into other stratigraphic mine planning software, for design and reserving processes.

4. Geotechnical Parameters

Geotechnical design parameters have been provided to guide the mine design process (Anglo American Metallurgical Coal, 2016). These can be generically identified as:

- Weathered material horizons - utilise blasted softwall batters only.
- Horizons containing geological structure - typically, fault areas, planes of weak material or excessive seam dip utilise blasted softwall batters and or seam undercut (removal of material below or behind the final coal seam floor to establish a geotechnically safe working angle).
- Fresh material horizons - utilise a combination of pre-split walls and offset benches for practical machine access.

The mine design process takes into account the type of material and the seam structure to ensure that safe working conditions are maintained. In the case of the Foxleigh Plains Open Cut, the highwall design criteria is matched to the variability of the seam dip occurring in the deposit. Additional waste extraction is included in the pit design and corresponding economic assessments to maintain geotechnically required design criteria. The design profile used is summarised as follows:

- 65 degree highwall up to 70m (unfaulted, unweathered material)
- 45 degree softwall above 70m (unfaulted, unweathered material)
- 45 degree softwall (faulted or weathered material)
- 37 degree lowwall (angle of repose)

Additional consideration is also given to the block width so that it maintains a minimum mining width of at least 40m on the basal coal seam and any access widths required for machinery access.

5. Mining Method/Limits

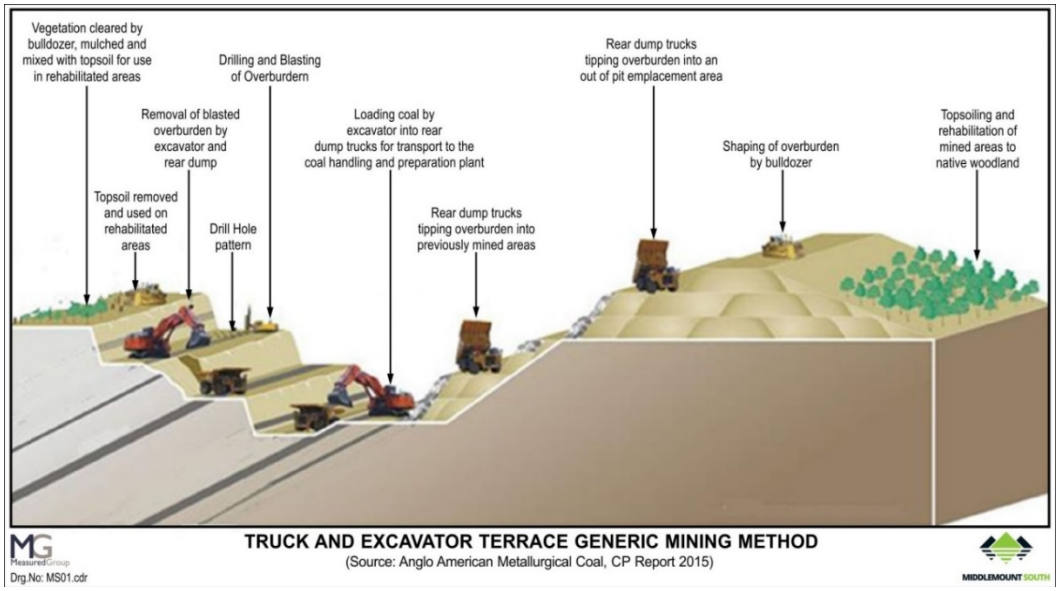
5.1.1 Mining Method

The Foxleigh Plains Open Cut consists of two geological features that physically limit the pit extents to the east and west. The western endwall is limited by the Jellinbah fault zone and the eastern endwall is limited by the seam dip becoming vertical. Further economic cut-offs were not required because of these geological limits.

The primary mining method utilised is a terrace style truck and excavator operation supported by minor cast and bulk push in areas where the pit floor geometry is suitable. The generic mining sequence involves the following processes and is shown overleaf in Figure 7:

- Removal and stockpiling or direct placing of topsoil.
- Excavator removal of any material that can be dug without blasting.
- Drilling and Blasting the remaining material to cast except where drilling occurs through the coal seam.
- Combination of Bulk Dozing and Truck and Excavator to remove the remaining waste and place onto spoil dumps.
- Truck and Excavator mining of the coal with removal via lowwall ramps.

Figure 7: Truck and Excavator Terrace Generic Mining Method



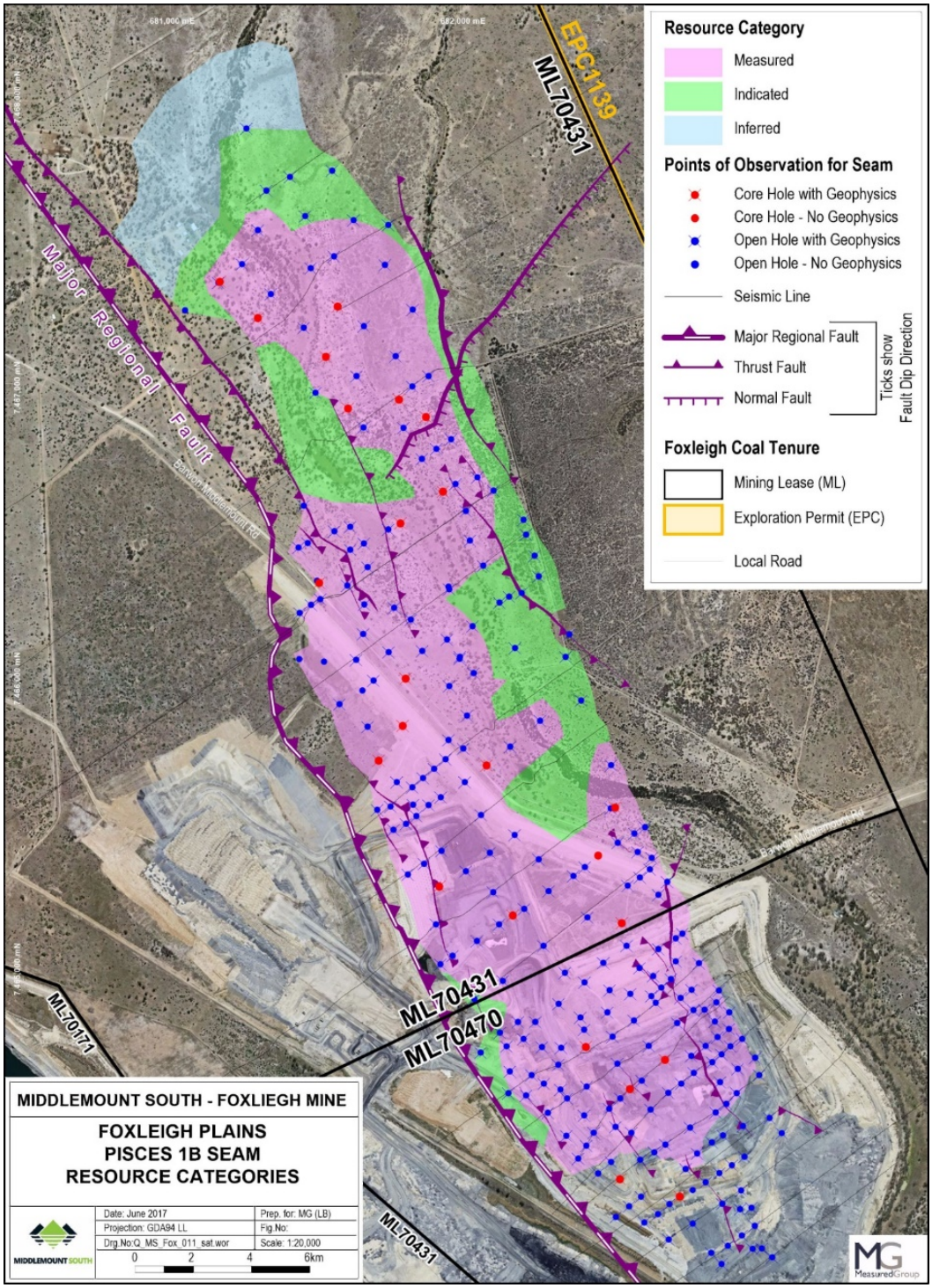
5.1.2 Mining Limits

The mining limits for Foxleigh Plains are established by the existing geological features in the east and west and the low number of geological data points in the north. This low number of geological data points in the north translates to a lower geological certainty over the northern area of the Foxleigh Plains Open Cut pit shell and therefore includes some Inferred and Uncategorised Resources.

Generically, the process for evaluating the northern pit limit follows geological data confidence, economic limit assessment then practical cost benefit scenarios are considered for further capital expenditure on creek relocations or infrastructure relocation as a part of the mine design process. Figure 8 shows the Pit shell extents and the limiting Factors including geological structure and Resource confidence/JORC categorisation.

Utilising the current mining costs and mining process, a breakeven coal strip ratio of 15:1 has been calculated and applied to the Pisces seam for the Foxleigh Plains Open Cut during the Resource Calculations, although this seam is not mined until midway through the schedule due to mining constraints such as availability of Out of Pit Dump space. Currently the Tralee 2 coal seam is the bottom seam being mined.

Figure 8: Pit shell with Limiting Factors



6. Metallurgical Recovery

The CHPP is a single stage Wash Plant and washes 100% of the ROM Coal produced from the mine.

The coal washing strategy has historically been focused on extracting a premium low ash metallurgical Pulverised Coal Injection (PCI) product. This product has typically targeted a product ash of 7%- 8%. Work completed in 2016 (McMahon 2016, Biggs 2016) suggests that as mining progresses into new areas such as the Foxleigh Plains Open Cut, there could be substantial value improvements in exploring an increase in the product ash to maximize the product yield and therefore unlocking additional value in the coal inventory available.

Marketable Coal Reserves are converted from Coal Reserves utilising a Practical Product Yield. This yield is calculated utilising the following steps and allows for the direct conversion of Coal Reserves to Marketable Coal Reserves:

- Additional waste dilution during the coal mining process is allowed, which is removed during washing.
- The moisture basis of the product coal is adjusted from 5.3% ROM Moisture to 10.5% Product Moisture.
- Coal yield in the geological model is simulated for each individual coal seam and mining location. The selection of the target ash is based on an overall product strategy to generate the best available value for the project. All simulated coal yields target a product ash to generate a saleable PCI product.

Coal product strategies have been designed around a variable ash target in each mining area, and in each coal seam horizon, varying geographically. This strategy allows for maximum value extraction while placing the Foxleigh Plains product coal at the low ash end of comparable products in the market.

7. Scheduling Model

The scheduling model that has been created and used as the basis of Life of Mine Planning, Reserve Estimates and financial analysis, is modelled in Spry Mine Scheduling software. The modifying factors that are used in the Spry Model are discussed in the following sections, and include but are not limited to the following:

- Loss
- Dilution
- Moisture adjustment
- Resource categories, and
- Yield

7.1.1 Loss and Dilution Assumptions

Coal seam loss - This is the coal portion lost based on the practical application of mining processes like blasting and extraction with machinery. In this case the loss is represented as a (%) reduction of the total in-situ volume of coal.

Coal seam dilution - This is the waste portion included with the coal seam to allow for practical extraction as a consequence of blasting processes and mining equipment. In this case the dilution is represented as a (%) waste gain of the total in-situ tonnage of coal.

Both measures are reconciled by the mine site to ensure that the prediction of coal tonnage is representative of current mining practices and to identify when the recovery of coal is substandard and requires improvement.

Table 3 shows the modifying factors used in the conversion from coal volume to coal tonnage. These assumptions are based on actual coal reconciliation of current performance in similar mining horizons and mining conditions. Previously, historical values of 8% dilution for all seams have been used, but following the conclusion of a reconciliation study, the dilution values in Table 3 were calculated for 2017 year to date. These reconciliation studies consider survey volumes, feed moisture and ash from the CHPP.

This reconciled dilution is higher than otherwise would be expected due to through-seam blasting, the dip and strike variability of the coal seams and the utilisation of larger equipment to mine coal which results in lower selectivity in mining the interface between waste and coal.

Table 3: Moisture Adjustment, Loss and Dilution Allowances

Loss and Dilution Assumptions		Units	Coal Seam
Moisture	Air Dried (%)	(%)	1.5%
	In-Situ (%)	(%)	4.5%
	ROM (%)	(%)	5.3%
	Product (%)	(%)	10.5%
Horizon Aggregation Thickness	Minimum Coal Thickness	(m)	0.3
	Maximum Waste Thickness	(m)	0.3
Loss	Loss (%) by Seam	(%)	All Seams 4.0%
Dilution	Dilution (%) by Seam	(%)	MMT 23%
			TR2 18%
			ROP 43%
			P1B 43%
	Included Waste Ash	(%)	All Seams 100.0%

7.1.2 Moisture Assumptions

Air dried moisture - is the moisture provided from the geological sampling. This data is gridded and geologically modelled for each seam in each area.

In-situ moisture - is the moisture calculated from the moisture holding capacity and air-dried moisture values obtained during geological sampling. This data is gridded and geologically modelled for each seam in each area and utilised as the basis of the tonnage calculation for the tonnage category of In-situ tonnes with the moisture value shown in Table 3.

ROM and Product moisture - is the moisture assumption that matches the site reconciliation of each of these parameters and is utilised as the basis of the tonnage calculation for each relevant tonnage category of ROM and Product tonnes with moisture assumption values shown in Table 3.

7.1.3 Aggregated Working Sections

Due to the substantial seam thickness and lack of close proximity of seams, there is no requirement to create aggregated working sections.

8. Equipment Selection

Mining is undertaken by large scale excavators, with the larger excavators targeting the main waste passes but also mining coal as required. The smaller excavators target mining coal as a higher priority but also mine waste as required.

9. Mine Schedule

A mining schedule has been completed for Foxleigh Plains Project only by a competent person, MEC Mining Pty Ltd, in accordance with the 2012 JORC Code to illustrate the mining strategy and identify any potential future issues. While, One Tree West Pit (OTW) will be mined for blending purposes from 2018, it has been excluded from this analysis. Table 4 summarises the annual material movement for the 13-year life of the Foxleigh Plains Open Cut to year 2030. The Mine Schedule shown in Table 4, is underpinned by 33.5mt of Proved ROM Reserves (65.4% of Scheduled production and 17.7mt of Probable ROM Reserves (34.6% of scheduled production).

Table 4: Mining Schedule

	Units	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Excavator Waste	Kbcm.	9,603	35,283	41,610	38,180	30,522	31,304	29,840	33,346	29,977	28,800	32,138	24,250	26,027	23,402
Dozer Waste	Kbcm.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Waste	bcm/tonne Prod	9,603	35,283	41,610	38,180	30,522	31,304	29,840	33,346	29,977	28,800	32,138	24,250	26,027	23,402
ROM Coal	ktonnes	1,682	3,539	3,755	4,083	3,738	3,737	3,911	4,014	4,057	4,137	3,833	3,514	3,759	3,395
Strip Ratio	bcm/tonne ROM	5.71	9.97	11.08	9.35	8.17	8.38	7.63	8.31	7.39	6.96	8.38	6.90	6.92	6.89

Notes:

1. *2017 is only a partial year hence the low production rate compared to the following years.*
2. *Only Measured and Indicated Open Cut coal is mined, and this becomes Proved and Probable ROM Reserves, as disclosed above.*
3. *All material assumptions underpinning this production schedule have been disclosed.*

10. Cashflow Estimate

The financial model has been set up in accordance with the AusIMM “Guidelines for Technical Economic Evaluation of Minerals Industry Projects”.

10.1.1 Revenue

The Revenue assumptions in Table 5 and Mine Operating costs in Table 6, have been used to produce a financial model, to verify positive project cashflows.

For the life of the Foxleigh Plains Open Cut, the average annual LV PCI Coal Price is A$127.70/Product tonne at an average annual Exchange Rate is A$/US$0.75. An initial price in 2017 of A$183/t is allowed, declining and constant at A$122.9/t by 2022.

Table 5: Average Revenue Assumptions

		2017	2018	2019	2020	2021	2022 – 2030
Headline Sales Price	**$US/t**	147.50	112.60	104.55	96.00	96.00	95.00
Exchange Rate	**$US/$A**	0.77	0.75	0.75	0.75	0.75	0.75
Discount % from Headline Price	**%**	5%	3%	3%	3%	3%	3%
Coal Sale Price	**$A/t**	183.0	145.6	135.2	124.2	124.2	122.9

This coal price forecast has been supplied by the client based on the Benchmark PCI Coal Price and Foreign Exchange Rate from the September/October 2017 KPMG consensus forecast, and has been adjusted to allow for the higher LV PCI Spot Price which effects 2018 and 2019.

To ensure a conservative view of the mine economics, a **5% discount for 2017** and from **2018 onwards, a 3% discount** to the headline price has been applied to allow for any additional unexpected penalties. It should also be noted that from 2018 the Foxleigh Plains Open Cut is blended with coal from One Tree West pit which is currently excluded from the production schedule and financial analysis for this report. This Reserve statement is for Foxleigh Plains Open Cut only.

10.1.2 Operating Costs

Mine operating costs as an activity cost or a unit cost per planned material unit have been provided by the client and are shown in Table 6 (overleaf).

Table 6: Average Mine Operating Activity Costs for Life of the Foxleigh Plains Open Cut

Cost Item	Basis (unit)	Financial Model (A$/unit)
OB Mining	Prime(BCM)	$4.41
Drill and Blast	Prime (BCM)	included above
Coal Mining	ROM (t)	$3.71
Coal Haulage to CHPP	ROM (t)	included above
CHPP and Train Loadout	ROM (t)	$6.97
Overheads	ROM (t)	$5.19
Total FOR Cost	**Product (t)**	**$76.79**
Marketing and Demurrage	Product (t)	$2.72
Rail and Port	Product (t)	$17.46
Royalty (Government & Private)	Product (t)	$11.63
Total FOB Cost	**Product (t)**	**$108.60**

Notes:

1. *These costs are sourced from the Foxleigh Budget and LOM financial analysis prepared by the client.*
2. *Drill and Blast cost is captured in the overburden (OB) Mining cost.*

10.1.3 Capital

Sustaining, Exploration and Ongoing Rehabilitation Capital costs have been allowed for in the financial model and are included in Table 7.

- A Sustaining Capital allowance of A$105M over the 13-year mine life has been estimated to cover the replacement of existing plant and equipment.
- An Exploration Capital allowance has been made at an average unit value of A$0.91/ROM tonne over the next 5 years before reducing to an average A$0.32/ROM tonne up until year 2028. The total exploration allowance is A$26M.
- A Rehabilitation Capital average unit rate of A$1.00/ROM tonne has been allowed for to progressively rehabilitate over the 13-year mine life. The total rehabilitation allowance is A$51.1.
- A Closure Capital allowance of A$14.3M has been allowed in the last 3 years of mining (2028 to 2030).

10.1.4 Cashflow

The key economic factors are summarised as follows:

- The financial analysis was completed in Australian dollars unless otherwise stated.
- A Corporate tax rate of 30% on profit is used.
- Cashflow is discounted at a rate of 7% which is suitable for an operating mine.
- Analysis shows that all years 2017 to 2030 are cashflow positive. Years 31 and 32 are cashflow negative and have been removed from the Reserve estimate.

Table 7 shows a summary of the capital and operating cost cashflow and margins for the LOM schedule/reserve estimate based on forecast coal price and operating costs as discussed in this section. A life of mine FOB cost range of A$96 to A$125 per Product Tonne, averaging A$109 per Product tonne is evident. The average mine life coal sale price is A$127.7/tonne of product coal.

Excluding capital costs and tax, an operating cost margin of $A647M or $A18.80/tonne of product coal is estimated over the 13-year remaining life. After capital and company tax, this margin is reduced to $A289M or $A8.40/tonne of product coal.

Based on the financial analysis, there is sufficient cash margin for the reserve to be considered economically viable based on the assumptions adopted. There is also sufficient margin to cover reasonable costs for Rehabilitation, Exploration and Sustaining capitals costs and company tax.

Table 7: Foxleigh Plains LOM Capital and Operating Cashflow

	Units	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total / Ave.
ROM Coal Mined	ktonnes	1,682	3,539	3,755	4,083	3,738	3,737	3,911	4,014	4,057	4,137	3,833	3,514	3,759	3,395	**51,155**
SR ratio	bcm/tonne ROM	5.71	9.97	11.08	9.35	8.17	8.38	7.63	8.31	7.39	6.96	8.38	6.90	6.92	6.89	**8.10**
SR ratio	bcm/tonne Prod	7.94	14.22	16.28	13.49	11.85	12.22	11.45	13.22	11.49	10.39	12.67	10.01	10.15	11.06	**12.06**
Overburden removed	Kbcm.	9,603	35,283	41,610	38,180	30,522	31,304	29,840	33,346	29,977	28,800	32,138	24,250	26,027	23,402	**414,282**
Washplant Yield	%	72.0%	70.1%	68.1%	69.3%	68.9%	68.5%	66.6%	62.9%	64.3%	67.0%	66.2%	68.9%	68.2%	62.3%	**67.2%**
Total Product	Ktonnes	1,210	2,481	2,557	2,829	2,575	2,562	2,605	2,523	2,610	2,773	2,537	2,422	2,564	2,116	**34,364**
OB removal	$AM	36.4	141.8	170.4	164.1	134.7	138.2	131.7	147.2	133.0	128.5	148.1	114.4	124.5	113.8	**1,827**
Drill & Blast	$AM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0**
Coal mining	$AM	5.7	12.6	13.4	15.0	13.7	13.7	14.4	14.7	15.0	15.3	14.6	13.6	14.7	13.5	**190**
Coal Haulage	$AM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0**
CHPP and Train Loadout	$AM	13.3	26.9	28.5	28.4	25.8	25.8	26.7	26.8	27.3	28.3	26.1	24.3	25.9	22.6	**357**
Marketing and Demurrage	$AM	4.3	7.1	7.1	7.6	6.9	6.8	6.9	6.7	7.0	7.4	6.8	6.4	6.8	5.6	**94**
Rail and Port	$AM	22.1	44.2	45.5	47.9	44.8	44.6	45.3	43.9	45.4	48.3	44.2	42.1	44.6	36.8	**600**
Royalties (Government & Private)	$AM	24.6	36.7	34.5	32.3	29.4	28.8	29.3	28.4	29.4	31.2	28.6	27.3	28.9	20.9	**410**
Mining Oveheads	$AM	9.3	21.8	20.8	21.0	19.8	19.8	19.8	19.7	19.8	20.7	19.1	18.5	19.4	16.2	**266**
Total FOB cash costs	**$AM**	**115.7**	**291.1**	**320.3**	**316.4**	**275.2**	**277.7**	**274.1**	**287.4**	**276.8**	**279.7**	**287.3**	**246.6**	**264.8**	**229.4**	**3742.6**
Avg. FOB cash costs / tonne product	**$A / tonne**	**95.6**	**117.3**	**125.3**	**111.8**	**106.9**	**108.4**	**105.2**	**113.9**	**106.1**	**100.9**	**113.3**	**101.8**	**103.3**	**108.4**	**108.9**
Revenue	$US/tonne	140.1	109.2	101.4	93.1	93.1	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	**95.8**
Exchange Rate	$US/$A	0.77	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	**0.75**
Revenue	$A/tonne	183.0	145.6	135.2	124.2	124.2	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	**127.7**
Revenue	$AM	221.4	361.3	345.7	351.3	319.8	314.8	320.1	310.0	320.7	340.7	311.7	297.5	315.0	260.0	**4,390**
Cash Margin	$AM	105.8	70.2	25.4	34.9	44.6	37.0	46.0	22.6	43.9	61.0	24.4	50.9	50.2	30.6	**647.4**
Cash Margin	$A/Prod.tonne	87.4	28.3	9.9	12.3	17.3	14.5	17.6	9.0	16.8	22.0	9.6	21.0	19.6	14.5	**18.8**
Capital - Rehabilitation	$AM	2.6	4.0	3.0	5.3	3.4	3.5	2.5	3.1	2.7	3.7	3.1	3.2	3.1	7.9	**51.1**
Capital - Closure	$AM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	7.7	2.0	**14.4**
Capital - Exploration	$AM	1.4	3.5	3.4	3.5	3.3	3.3	1.7	1.7	1.7	0.9	0.8	0.8	0.0	0.0	**26.0**
Capital - Sustaining	$AM	5.7	29.3	2.4	3.8	8.4	9.0	9.9	8.8	5.6	5.9	5.4	5.3	5.5	0.0	**104.9**
Company Tax	$AM	32.1	20.6	6.9	8.7	10.9	7.9	10.0	2.8	10.4	15.5	4.6	12.8	12.9	6.2	**162.4**
Capital and Operating Cost Margin	**$AM**	**64.0**	**12.7**	**9.7**	**13.5**	**18.5**	**13.3**	**21.9**	**6.3**	**23.4**	**35.0**	**10.4**	**24.3**	**20.9**	**14.5**	**288.5**
Capital and Operating Cost Margin	$A/Prod.tonne	52.9	5.1	3.8	4.8	7.2	5.2	8.4	2.5	9.0	12.6	4.1	10.0	8.2	6.9	**8.4**

Notes:

1. *Any residual value of plant and equipment is not considered to be material.*
2. *Any Inferred or unclassified ROM coal has been excluded from the financial calculations. As per Table 4 targeted production is underpinned by Proven (65.4%) and Probable (34.6%) ROM Reserves.*
3. *All material assumptions have been disclosed.*

10.1.5 Sensitivity to Key Variables

A sensitivity analysis was performed by adjusting key input metrics including PCI Coal sale price, operating and capital cost and foreign exchange rate. The results are shown in Table 8 based on percentage change from the base case NPV.

Table 8: Sensitivity Analysis

Parameter	NPV@7%
Units	**% Change**
Base	0%
Price Sensitivity	
+10% PCI Price	110%
-10% PCI Price	-120%
Foreign Exchange Sensitivity	
USD/AUD @ 0.80	-59%
USD/AUD @ 0.70	72%
Operating Cost Sensitivity	
+10% Waste Mining Cost	-56%
-10% Waste Mining Cost	53%
+10% Processing Cost	
-10% Processing Cost	-6%
Capital Cost Sensitivity	6%
+10% Capital Cost	-7%
-10% Capital Cost	7%

Project value is less sensitive to Operating Cost and Capital Cost, although a 10% increase in waste mining cost is significant due to the high strip ratio. As expected, project value is most sensitive to changes in Price and Foreign Exchange.

10.1.6 Reserve Classifications

All coal passing the Resource Classification of Measured and Indicated, included in the mine design, having had modifying factors applied, and passing economic testing are now classed as a Coal Reserve. The Coal Reserve as at the 30 September 2017 is summarised in Table 9 (overleaf).

Table 9: Coal Reserves as at 30th September 2017 – Current Wash Plan

Mining Location	Ownership	Method	Tenement	Coal Type	2017 Coal Reserves (Million Tonnes)			2017 Marketable Coal Reserve (Million Tonnes)		
					Proved	Probable	Total	Proved	Probable	Total
Foxleigh Project	**100%**	**OC**	**ML70431 ML70470**	**PCI Coal (Mt)**	33.5	17.7	**51.2**	22.6	11.7	**34.3**

Notes:

1. *There is 1.09Mt ROM of Inferred in the current mine schedule which has not been included in the above tables and is not included in any of the financial calculations*
2. *Marketable Reserves are reported at a Product Moisture of basis of 10.5%.*

Appendix 2 Supporting Plans, Sections, and Tables

Figure 9: Foxleigh Drill Hole and Seismic Locations

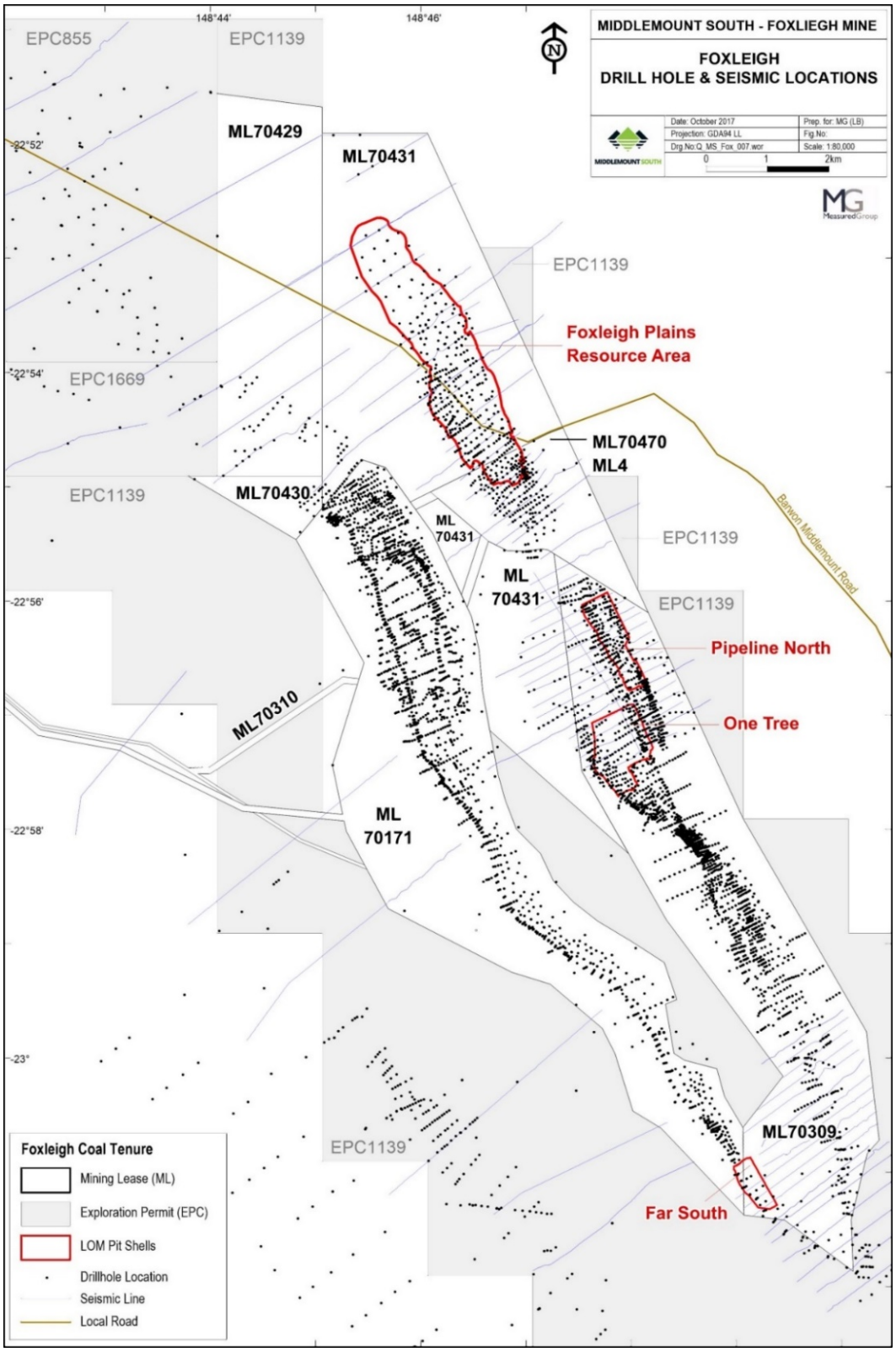


Figure 10: Current drill holes at Foxleigh Plains

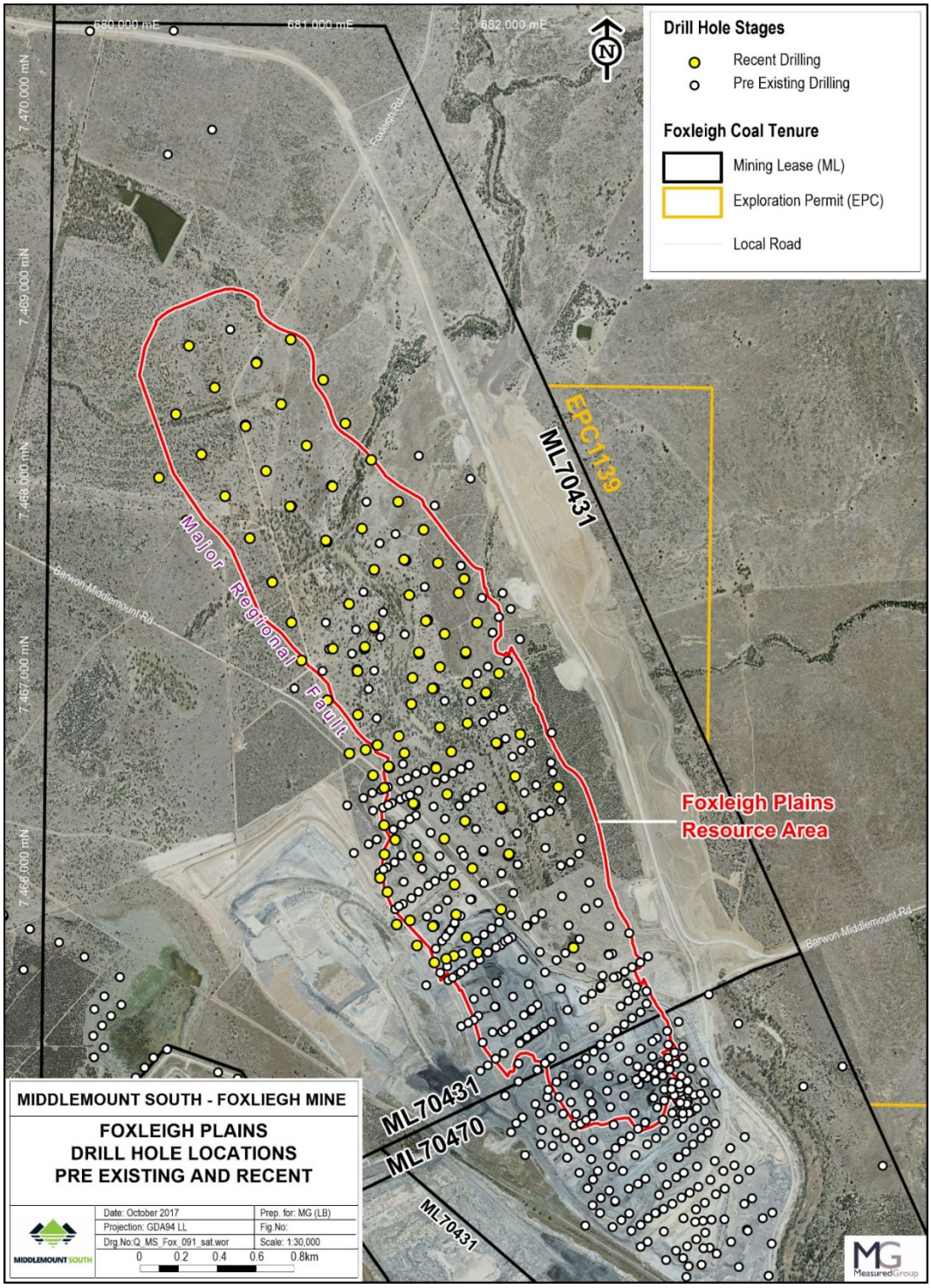


Figure 11: Middlemount Seam Floor Elevation

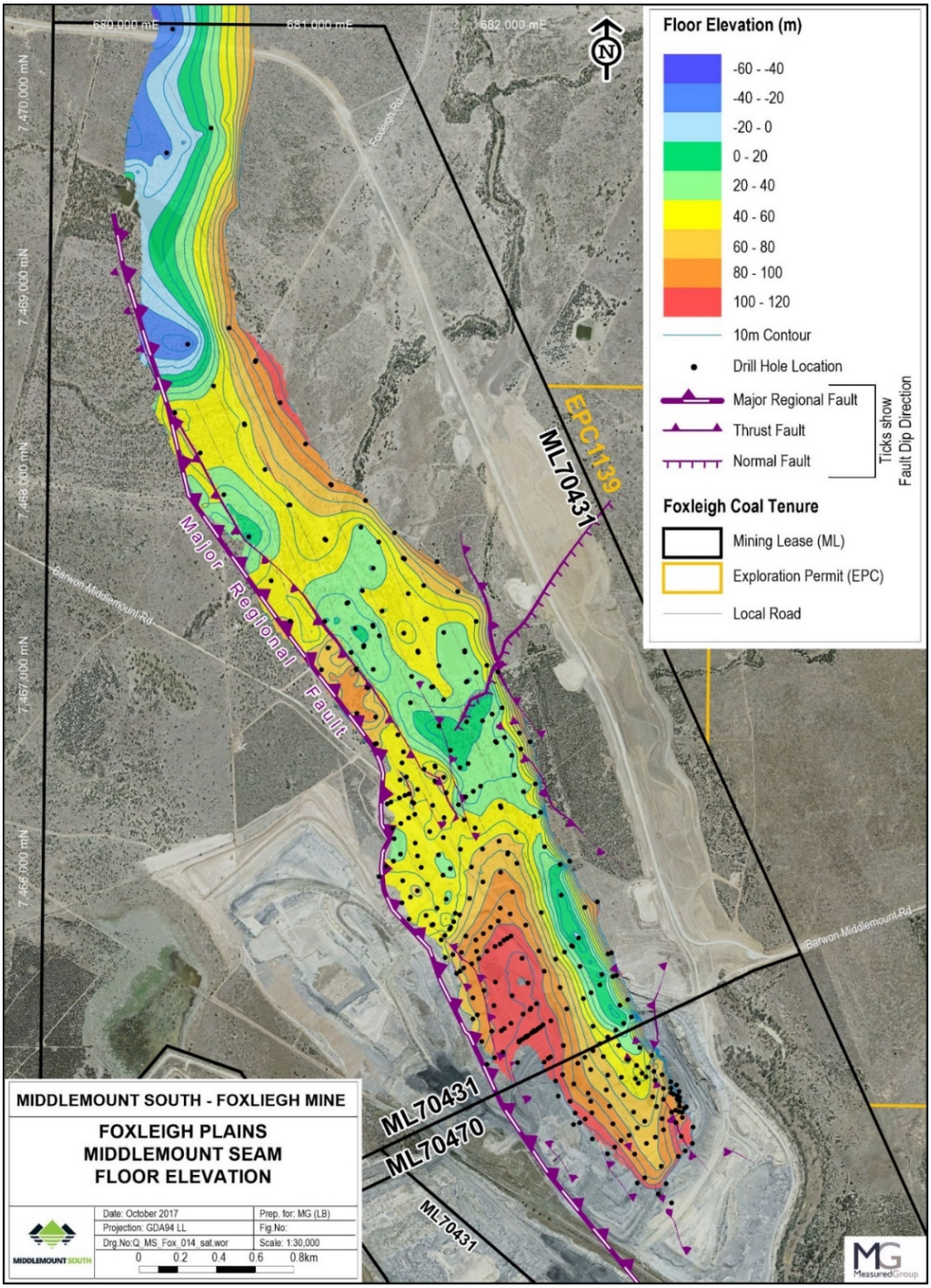


Figure 12: Middlemount Seam true thickness

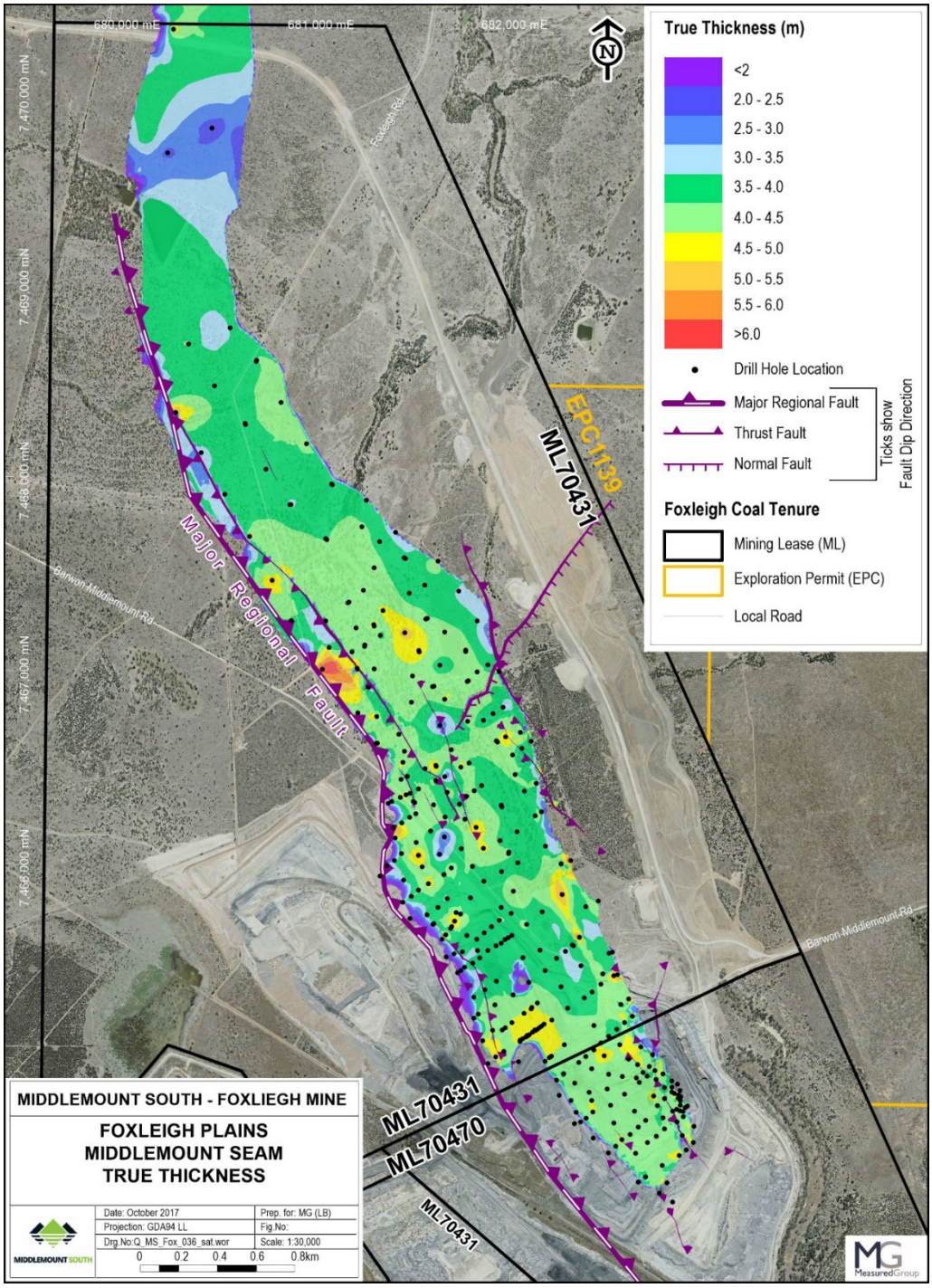


Figure 13: Middlemount Seam Resource categorisation

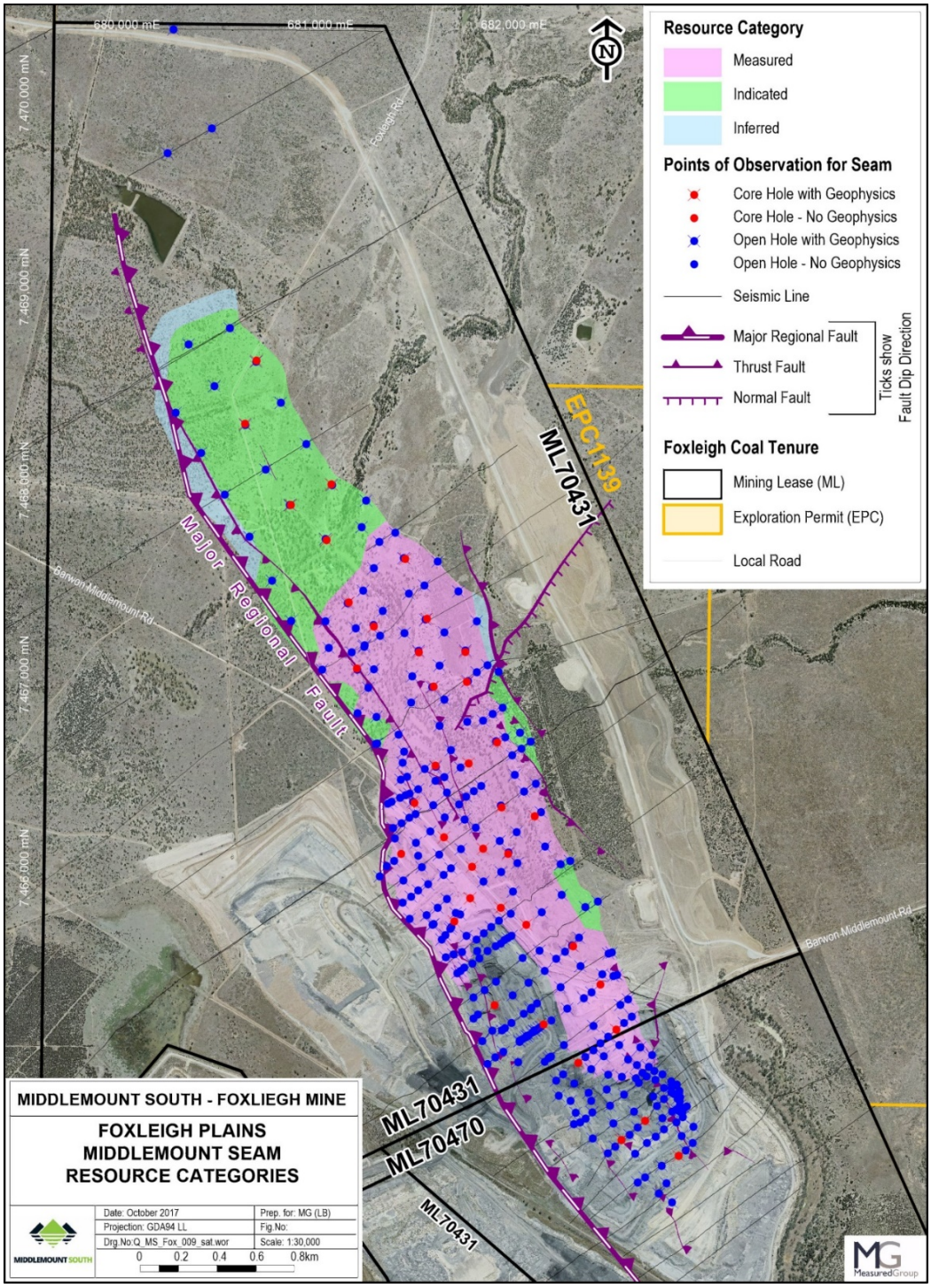


Figure 14: Section locations

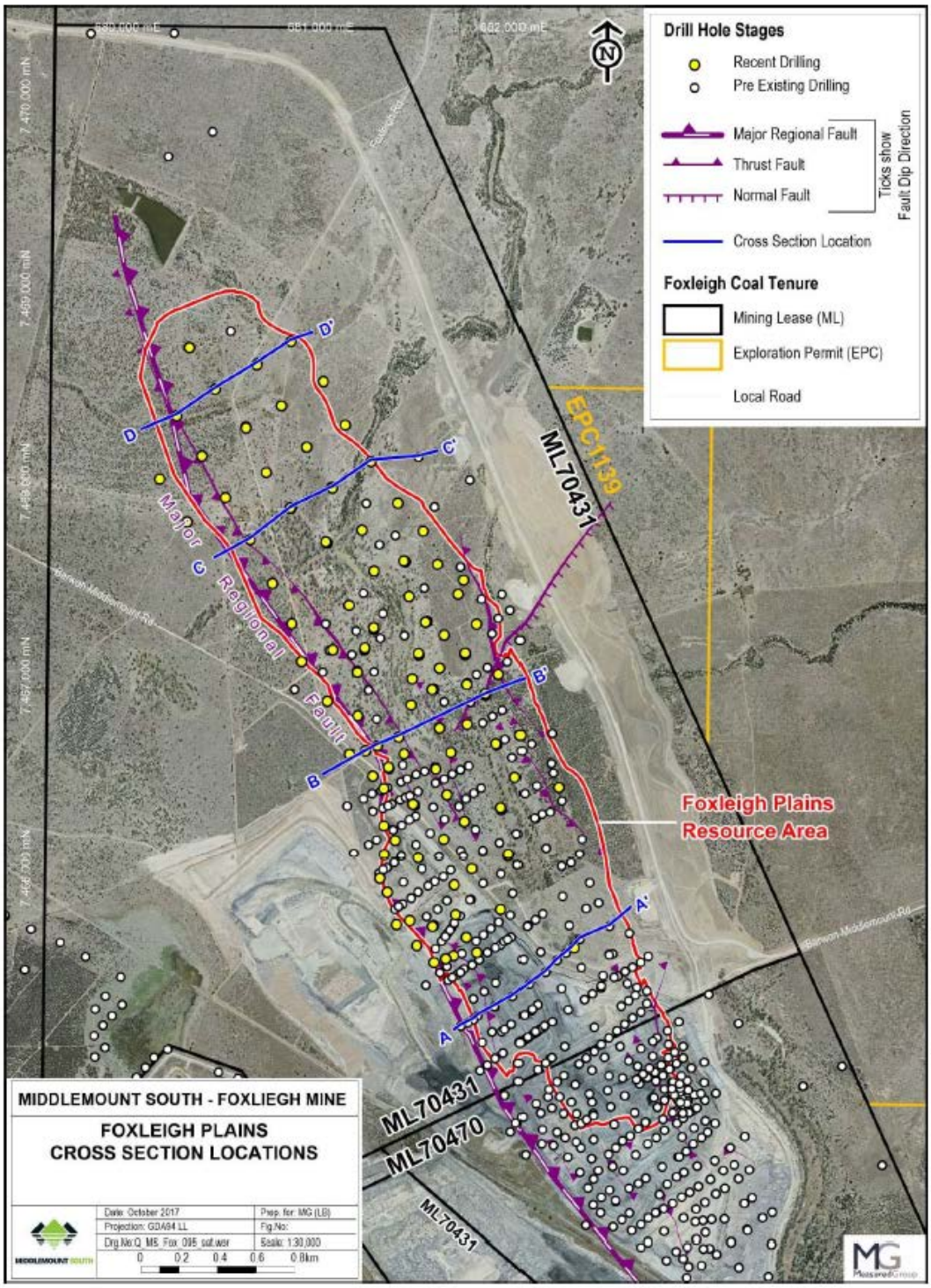


Figure 15: Section A – A'

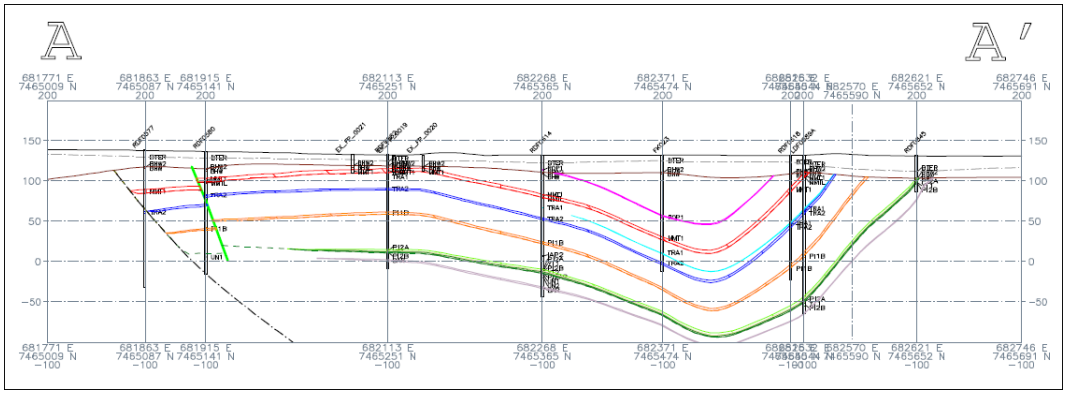


Figure 16: Section B – B'

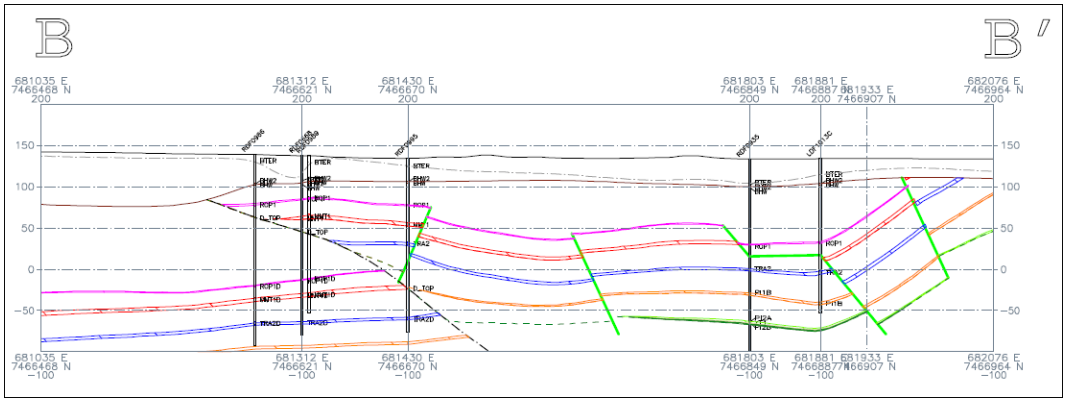


Figure 17: Section C – C'

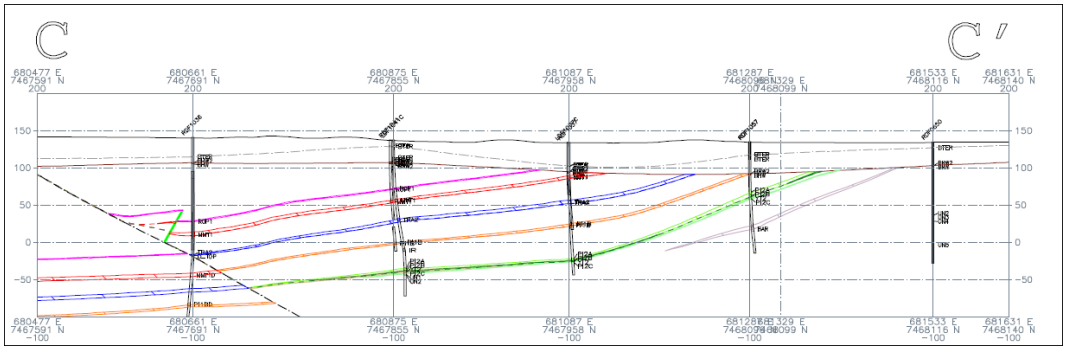


Figure 18: Section D – D'

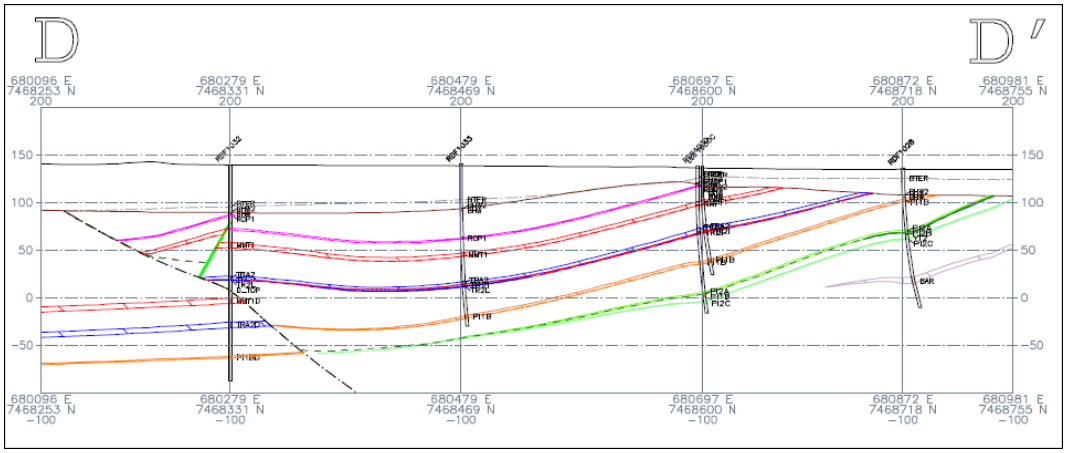


Table 10: Summary of Foxleigh Plains Average Raw Coal Quality Parameters by Seam

Seam	Inherent Moisture (%ad)	Ash (%ad)	Relative Density (gm/cc ad)	Volatile Matter (%ad)	Specific Energy (MJ/kg ad)	Total Sulphur (%ad)	Phosphorus (%ad)
Roper 1	1.38	15.08	1.43	11.80	30	0.81	0.093
Middlemount	1.82	15.89	1.44	11.25	30	0.56	0.108
Middlemount Lower	1.94	23.74	1.93	10.88	26	0.38	0.047
Tralee 2	1.65	18.07	1.46	10.85	29	0.62	0.167
Pisces 1B	1.68	15.46	1.46	11.50	30	0.59	0.093
Pisces 2A	1.84	17.50	1.50	9.68	28	0.49	0.102
Pisces 2B	1.86	40.36	1.66	7.67	20	0.42	0.042

Table 11: Summary of Foxleigh Plains Average Clean Coal Quality Parameters by Seam

Seam	Inherent Moisture (%ad)	Ash (%ad)	Volatile Matter (%ad)	Specific Energy (MJ/kg ad)	Total Sulphur (%ad)	Phosphorus (%ad)
Roper 1	1.41	8.26	10.79	33	0.64	0.08
Middlemount	1.64	7.97	10.98	32	0.44	0.096
Middlemount Lower	1.63	9.34	10.07	32	0.48	0.058
Tralee 2	1.61	9.77	10.14	32	0.50	0.15
Pisces 1B	1.56	8.84	10.26	32	0.54	0.08
Pisces 2A	2.00	10.19	9.54	31	0.48	0.088
Pisces 2B	1.71	25.10	8.23	26	0.48	0.098

Appendix 3 JORC Code 2012 Table 1 for Foxleigh Plains Coal Resources

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
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 1m 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.*	• A combination of open holes (predominantly 1 metre chip samples for structural definition) and fully or partially cored holes (for coal quality and geotechnical purposes) have been used. • Core sampling to September 2016 has been in accordance with the standards of Anglo American Metallurgical Coal (AAMC) for exploration work. • The recent stage 3 drilling programme has been conducted by Middlemount South Management, using a system similar to the AAMC standard
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 type, whether core is oriented and if so, by what method, etc.).*	• A total of 559 drill holes have been used for the Resource estimate. Cored drilling represents 8% (45 holes) of the total holes drilled and open holes 92%. The drill holes are up to 300 m deep and average 135 m in depth. The drill holes were all nominally recorded as vertical as little deviation is observed up to 100 metres in depth • Coring is predominantly slim core (63 mm) and medium diameter (83 mm or 100 mm diameter) coring with open hole drilling to an equivalent diameter in size. The slim core holes are predominantly fully cored and used for geotechnical purposes with the coal sent for analysis. Whilst the 100 mm core are partially cored holes drilled solely for quality analysis

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
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 coal quality and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Prior to September 2016, standardized AAMC logging systems have been used for all drilling, logging and sampling prior to the acquisition in September 2016. Recent drilling by Middlemount South Pty Ltd has used similar procedures. • Core recovery is recorded by the geologist while logging the core. • Due to the complex structural faulting at Foxleigh core recoveries >90% are accepted. Quality data is only used in the geological model where recovery is > 90%. • Ply sample masses are checked for representativeness against theoretical mass after raw coal quality analysis. • Open hole chip recovery is assessed qualitatively by exploration geologists.
LOGGING	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Coal 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.*	• Core is logged for geology and geotechnical changes. Open hole chip samples are taken every 1 metre and logged as per lithology changes. Quantitative logging for lithology, stratigraphy, texture and hardness is conducted using standard dictionary definitions. Colour and any additional qualitative comments are also recorded. • All core is photographed on the core table (0.5 m increments). • Open hole chip samples are photographed in 20 m x 1 m intervals. • All holes are logged using a comprehensive suite of downhole geophysical tools (calliper, gamma, long spaced density, bed resolution density, short spaced density, sonic, verticality, dipmeter). • The neutron and sonic tools are run in all geotechnical holes
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.* • *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.*	• Core sampling is completed at the drill site and based on a set of standard sampling rules and criteria determined by site (based on lithology and structure). Samples are bagged at the drill site and then transported to the SGS laboratory in Mackay, or the Preplab laboratory in Rockhampton. • All samples are weighed, air dried and then re-weighed before being crushed for analysis. • Coal quality analysis is by a three-stage method involving raw analysis on all plies followed by washability and product testing on composite samples as defined by the Senior Exploration Geologist. • All sample treatment and analysis are conducted according to procedures which adhere to Australia (or international equivalent) standards in a National Association of Testing Authorities certified laboratory

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established).*	• In 2007 AAMC developed a quality control program for analytical laboratories to monitor the repeatability and reproducibility of analyses, and carry out check analyses and round robin testing. This quality control program was introduced in 2008 and has been a routine part of all analytical testing up until September 2016. • Recent drilling programs have used similar checks to ensure the validity of coal quality analysis • All results are assessed via cross-plots and statistics for precision and 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.*	• Up to September 2016 all coal quality sampling and analysis has been overseen and checked by Anglo American geological supervisors. • Data transfer from site up to September 2016 has been covered by Anglo American Metallurgical Coal's standard and reporting procedures. • This system covers primary data, data entry procedures, data verification, data storage (physical and electronic) into ABB's Minescape geological database (GDB) and acQuire
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 Coal Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The topographic grid models for all geological models has been generated from LiDAR data generally with an accuracy of +/- 0.15 m. The topography grids cover the entire model based on 20 metre grid cell sizes. • All surveyed co-ordinates are measured according to the Map Grid Australia, Zone 55 (MGA55). • Drill hole collars are surveyed post drilling by licensed surveyors using differential GPS with an accuracy of +/-10 mm. • Downhole surveying has been undertaken using the verticality tool for selected drill holes.

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
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 coal quality continuity appropriate for the Coal Resource and Coal Reserve estimation procedure(s) and classification applied.* • *Whether sample compositing has been applied.*	• On the eastern limb, which is steeply dipping and has high structural complexity, drill holes are drilled at a 12 m — 50 m interval down dip, and at a 75 m — 120 m interval along strike, in the mining areas. In the centre of the deposit, drilling is less dense at ~100 m — 150 m spacing. • Due to the structural complexity of the deposit the drilling is not set out on a grid but rather lines perpendicular to sub-crop to allow for easier correlation. • All core samples are composited within defined seam boundaries.
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.*	• The coal measures show consistent layering but are subject to steep dips especially around the Jellinbah and Yarrabee Fault systems. • Seam repeats are common resulting in thickened repeated sequences of the same seam. • The orientation of the drilling is still suitable for flat lying stratified deposits.
SAMPLE/DATA SECURITY	• *The measures taken to ensure sample security*	• Core/chip samples are taken at the drill site and then transported daily to the exploration office storage area. After the hole is completed the samples are transported to the laboratory.
AUDITS OR REVIEWS	• *The results of any audits or reviews of sampling techniques and data.*	• Up until September 2016 all geological models used for resource estimation were audited by external consultants using a strict audit and reporting process as devised by Anglo American Metallurgical Coal. • These audits concluded that the geological models and data they were based on showed that the data collection techniques were appropriate and sound.
MINERAL TENEMENT AND LAND TENURE STATUS	• *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 Foxleigh Mine is operated under a Joint Venture agreement. The Joint Venture partners are listed below; o Foxleigh Coal Pty Ltd - 70% Share o POSCO Australia Pty Ltd - 20% Share o Nippon Steel & Sumitomo Metal Australia Pty Ltd - 10% o Foxleigh Coal Pty Ltd is 100% owned by Realm Resources Ltd.

<table>
<tr><th colspan="3">SECTION 2. REPORTING OF EXPLORATION RESULTS</th></tr>
<tr><th>CRITERIA</th><th>JORC CODE 2012 EXPLANATION</th><th>COMMENTS</th></tr>
<tr><td>MINERAL TENEMENT AND LAND TENURE STATUS (CONT'D)</td><td>• 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>• The area making up the Foxleigh Plains Resource model is composed of the following tenements:
o ML 70431 Foxleigh Plains #1
o ML 70470 Foxleigh Plains #4</td></tr>
<tr><td>EXPLORATION DONE BY OTHER PARTIES</td><td>• Acknowledgement and appraisal of exploration by other parties.</td><td>• There have been numerous phases of exploratory drilling programs carried out by past tenement holders, including:
o Utah — drilled one traverse line which included holes east of the Jellinbah Fault (at least five of them east of Roper Creek), but the data is not publicly available.
o Capcoal — 44 scout boreholes in the northern part of the current EPC 1139. Cores of coal intersections were taken at some of the bore locations. Foxleigh has made use of Capcoal borehole data collected within Foxleigh tenure areas
o Girrah — five scout boreholes in the south-west of EPC 1139; only the Burngrove was intersected.
o Lake Lindsay — the sites were east of the Jellinbah Fault, but not far enough east to intersect Rangal Coal Measures.
o Duneed (Wilpeena) — one west-east traverse about ten kilometres south of EPC 1139, drilled in 1997; the Rangal Coal Measures were sought, but only the Burngrove Formation intersected
o Foxleigh Joint Venture — three different phases of exploration from 1998-1999 totalling 181 holes (59 partially or fully cored holes and 124 open holes). Drilling results confirmed Capcoal's initial findings but identified larger extent of the Rangal Coal Measures.
• AAMC — after acquiring the Foxleigh deposit in 2007 AAMC have been the recent custodian of all exploration including drilling and 2D seismic surveys until September 2016</td></tr>
<tr><td>GEOLOGY</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• The Foxleigh deposit is located in the Central Bowen Basin within the coal bearing strata of the Permian stratigraphy. The Late Permian Rangal Coal Measures hosts the coal seams of the Foxleigh deposit including the Roper 1, Roper 2, Middlemount, Middlemount Lower, Tralee 1, Tralee 2, Pisces 1A, Pisces 1B, Pisces 2A and Pisces 2B seams.
• The main rock types of the coal measures are sandstone, siltstone and conglomerate, which occur with the coal and tuffaceous claystone.</td></tr>
<tr><td>DRILL HOLE INFORMATION</td><td>• 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:
o easting and northing of the drill hole collar
o elevation or RL (Reduced Level-elevation above sea level in metres) of the drill hole collar
o dip and azimuth of the hole</td><td><table><tr><th rowspan="2">Project Area</th><th rowspan="2">Modelled Holes</th><th colspan="2">Open Holes</th><th colspan="2">Cored Holes</th><th colspan="2">Geophysically Logged Holes</th></tr><tr><th>No.</th><th>%</th><th>No.</th><th>%</th><th>No.</th><th>%</th></tr><tr><td>Foxleigh Plains</td><td>559</td><td>514</td><td>92</td><td>45</td><td>8</td><td>547</td><td>98</td></tr></table>• Drilling data summary for Foxleigh deposit;</td></tr>
</table>

SECTION 2. REPORTING OF EXPLORATION RESULTS		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
DRILL HOLE INFORMATION (CONT'D)	o *downhole length and interception depth* o *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.*	
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.*	• Ply samples are combined to create composites after review of raw apparent relative density samples (for washability and product coal analysis) representing mineable working sections. • Composited qualities are generated by weight averaging using both thickness and relative density (ad) as weighting factors.
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 (e.g. 'down hole length, true width not known).*	• Based on drilling techniques and stratigraphy, coal seam intercepts approximate true coal thickness. • Minescape's Stratmodel application is capable of determining true thickness based on vertical thickness and seam dip. • Figure 12 shows true thickness for the Middlemount Seam
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 limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figures 1 and 2 show the regional location and the specific Foxleigh tenure locations. • Drill hole collar and Seismic hole location map is included as Figure 9.

SECTION 2. REPORTING OF EXPLORATION RESULTS		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
BALANCED REPORTING	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high coal quality and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable
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.*	• In addition to exploration drilling, 2D seismic surveys and airborne magnetic survey have been completed to delineate structure, faults, dykes and alluvial limits.
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).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Drilling for both pre-production and strategic brownfields and analytical results (coal quality, geotechnical) will be ongoing. • An exploration program is currently underway in the Foxleigh Plains area to increase the coal quality knowledge in the north of the project area.
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 Coal Resource estimation purposes.* • *Data validation procedures used.*	• All drill hole data is stored securely on ABB's Minescape GDB database. • Data is validated at site and also prior to loading into the database via statistical analysis to identify outliers or erroneous samples. • Only validated data is loaded into the GDB database. • The GDB database also contains a number of validation and range checks that are performed before the data can successfully be loaded into the database.

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
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.*	• Two site visits have been completed by the competent person as a part of this project • The competent person is familiar with Foxleigh Mine, and has conducted modelling and audit work for the previous owner (AAMC) dating back to 2008.
GEOLOGICAL INTERPRETATION	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the coal deposit.* • *Nature of the data used and any assumptions made.* • *The effect, if any, of alternative interpretations on Coal Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The Foxleigh Plains deposit is in a plunging anticline - syncline with strike north-north — west/north-west, flanked by large scale regional faults. The area is very structurally complex with folding and thrust faulting causing seam duplication. • The eastern Margin is characterised by extremely steeply dipping (up to vertical) seams, whilst seams at the western margin mostly truncate along a large scale easterly dipping thrust fault. • Infill drilling, 2D seismic surveys, mining exposure and mapping has supported and refined the model. The current model interpretations are considered to be robust.
DIMENSIONS	• *The extent and variability of the Coal Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Coal Resource.*	• The Foxleigh Plains deposit is open to the North and measures approximately 4.5 Km long (along strike) x 1 Km wide. • The Foxleigh Plains Mineral Resource is situated between the relative levels of approximately 140 m (upper limit) and -100 m (lower limit). Giving the Mineral Resource a total depth below surface of approximately 340 m to the lower limit.
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 include a description of computer software and parameters used.*	• Geological modelling was undertaken using ABB's Minescape software (version 5.11) • For structural modelling, the Finite Element (FEM) interpolator was used and for coal quality modelling Inverse Distance squared was used. • A grid cell size of 15 m x 15 m has been used for both structure and quality modelling. • The geological models are of the coal seams only and the waste is modelled by default and it is not assigned any grade. Resource estimates are therefore of the coal seams only and restricted on a whole seam group basis. • The geological modelling is undertaken on an iterative basis with the checking of contours, postings and cross sections of structural and coal quality attributes.

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
ESTIMATION AND MODELLING TECHNIQUES (CONT'D)	• *The availability of check estimates, previous estimates and/or mine production records and whether the Coal 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 (e.g. 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 correlations between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using coal quality 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.*	• 2D seismic survey data and in pit survey data is also incorporated into the geological model.
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 estimated on an in-situ moisture basis which is determined to be at 4.5%. • In-situ moisture (ISM) was determined by using the average of the limited number of Moisture Holding Capacity (MHC) analyses available, and the formula for deriving ISM from MHC described in ACARP study C10041. ISM = 1.1431*MHC + 0.348

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
CUT-OFF PARAMETERS	• *The basis of the adopted cut-off or quality parameters applied.*	• The physical limits used were; o Resources have not been reported outside of the mining leases. o Previously mined areas of seams were excluded from the resource estimation. • The constraining assumptions were: o Minimum thickness cut-off of 0.3 m. o Base of weathering plus two metres is the upper limit for all seams. o The in-situ relative density model is referenced where it exists; otherwise defaults were used. o Maximum raw ash cut-off of 40% (ad). o Intruded coal is excluded. o Overburden ratio (vertical) cut-off of 15:1 BCM/t.
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 Coal 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.*	• Development of this Mineral Resource Estimate assumes mining using the current on-site equipment (or similar) as used at the Foxleigh Mine site. • The assumed mining method is conventional truck and shovel open cut mining method. • Mining practices will utilise detailed extraction plans to effectively manage grade control. These extraction plans are developed from short term geological models, in pit visual inspections and survey monitoring and control. • Currently the Foxleigh product targets are: o Roper 9% ash (ad) o Middlemount 8% ash (ad) o Tralee 10% ash (ad) o Pisces1B 8% ash (ad)
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 Coal 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.*	• It is assumed that a combination of density separation (magnetite/water) and fines flocculation processes will be applicable for the processing of the Foxleigh coal.

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
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 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.*	• Up until September 2016 the previous owners AAMC had an extensive environmental and heritage approval process. • Middlemount South Pty Ltd take ownership of the environmental and community commitments at Foxleigh Mine. • No issues are expected that would impact on the Mineral Resource.
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.*	• All drill holes have either relative density (RD) or apparent relative density (ARD) reported (ad). Where ARD only is available, it is first adjusted to RD via the regression RD = 1.0975*ARD - 0.0962. This regression was derived from samples where both ARD and RD exist. • The Mineral Resources have been reported at an in-situ moisture basis of 4.5%. • This estimate of in-situ moisture (ISM) was determined by using the average of the limited number of Moisture Holding Capacity (MHC) analyses available, and the formula for deriving ISM from MHC described in ACARP study C10041. ISM = 1.1431*MHC + 0.348 • The in-situ relative density was determined using the Preston and Sanders equation; $$\frac{RDadX\ (100 - Mad)}{100 + RDadX\ (ISM - Mad) - ISM}$$ *Where:* *RDad = Relative Density (ad), Mad = Inherent Moisture (ad), ISM = In-Situ Moisture*
CLASSIFICATION	• *The basis for the classification of the Coal Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/coal quality estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*	• The classification of the Mineral Resources into varying confidence categories is based on a standardised process of utilising points of observation (PoB) according to their reliability and value in estimation. The points of observation are used to categorise structure and quality continuity (or both) or support continuity. • Radii of influence are then plotted around the Points of Observation data points for quality and structure. The radii of influence were determined by the perceived and observed variability in structure and coal quality for seams. • Variography on coal thickness was examined to test the variability of “seam structure” continuity • Variography on Raw Ash was examined to test the variability of “seam quality” continuity.

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
CLASSIFICATION (CONT'D)	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Drill hole spacing limits used for influence polygons for Structure were: High Confidence – 200 metres; Moderate Confidence – 400 metres; Low Confidence – 800 metres but not more than 400 metres past the outermost open hole intersecting the seam. • Drill hole spacing limits used for influence polygons for Quality were: High Confidence – 600 metres; Moderate Confidence – 1,200 metres; Low Confidence –2,400 metres but not more than 1,200 metres past the outermost cored hole intersecting the seam. • Areas of confidence (low, reasonable and high) are produced from these radii of influence plots (structure and coal quality for each seam) and these plots are combined to produce final areas of Measured, Indicated and Inferred which are used to subdivide the resource tonnage estimate. • The Competent Person is satisfied that the stated Mineral Resource classification reflects the geological controls interpreted and the estimation constraints of the deposit.
AUDITS OR REVIEWS	• *The results of any audits or reviews of Coal Resource estimates.*	• AAMC did undertake regular external geological model audits prior to estimating new Resources and Reserves. • No external audits or reviews of the 2017 Resources have been undertaken.
DISCUSSION OF RELATIVE ACCURACY/ CONFIDENCE	• *Where appropriate a statement of the relative accuracy and confidence level in the Coal Resource 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 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.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The Mineral Resource and Estimation techniques used for the Foxleigh deposit are consistent with those applied at other deposits which are being mined. • Accuracy and confidence of the Mineral Resource estimation estimate has been accepted by the Competent Person.

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**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.*	• The JORC Coal Resource estimate for the Foxleigh Plains Open Pit (Dated 30th September 2017) was prepared by Measured Group Pty Ltd and signed off by Lyon Barrett as the Competent Person. This has been used as the basis for the conversion from Coal Resources to Coal Reserve estimate for the Foxleigh Plains Open Cut pit. • The Coal Resource estimate is inclusive of the Coal Reserve estimate. • The Coal Resources total 63 Mt consisting of Measured: 28.5Mt, Indicated: 24.5Mt, Inferred: 10Mt
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.*	• The competent person has visited the site as a part of this project. • The competent person is familiar with Foxleigh Mine and the Foxleigh Plains Open Cut pit and the mining technique utilised to win the coal.
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.*	• Foxleigh Mine is an operating open cut coal mine with Foxleigh Plains being one of two active Open Cut pits. • Modifying factors utilised in brownfields expansion areas are consistent with the existing mining areas.
CUT-OFF PARAMETERS	• *The basis of the cut-off grade(s) or quality parameters applied.*	• The limit for strip design for the Foxleigh Plains Open Cut pit has been created utilising an economic cut off, this means that each included tonne is expected to contribute to the Reserve value. • The mine schedule is evaluated in a financial analysis model to determine annual cashflow. The schedule cashflow is utilised as a second check to validate the economics of the Reserves.
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 criteria utilised to determine if a Resource can be converted to a Reserve include, appropriate Resource classification of Measured or Indicated, pit optimisation to determine target area, mine design to ensure a practical mining geometry inside the economic pit limit, application of appropriate modifying factors to estimate the Reserve tonnage and scheduled economic evaluation to ensure positive cashflow can be maintained from each mining location. • Truck and excavator mining method is employed at the Foxleigh Plains Open Cut pit. These methods are appropriate to extract coal of this nature. The two mining methods utilised in this estimate are: • Truck and excavator terrace mining (major) • Cast, dozer and excavator (minor) • Geotechnical Parameters used in design are: o 65 degree highwall up to 70m (unfaulted, unweathered material) o 45 degree softwall above 70m (unfaulted, unweathered material) o 45 degree softwall (faulted or weathered material)

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
MINING FACTORS OR ASSUMPTIONS (CONT'D)	• *The assumptions made regarding geotechnical parameters (e.g. 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.*	o 37 degree lowwall (angle of repose) o Any lowering of angle required by specific seam geometry o Any access width required by the minimum machinery width specification • Loss and Dilution factors used include: o Seam Loss: 4% o Seam Dilution by seam as per mine reconciliation is shown in Table 3. Dilution density: 2.2 t/m. Dilution ash: 100% • Minimum mining width considered is 40m on the basal coal floor; standard coal block widths range between 60m and 100m based on coal seam geometry and mining location based mining method. • In the financial model, any Unclassified or Inferred Resource has been treated as waste and as such a waste mining cost has been assigned. • The infrastructure in place at Foxleigh mine is adequate to service the existing operation and beyond expenditure of sustaining capital, requires no changes to support the mine plan in the immediate future.
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?*	• The existing Foxleigh Mine CHPP is capable of processing the target coal seams. The metallurgical changes proposed are within the design limitations of the CHPP and its historical performance. • The CHPP is a single stage plant producing a single product. Variable cut points are anticipated based on the coal seam geology to maximise the overall product yield and all coal seams are blended to the standard product at Foxleigh Mine. • Foxleigh Mine produces a single Pulverised Coal Injection metallurgical coal product.

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
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.*	• There are no environmental impediments limiting the Reserve estimate. • Waste rock on this site is typically inert; additional studies are required to further evaluate rehabilitation opportunities to backfill existing pit voids.
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.*	• The coal won from Foxleigh Plains Open Cut uses the existing Foxleigh Mine infrastructure which is appropriate for use to continue mining operations.
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 derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *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.*	• Capital Costs have been estimated utilising an allowance per Coal tonne that has been extracted from financial assumptions utilised for the budget and LOM studies at site. Specific projects attract discrete Capital estimates. • Operating costs have been provided by the owner based on either tendered process costs or activity costs consistent with the Foxleigh operation. Specific costs are provided in Table 6. • Royalties have been calculated based on the QLD formula for royalties' payable based on sales revenue per tonne. • For 2017, a 5% discount off the headline PCI price has been applied whilst from 2018 onwards a 3% discount has been applied to allow for any unforeseen penalties.

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
REVENUE FACTORS	• *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.*	• The assumed price for PCI coal over the life of the Opencut is shown in Table 5. • An exchange rate of 0.75 AUD: USD has been forecast from 2018 onwards. 2017 reflects the current strength of the Exchange Rate and PCI Coal price.
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 forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Foxleigh Mine has a long history of supplying coal to a well-established market.
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 mine plan has been assessed utilising a financial analysis tool in Table 7. The assumptions contained include: o A Corporate tax rate of 30% on profit is used. o Cashflow is discounted at a rate of 7% which is suitable for an operating mine.
SOCIAL	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine is currently in operation. Sufficient time has been allowed to complete geological and investment evaluation of new areas in the deposit and establish Mining rights to operate.
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.*	• There are no material issues that impact on the estimation and classification of the Reserves at the Foxleigh Plains Open Cut pit.

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
OTHER (CON'T'D)	• *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.*	
CLASSIFICATION	• *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).*	• All Measured Resources within the mine plan and economic limit have been converted to Proved Reserves. • All Indicated Resources within the mine plan and economic limit have been converted to Probable Reserves. • This outcome reflects the Competent Persons view of the deposit.
AUDITS OR REVIEWS	• *The results of any audits or reviews of Ore Reserve estimates.*	• No external audits or reviews of the 2017 Reserve have been undertaken.
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.*	• There is a high degree of confidence in the stated Coal Reserve quoted. This process utilises validation processes throughout the construction of the Coal Reserve designs and schedules. • The mine plan outputs are in line with site reconciled historical results. • Price and foreign exchange rate variation represent a degree of risk and opportunity to the operation. Assumptions utilised are in line with the comparable forecast information available.

SECTION 4. ESTIMATION AND REPORTING OF ORE RESERVES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
DISCUSSION OF RELATIVE ACCURACY / CONFIDENCE (CONT'D)	• *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.*	

Appendix 4 Coal Resources Declaration and Competent Persons' Statements

COMPETENT PERSON STATEMENT

FOXLEIGH PLAINS PROJECT - COAL RESOURCES

The information in this report that relates to Coal Resources is based on information compiled and reviewed by Mr Lyon Barrett, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Principal Geologist and Managing Director of Measured Group Pty Ltd.

Lyon Barrett has more than 20 years' experience in the estimation of Coal Resources both in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating mines and exploration areas. This experience is more than adequate to qualify him as a Competent Person for the purpose of Coal Resource Reporting as defined in the 2012 edition of the JORC Code.

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Lyon Barrett, BSc (Hons), MAusIMM No: 201562
xx December 2017

The estimate of Coal Resources for the Foxleigh Plains Project presented in this report have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 Edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

COMPETENT PERSON STATEMENT

FOXLEIGH PLAINS PROJECT - COAL RESERVES

The information in this report that relates to Coal Reserves is based on information compiled and reviewed by Mr Matthew Nielsen, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed as a Senior Mining Engineer of Measured Group Pty Ltd.

Matthew Nielsen holds a Bachelor of Engineering (Mining) from the University of Queensland and has 15 years' experience in the mining industry with over 10 years' experience in Open-cut coal. Matthew has sufficient experience that is relevant to the type of deposit under evaluation to qualify him as a Competent Person for the purpose of Coal Reserve Reporting as defined in the 2012 edition of the JORC Code.

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Matthew Nielsen BEng (Mining), MAusIMM No: 224490
xx December 2017

The estimate of Coal Reserves for the Foxleigh Plains Project presented in this report have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 Edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.