12 February 2024

Stanmore Resources to Acquire 50% interest in Eagle Downs

Highlights

- Stanmore has entered into definitive agreements to acquire South32's 50% interest in the Eagle Downs Metallurgical Coal Joint Venture Project and 100% of the shares in Eagle Downs Coal Management Pty Ltd
- Upfront consideration for the acquisition is US$15M, together with contingent payments linked to first longwall coal and a capped royalty stream contingent to coal price thresholds as outlined below
- The acquisition provides Stanmore with an attractive, fully permitted development option for a world class hard coking coal underground project which is complementary to its existing portfolio of top tier metallurgical coal assets in the Bowen Basin
- Eagle Downs is a high-quality hard coking coal development underground project with a substantive resource base of 1,140Mt[1] expected to produce premium low-volatility hard coking coal
- The asset is in close proximity to Stanmore's assets, providing it with the potential to leverage existing infrastructure and logistics capabilities to drive overall development and operating cost efficiencies at Eagle Downs, as well as providing longevity to Stanmore's infrastructure portfolio
- Stanmore is in discussions, and has signed a term sheet, with Aquila, the Eagle Downs joint venture partner, in relation to acquiring a further 30% interest in the joint venture and reshaping the joint venture commercial and governing arrangements

Stanmore Resources Limited ("Stanmore" or the "Company") (ASX:SMR) is pleased to announce it has signed a definitive sale and purchase agreement ("Sale and Purchase Agreement") with a wholly-owned subsidiary of South32 Limited ("South32") to acquire South32's 50% interest in the Eagle Downs metallurgical coal project, 100% interest in Eagle Downs Coal Management Pty Ltd ("EDCM") and associated assets (together "Eagle Downs" or the "Asset") (the "Transaction").

Transaction Overview

Consideration payable to South32 in connection with the Transaction comprises:

- US$15 million payable in cash upon Completion ("Upfront Consideration");
- US$20 million payable upon first 100Kt of coal being mined from longwall mining methods ("Deferred Consideration"); and
- A capped royalty of up to approximately US$100 million payable in the future linked to average coal index price thresholds ("Royalty").

[1] The information that relates to the Coal Resource of Eagle Downs was disclosed by South32 in its 2023 Annual Report which can be found on its website at https://www.south32.net/investors/annual-reporting-suite. It was reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Resources are presented on a 100% basis. See Competent Persons Statement on page 6 and Appendix B.

Stanmore will also assume all obligations associated with potential contingent royalty payments to Vale Australia Holdings Pty Ltd associated with the transfer, applied to 50% of all future coal sales revenues capped at US$80 million and subject to minimum coal price thresholds being achieved.

The other 50% interest in the project is held by Aquila Coal Pty Ltd ("Aquila"), a subsidiary of China Baowu Steel Group Corporation Limited ("Baowu"). Stanmore has been engaging in positive discussions with Aquila in relation to the joint venture as outlined further below. Stanmore will be the manager of the JV through its 100% ownership in EDCM.

Stanmore will fund the Upfront Consideration with existing liquidity.

The Transaction follows an extensive due diligence process undertaken by Stanmore with the assistance of external legal and technical advisers.

Completion of the Transaction is expected by the end of 2Q 2024, following the satisfaction of certain limited conditions precedent, including but not limited to Foreign Investment Review Board ("FIRB") approval, certain third-party consents and Stanmore acquiring the shares in EDCM.

CEO Statement

Marcelo Matos, Chief Executive Officer and Executive Director:

"The acquisition of Eagle Downs is consistent with Stanmore's ambition to expand its footprint in Queensland's premium metallurgical coal basin. Eagle Downs is a high-quality project underpinned by a substantial resource base, which provides an exciting development opportunity that is complementary to our broader portfolio and in close proximity to our existing operations. We believe we can bring our strong technical capabilities, as well as unique infrastructure and logistics portfolio, which will enable Stanmore to unlock the full value potential of Eagle Downs and provide a capital efficient pathway for any future development decision."

Transaction Highlights

- The acquisition of an interest in Eagle Downs provides Stanmore with an attractive development option for its portfolio that is highly complementary and in close proximity to its existing assets
- The Asset has an extensive resource base and, based on prior studies[2], may underpin a 40+ year mine life and a partially built underground access drift. All regulatory approvals are in place for restart of development and operations, and there are existing water supply and infrastructure and power infrastructure arrangements securing critical utilities for development. The project is unencumbered by any existing logistics-related take-or-pay arrangements to be assumed by Stanmore
- The primary product is expected to be a low-volatile premium hard coking coal, which would be attractive to a range of potential customers
- Eagle Downs would add longevity to Stanmore's production profile and existing infrastructure assets in the area. There is potential to reduce the overall development costs for Eagle Downs by leveraging Stanmore's existing infrastructure including the Poitrel and/or Isaac Plains Coal Handling and Processing Plants ("CHPP") and train load out facilities, which have an existing combined capacity of over 13 million tonnes per annum with potential for capital efficient upgrades if required. Both CHPPs are reasonable haulage distance to the Eagle Downs mine infrastructure
- Stanmore also has options to manage logistics arrangements within its expanded rail and port portfolio to be able to support Eagle Downs rail and port requirements, which, different than in past development attempts, are critical enablers for the project

[2] Aquila previously reported the results of its Hard Coking Coal Project Study in its ASX announcement dated 31 May 2011 in which it indicated that that the Eagle Downs project has an estimated life in excess of 40 years.

- Stanmore would look to undertake a final optimisation study with a view to developing a lower capital development plan to support any final investment decision

Discussions with Aquila

The Company also confirms that it has signed a term sheet ("Term Sheet") with Aquila, the other 50% Eagle Downs joint venture participant. The Term Sheet contains, among other items:

i) a binding undertaking from Aquila to waive any pre-emptive rights in respect of a sale and transfer of South32's interest in the EDJV to Stanmore;

ii) Stanmore to acquire an additional 30% interest in the Eagle Downs project from Aquila on the same commercial terms as those agreed under the South32 transaction (on a pro-rata basis);

iii) Stanmore to acquire an 80% interest in the Eagle Downs South Tenement which will be included and form part of the jointly owned JV assets;

iv) the principles governing the provision of infrastructure (CHPP toll washing, train loading, among other items) and rail and port capacity and services provided by Stanmore which would be on a cost-plus margin basis; and

v) offtake arrangements whereby each party is entitled to offtake and market its equity share of coal, whereby Aquila's share of coal would be for its own internal consumption or on sold within China.

The transaction with Aquila is subject to both parties obtaining final internal approvals and entering into definitive agreements to effect the transaction, including a Sale and Purchase Agreement, a revised Management Agreement and a revised Joint Venture Agreement.

Stanmore will be the majority owner and the manager of the EDJV via its acquisition of EDCM from South32.

Following completion of the contemplated transactions, Aquila and Stanmore will work together to develop an optimised development plan for Eagle Downs, minimising development capital expenditure, which subject to appropriate investment return hurdles, would form the basis of any final investment decision.

Stanmore and Aquila are currently progressing these negotiations which are expected to be concluded in parallel with the South32 transaction. Stanmore will keep the market informed as appropriate to the status of the negotiations.

Asset Overview

Eagle Downs is a large, high quality low volatile hard coking coal development project located approximately 20km from the town of Moranbah. It is directly south of Stanmore's Isaac South (EPC755) Exploration Permit and nearby Stanmore's existing operations in the renowned Bowen Basin in Queensland. The project has been in care and maintenance since late 2015 following significant initial works. Current mine infrastructure includes water supply and high voltage power systems, sealed roads, office buildings and water and sediment dams. The project is fully permitted with Mining Lease and key Environmental Approvals granted. The site is ready for immediate construction, with two underground access drifts that are approximately 40% complete.

Eagle Downs is one of the last remaining undeveloped areas targeting the premium Moranbah Coal Measures in the Bowen Basin. The resource is very well defined with significant exploration programs having been undertaken over the years by previous owners to underpin a substantial resource base of 1,140Mt[3] of Resources and 292Mt

[3] The information that relates to the Coal Resource of Eagle Downs was disclosed by South32 in its 2023 Annual Report which can be found on its website at https://www.south32.net/investors/annual-reporting-suite. It was reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Resources are presented on a 100% basis. See Competent Persons Statement on page 6 and Appendix B.

of Reserves[4]. Previous studies, including by Aquila[5], indicated the potential to produce between 4-6Mtpa of high quality, low volatile hard coking coals via longwall mining set up of the target Harrow Creek Upper, Harrow Creek Lower and Dysart seams, with potential for further expansions. These assumptions will be validated together with other economic and technical parameters to support a future investment decision.

Various studies have been conducted over the past few years, including two comprehensive Bankable Feasibility Studies and multiple optimization studies, with the latest BFS undertaken in September 2020 and independently reviewed.

The Eagle Downs South deposit (MDL519) adjoins Eagle Downs to the north. Prior to 2019, approximately 70 structural and coal quality holes were drilled and 36 quality samples were taken across three main target seams with a pre-concept scoping study being finalised in December 2020.

Marcelo Matos, Chief Executive Officer and Executive Director, added:

"Stanmore is uniquely positioned to leverage our existing infrastructure portfolio at Poitrel and Isaac Plains to support an optimised development plan for the project, and utilise our existing rail and port capacity as a key investment enabler. Eagle Downs also has strong strategic fit in our portfolio, extending the life of our operations in the area given the relatively shorter mine life at Poitrel and the Isaac Plains Complex. This is in line with our commitment to developing options for expanding and increasing the longevity of our business in the area by leveraging our strong existing infrastructure position."

Reserves and Resources (100% basis)

Coal Resources[6]		Measured	Indicated	Inferred	Total
Total resources	Mt	759	201	183	1,140

Coal Reserves[7]		Proved	Probable	Total
Total reserves	Mt	191	101	292
Marketable reserves	Mt	124	58	182

Advisers

Stanmore is being advised by Grant Samuel, Palaris Australia, and McCullough Robertson Lawyers.

Approval

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

Further Information

Investors

investors@stanmore.net.au

Media

media@stanmore.net.au

[4] See Appendix B.

[5] Aquila previously reported the results of its Hard Coking Coal Project Study in its ASX announcement dated 31 May 2011 in which it indicated the potential for export of 4.5Mtpa of coal (on average) over the first 10 years of production.

[6] The information that relates to the Coal Resource of Eagle Downs was disclosed by South32 in its 2023 Annual Report which can be found on its website at https://www.south32.net/investors/annual-reporting-suite. It was reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Resources are presented on a 100% basis. See Competent Persons Statement on page 6 and Appendix B.

[7] Reserves are presented on a 100% basis. See Competent Persons Statement on page 6 and Appendix B.

About Stanmore Resources Limited (ASX: SMR)

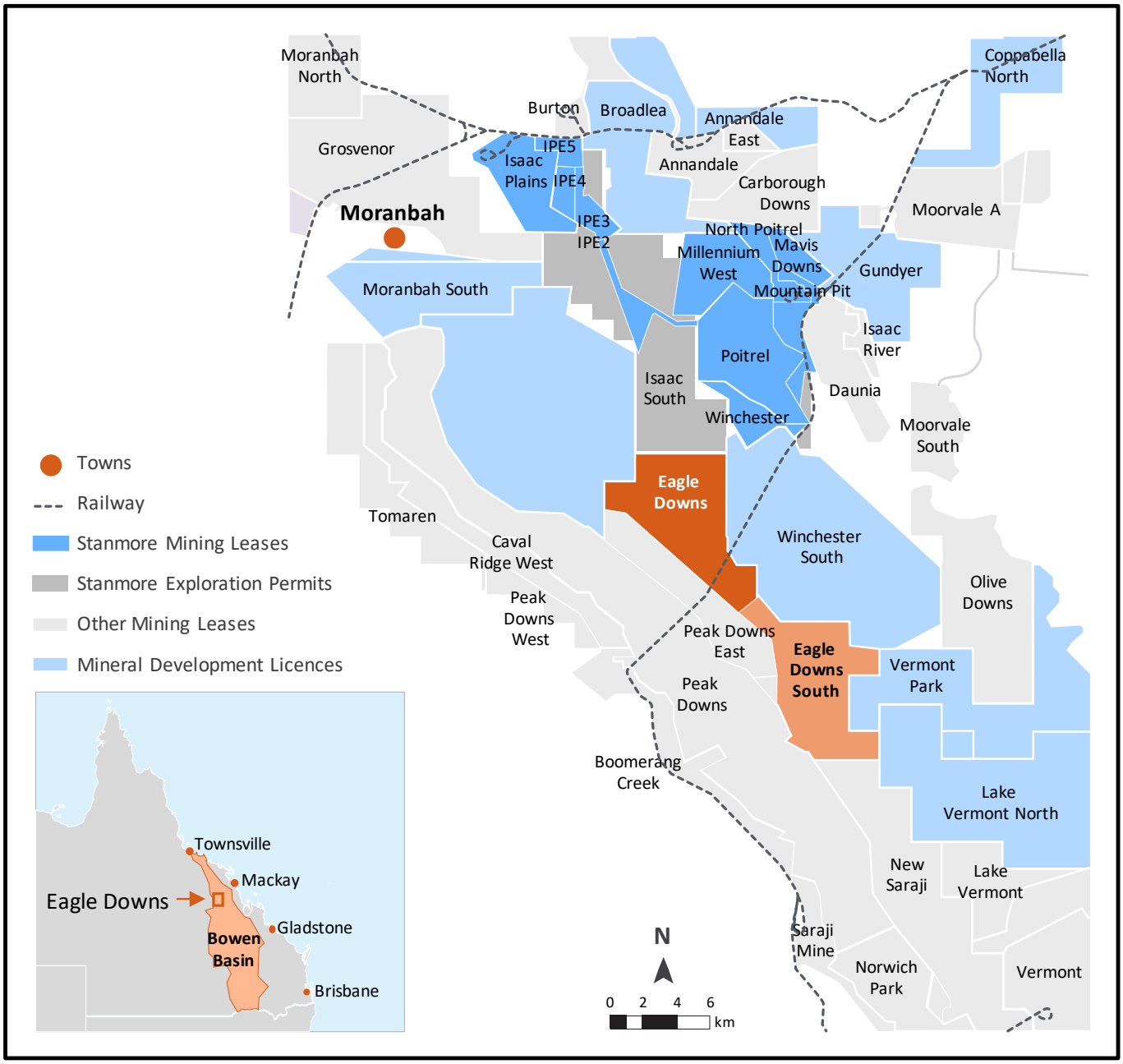
Stanmore Resources Limited owns and operates the Isaac Plains Complex, South Walker Creek and Poitrel metallurgical coal mines, as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources also owns the Millennium and Mavis Downs Mines and holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.

Competent Persons Statement

The Resource estimate is based on information reviewed by Mr Mal Blaik, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) (112631). Mr Mal Blaik is a Principal Consultant of JB Mining Services Pty Ltd. He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mal Blaik has over 30 years' experience in coal geology and over 20 years' experience in resource evaluation. Mr Mal Blaik consents to the inclusion of this Resource Estimate in reports disclosed by the Company in the form in which it appears.

The Reserve estimate is based on information reviewed by Mr John Pala, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) (201742). Mr Pala is Managing Director of Palaris. He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pala has over 30 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. Mr Pala consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

Appendix A: Location Map



Appendix B: JORC Code, 2012 Edition

Table 1 – Checklist of Assessment and Reporting Criterial

Resource

<table>
<tr><th colspan="2">Section 1: Sampling Techniques and Data</th></tr>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Sampling Techniques</td><td>Core holes were partly cored around the target seams. Core diameter is principally 100mm, with some 63mm and 61 mm diameter cores. Whole of core samples were logged, wrapped in plastic, bagged and sealed with sample ID tags prior to dispatch to the laboratory.

The following table provide details of sampling and subsequent analyses.

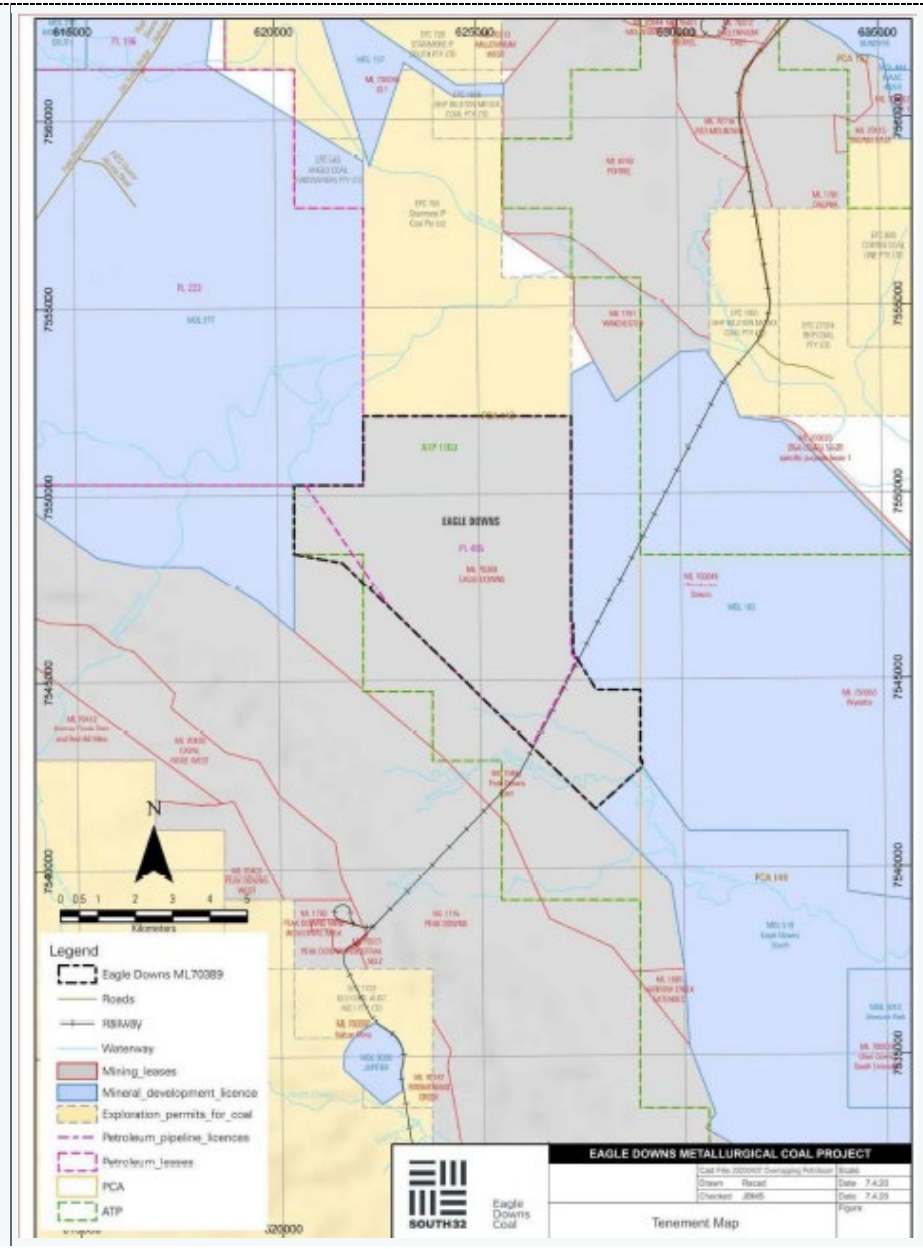
<table>
<tr><th>Seam</th><th>Dysart Seam</th><th>Harrow Creek Upper Seam</th><th>Harrow Creek Lower Seam</th><th>Q Seam</th></tr>
<tr><td>Sampling detail</td><td>Sub Ply samples generally <1m</td><td>Sub Ply samples generally <1m</td><td>Sub Ply samples generally <1m</td><td>Sub Ply samples generally <1m</td></tr>
<tr><td>Approximate No of Holes Cored and analysed</td><td>112 holes</td><td>129 holes</td><td>125 holes</td><td>91 holes</td></tr>
<tr><td>Raw Coal analyses</td><td>On ply samples</td><td>On ply samples</td><td>On ply samples</td><td>On ply samples</td></tr>
<tr><td>Washability Analyses</td><td>On ply section composites</td><td>On ply section composites</td><td>On ply section composites</td><td>On Whole seam</td></tr>
<tr><td>Clean Coal Composite Analyses</td><td>On working section composites</td><td>On working section composites</td><td>On working section composites</td><td>On Whole seam</td></tr>
</table>

Sample volumes were sufficient to meet industry standards for the suite of analyses and also provide reserve samples.</td></tr>
<tr><td>Drilling techniques</td><td>Drilling rigs comprised both conventional rotary and top head drive units providing core samples of 100mm, 63mm and 61 mm diameter core. Blades, PCD or hammer bits were used for open hole drilling. All holes were attempted to be drilled vertical and all holes were geophysically logged.</td></tr>
<tr><td>Drill sample recovery</td><td>Core sample drilled and recovery noted by supervising geologist in both the lithological log and sample dispatch records.
Sample weights are compared with estimated weights to aid determination of sample recovery. Density logs used to check sample recovery. Seam intervals with less than 90% linear recovery were generally re-drilled.</td></tr>
</table>

Logging	Drilling commenced in 2004 and has continued until 2019. Core and chip samples were lithologically and geotechnically logged by geologists experienced in coal resource investigation and evaluation. Where possible, wireline logging of all drill holes has been routinely undertaken for the industry standard suite of logs - caliper, gamma and density. Deviation logs have been on run most holes. The majority of cores have been photographed. The level of detail is considered to be appropriate for coal resource definition. Samples are allocated unique sample numbers which are recorded in sample dispatch sheets as well as in the lithological log.
Subsampling techniques And preparation	Full cores were used for sample testing. Chip samples were not analysed. Samples have been crushed and sub-sampled in National Association of Testing Authorities (NA TA) registered laboratories using appropriate Australian Standards for coal testing as follows: AS1038.1/AS1038.11/AS1038.12.1/AS1038.12.2/AS1038.12.3/AS1038.12.4.1/AS1038.1 4.2/AS1038.14.3/AS1038.15/AS1038.20/AS1038.21.1.2/AS1038.21.2/AS1038.23/AS103 8.3/AS1038.3/AS1038.3/AS1038.5/AS1038.6.1/AS1038.6.2/AS1038.6.3.2/AS1038.6.3.3/ AS1038.8.1/AS1038.8.2/AS1038.9.3/AS2519/AS2617/AS2856/AS2856.3/AS3881/AS415 6.1 /AS4156.2/AS4264.1 Core Samples were wrapped in plastic to reduce oxidation, transported to the lab as soon as reasonable and kept in cold storage prior to analyses.
Quality of assay data and laboratory tests	NATA registered laboratories have been used for all coal testing. Nata laboratories have quality assurance/quality control schemes that include round robin and duplicate sample analyses. Ply samples were Raw coal analysed for Proximates CSN and RD and other tests. Ply samples were combined into working sections for detailed washability and clean coal composite analyses. A comprehensive suite of analyses suitable for evaluation of coking and PCI coal quality were carried out including proximates, CSN, total sulphur, Calorific value, ash analyses, deleterious elements phosphorus, dilatometer, Gray King, Giesler Plastometer, petrographics and reflectance.
Verification of sampling and assaying	As part of sample preparation at the laboratory, sample mass is recorded and compared with theoretical mass for that core size to check for recovery and thickness loss. Coal assay results were compared with neighbouring results in the modelling process and also with the geophysical logs for consistency. Analyses are generally reported on an air dried basis unless otherwise noted. Where the lithological coal seam intercepts are adjusted to geophysics, sample depths are adjusted accordingly.
Location of data points	All survey data is in the Map Grid of Australia (MGA94) co-ordinates which are based on Geocentric Datum of Australia 1994 (GDA94) datum for Zone 55. Mackay Surveys were initially contracted to complete survey pickup for completed drillholes, viz Easting, Northing and collar reduced level. Equipment used by Mackay Surveys was a RTK GPS system using a 4400 radio system. Drill hole locations were picked-up in several survey phases to avoid confusion of multiple drill holes at similar sites, drilled at different times. Recent surveys were by Hummingbird Surveys using similar equipment. Survey accuracy for drill holes is in the order of+- 0.3m E, N, RL. An aerial survey was flown and a DTM compiled by AAM Hatch Pty Limited in 1996. This was superseded by a Lidar survey flown in

	October 2018. The claimed accuracy is <0.4m E,N and <0.1 m RL. Drillhole collars have been checked against the DTM and found to be consistent.
Data spacing and distribution	A total of 348 holes are in the lithological database of which approximately 240 are used for structure modeling. No exploration results are being reported. Drillholes are spaced generally 500m apart over the majority of the area. The majority of drill sites are cored so the core spacing is essentially the same as the total drill hole spacing. The adequacy of drill hole spacing has been confirmed in geostatistical studies. The majority of drill sites have 2 to 3 holes- a pilot, a core and re-drill. Most holes were drilled to the Dysart seam with the exception of redrills- targeting higher seams. Compositing of contiguous coal seam samples is on an (industry standard) length by density basis for Raw coal quality and length by density by yield basis for clean coal quality.
Orientation of data in relation to geological structure	Drilling has been attempted to maintain hole verticality. However drill hole deviation is significant due to the depth of the holes. Downhole deviation logs are used to calculate seam roof and floor positions in space. Seam structure modelling is based on triangulation of the structure roof and floor intercepts. Seam thickness is derived by structure roof minus floor models.
Sample security	Core samples were bagged and labelled with a unique field sample ID. In addition the field sample No. was placed on a tag and bagged with the sample material.. Field sample despatch records were compiled detailing the sample depths, general composition (coal/parting) and intended analyses instructions. The bags were sealed and transported by registered transport contractors to the laboratory On arrival at the laboratory field samples were re-weighed and confirmed against sample despatch advice data.
Audits or reviews	The 2015 resources were reviewed by XSTRACT in March 2019. A formal audit of the 2011 resources was carried out by Snowden in 2012. Several internal company reviews have been undertaken. The resource estimate has been compared with previous estimates to check veracity.

Section 2: Reporting of Exploration Results	
Criteria	**Explanation**
Mineral tenement and land tenure status	ML 70389 (Eagle Downs) was applied for in mid-2008 and granted in September 2011 for a term of 30 years to Eagle Downs Coal - a joint venture between Vale and Aquila Coal Pty Ltd. The ML was applied over the original EPC795 granted to Aquila Coal Pty Ltd in February 2003 for a period of 3 years. Aquila Coal Pty Ltd subsequently entered into a JV Agreement on 27 January 2004 with AMCI Australia Pty Ltd for the management of the Aquila EPCs in Queensland. The EPC was subsequently transferred into 50% Aquila Coal Pty Ltd, and 50% Bowen Central Coal Pty. In March 2007, Vale Australia Pty Ltd acquired some of the coal assets of AMCI Australia Pty Ltd, one of which was its interest in EPC795 (including the EDP area). In September 2018 S32 ac uired Vale's interest in EPC795 and ML70389.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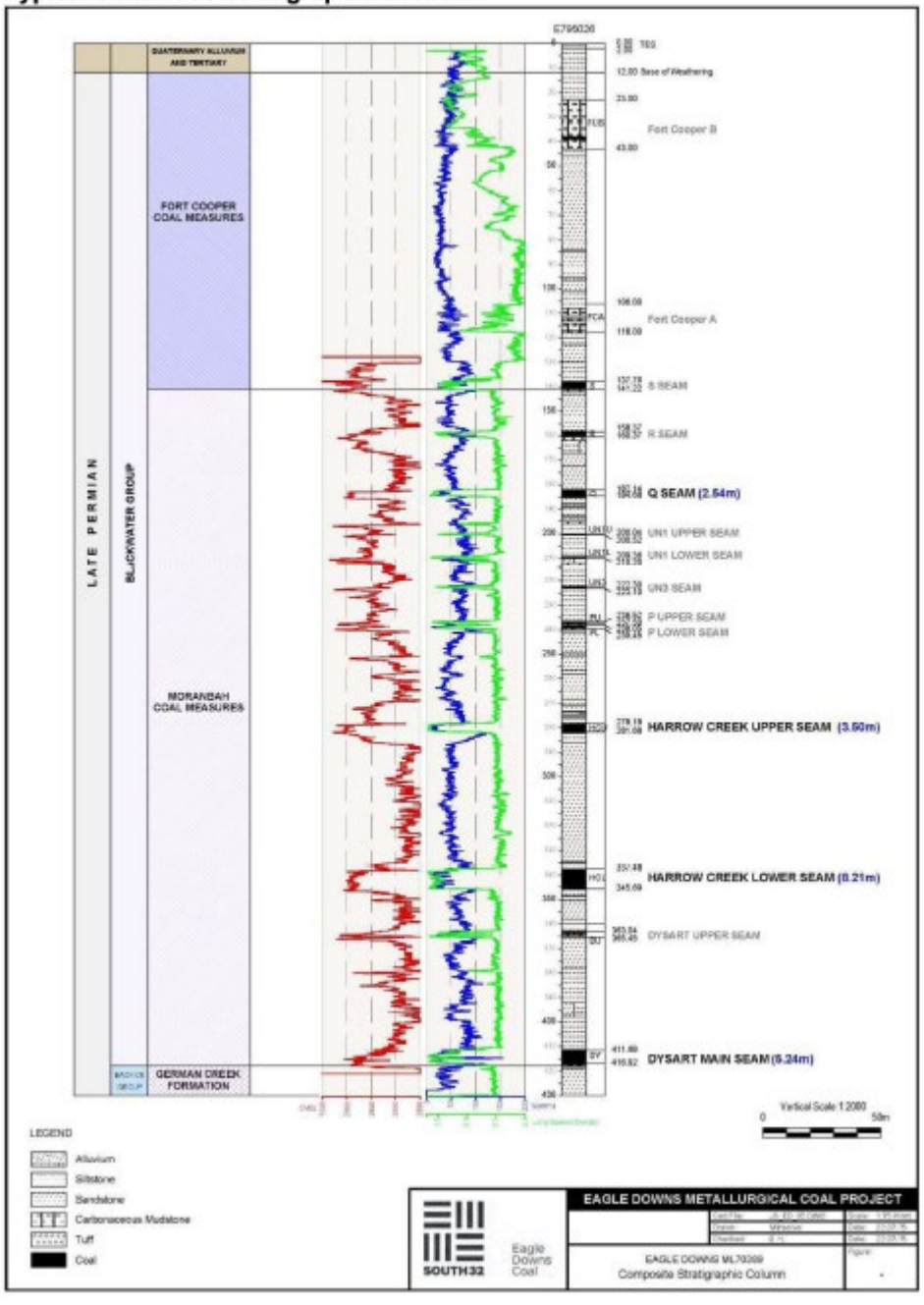
Kilometers
Legend
Eagle Downs ML70389
Roads
RSWBY
Waterway
Mining_leases
Mineral_development_licence
Exploration_permits_for_coal
Petroleum_pipeline_licences
Petroleum_leases
PCA
ATP
EAGLE DOWNS METALLURGICAL COAL PROJECT
SOUTH32
Eagle Downs Coal
Tenement Map

Exploration done by other parties	Prior to Aquila being granted the current EPC795, the Eagle Downs area had been explored in a number of phases of activity summarised as follows: The earliest recorded exploration in the area was carried out by the Utah Development Company Pty Ltd in the 1960's. A series of shallow drill traverses were drilled mainly to the west of the current EPC area (to prove up the Peak Downs opencut area) and hence fell outside the current! defined Eagle Downs area. Queensland Mines Department in the 1970's drilled some regional exploration holes in and around EPC795, including CC13 immediately north of the EPC boundary, CC15 and CC16 south of Cherwell Creek, and again north of EPC795, CC63, CC70 in the middle of the area, and CC62 and CC71 in the south of the area. Most of these holes were targeting the deeper sequence of the Moranbah Coal Measures (MCM),and confirmed the continuance of the MCM at depth to the east of Peak Downs open cut mine area. BP Resources drilled in the 1980's an area to the east of PDE when they were evaluating the Winchester South Rangal Coal Measure resource area. Most of these holes were quite shallow and hence did not intersect the deeper MCM. Kumba Resources drilled a series of deeper holes in the 1990's in the area north of the EPC boundary. MGC Resources Australia Pty Ltd conducted 2D dynamite seismic surveys in the early 1990's along the length and across the EPC area and followed this up with some gas exploration holes. Lines 93-88, 93-5 and 93-6, traversed the EPC area. To the north line 93-4 and 93-BA were completed and to the south Line 93-BC was completed. Contained within the EPC area some 36 km were completed, in lines 93-BB, 93-5 and 93-6. Holes WIN3, PD1, PD2, WPD1 and RIP1 were drilled with the EPC area and River Paddock 1 was drilled north of the EPC area. Most recently (in the mid to late 1990's) BMA (CQCA) Pty Ltd as the holder of EPC564 drilled a series of holes which targeted the deeper Moranbah Measures. One site is in the Eagle Downs area (holes 41564, and 41570C) and the remaining holes were in the southern resource area, south of the Norwich Park Railway line (40373, 40374, 41573) As part of the work in EPC564, BHP also did some evaluation of the RCM sequence in the north east of the EPC795 area. BHP also completed a small heli-mag survey over the northern part of the EPC795 area. CH4 Pty Ltd (now Arrow Energy) recently (2004 and 2005) drilled some shallow gas holes in the north west of the EPC area. These were sampling gas from both the Fort Cooper Coal Measures and the Moranbah Coal Measures.
Geology	**Regional Geology** The Eagle Downs Coal Resource is located in the northern part of the Permo-Triassic Bowen Basin containing principally fluvial and some marine sediments. The known economic seams are contained in the Late Permian Moranbah Coal Measures (MCM) which is approximately 300m thick. The Moranbah Coal Measures are overlain by the Fort Cooper Coal Measures, Rangal Coal Measures (RCM) and the Late Permian to Early Triassic Rewan Group. **Local Geology** **Weathering** Depth of weathering over the Eagle Downs area ranges from 15 to 30m averaging 17m. As the seam subcrop zone falls well to the west of the project area for all seams, weathering impacts on coal freshness is not a consideration for this project. Weathering will potentially impact the means of access (shaft or decline) to the potential underground Coal Resources. Quaternary sediments and or soil are relatively thin in the Eagle Downs Project area. They range in thickness from Oto 15m averaging approximately 1 m.

Typical Schematic Stratigraphic Section.



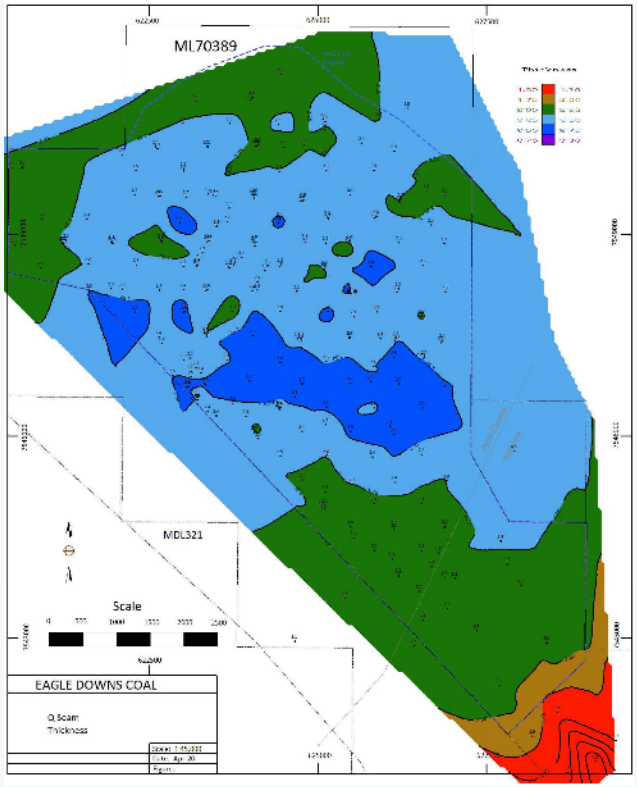
Coal Seams

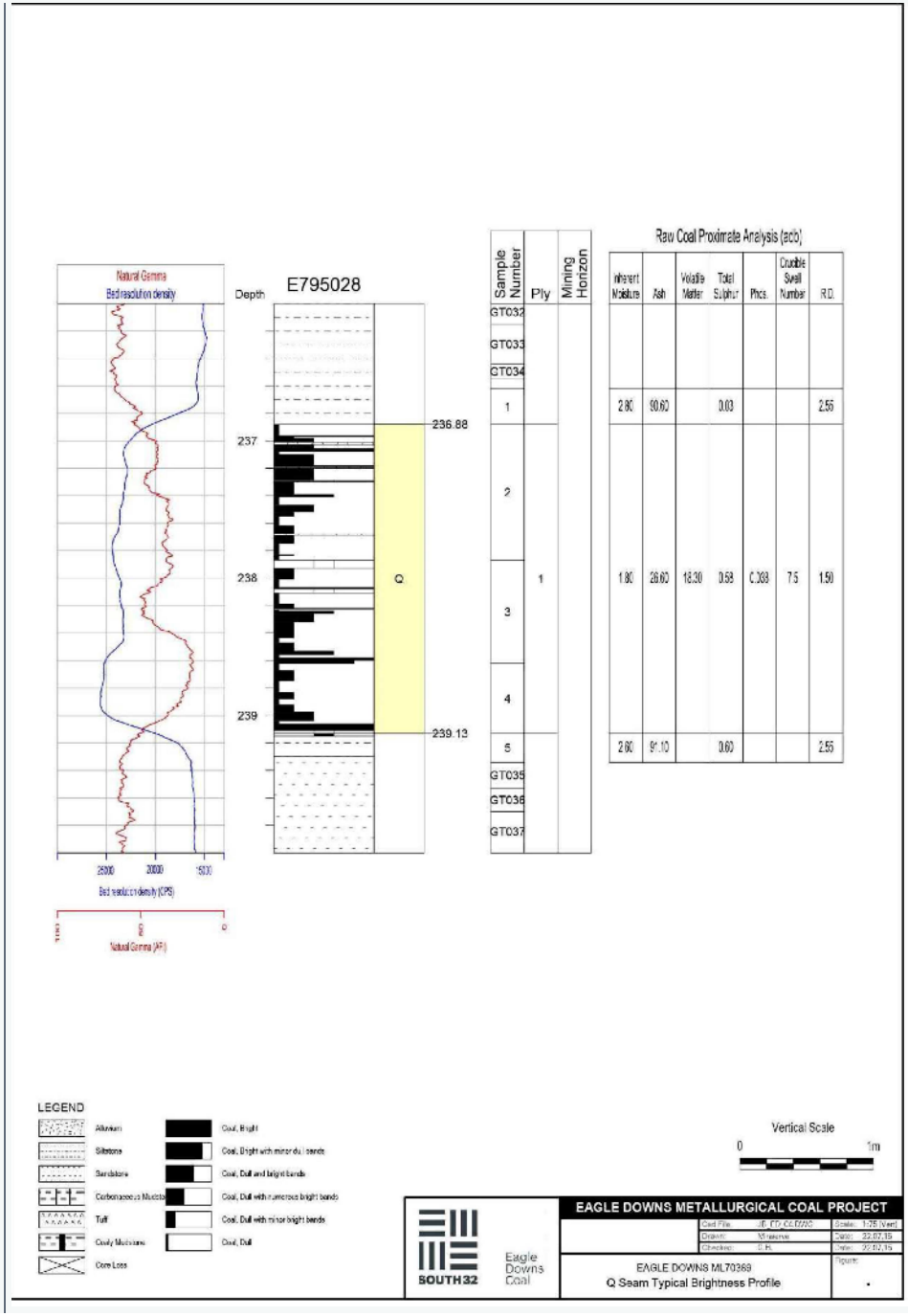
General

The Q, HCU, HCL and DY Seams of the Moranbah Coal Measures form the principal economic coal resources in the Eagle Downs resource area. Plate 3 presents a diagrammatic section of the typical seam stratigraphy of the area. In the south of the Eagle Downs Project area the HCU and HCL seams coalesce to form a thickened pod of coal named the Harrow Creek seam.

QSeam

The Q Seam is typically 1.8m to 2. 7m thick (average 2.3m). Q seam is quite consistent across the Eagle Downs area but splits to the south east of the deposit area. The seam is relatively free of non coal bands; although there are some thin stone bands at the top of the seam. For this assessment the Q Seam has been treated as potentially one mining interval, i.e. there are no sub plies. At the shallowest point the Q seam is 160m below the surface, while at depth it is up to 400m below surface. The Q seam whole seam raw ash averages 28% and has a high vitrinite content. The following figures show the Q seam thickness and a typical brightness profile.



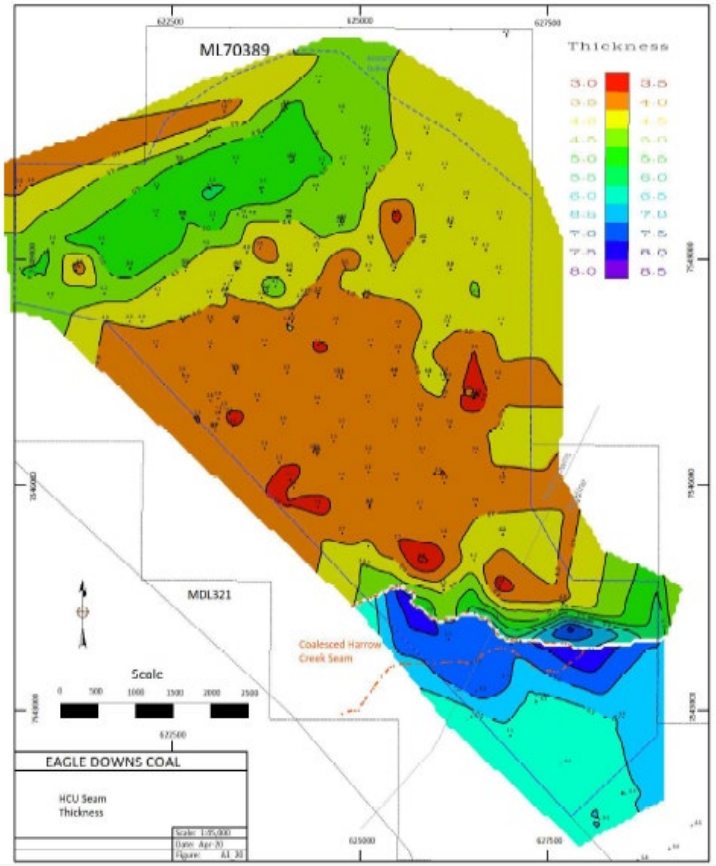

Natural Gamma
Bed resolution density
Depth
E795028
236.88
237
238
239
239.13
Q
Sample Number
Ply
Mining Horizon
GT032
GT033
GT034
1
2
3
4
5
GT035
GT036
GT037
Raw Coal Proximate Analysis (adb)
Inherent Moisture
Ash
Volatile Matter
Total Sulphur
Phos.
Crucible Swell Number
R.D.
2.80 | 90.60 | 0.03 | 2.55
1.80 | 26.60 | 13.30 | 0.58 | 0.393 | 7.5 | 1.50
2.90 | 91.10 | 0.60 | 2.55
LEGEND
Alluvium
Siltstone
Sandstone
Carbonaceous Mudstone
Tuff
Coaly Mudstone
Core Loss
Coal, Bright
Coal, Bright with minor dull bands
Coal, Dull and bright bands
Coal, Dull with numerous bright bands
Coal, Dull with minor bright bands
Coal, Dull
Vertical Scale
0
1m
SOUTH32
Eagle Downs Coal
EAGLE DOWNS METALLURGICAL COAL PROJECT
EAGLE DOWNS ML70369
Q Seam Typical Brightness Profile

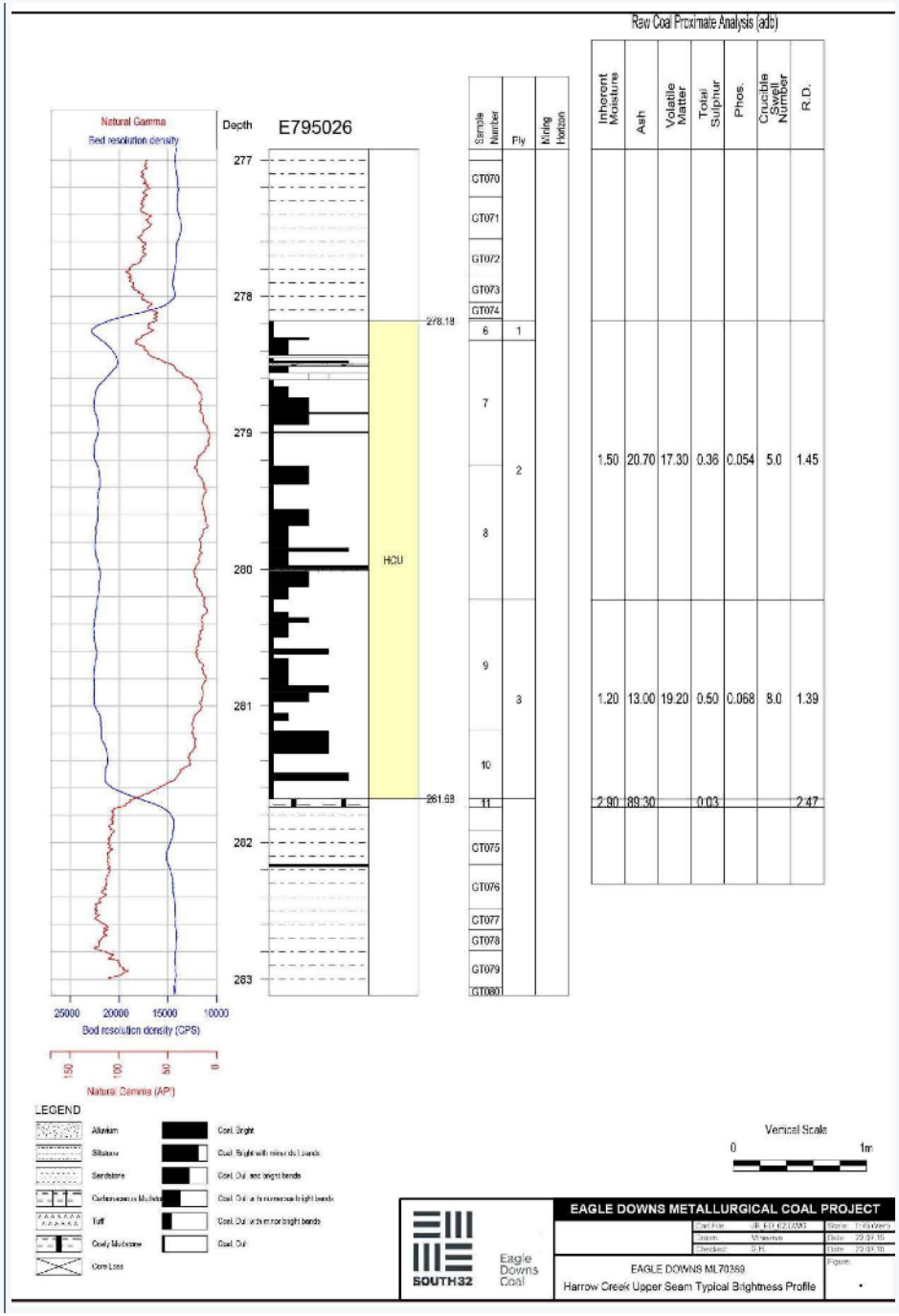
Harrow Creek Upper Seam

The Harrow Creek Upper seam (HCU) averages 4.0m in thickness in the Eagle Downs area. South of the coalesced Harrow Creek seam, the HCU is slightly thicker than in the Eagle Downs area.

The HCU seam has five plies, three of which (HCU1 ,2,3) are persistent over the deposit. The thin top ply (HCU 1) being quite high in ash due to the presence of a series of thin stone bands and generally duller coal. Plies HCU2 and HCU3 have moderate ash. In the northern portion of the resource area the HCU thickens and this corresponds to the development of basal plies HCU4 and HCU5. HCU4 is thin, stoney and high in ash. HCU5 is thin but has moderate ash.

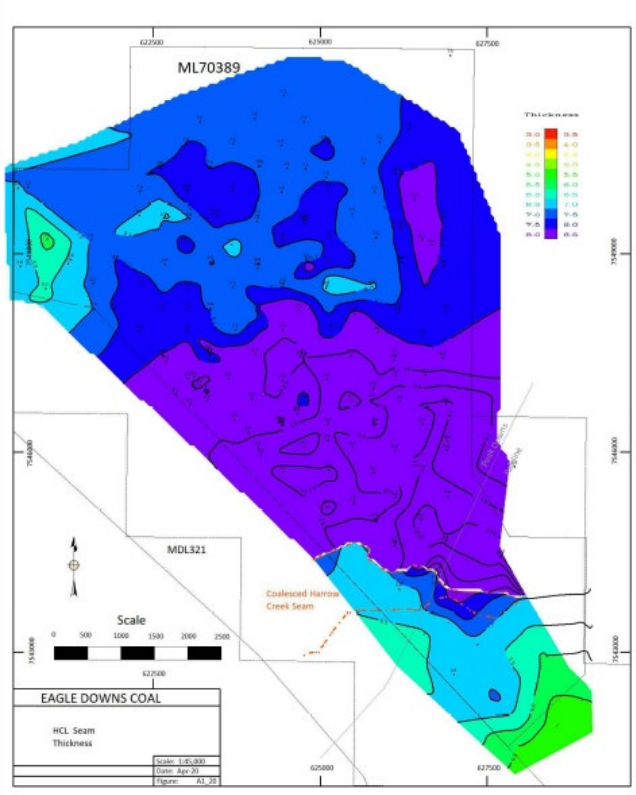
The target working section for longwall mining is the HCU25 section which is inclusive of the HCU23 section. The HCU1 is only likely to be mined where the HCU25 is less than the planned longwall cutting height of 4.2m. The HCU seam whole seam raw ash averages 21%. The following figures show the HCU seam thickness and a typical brightness profile.

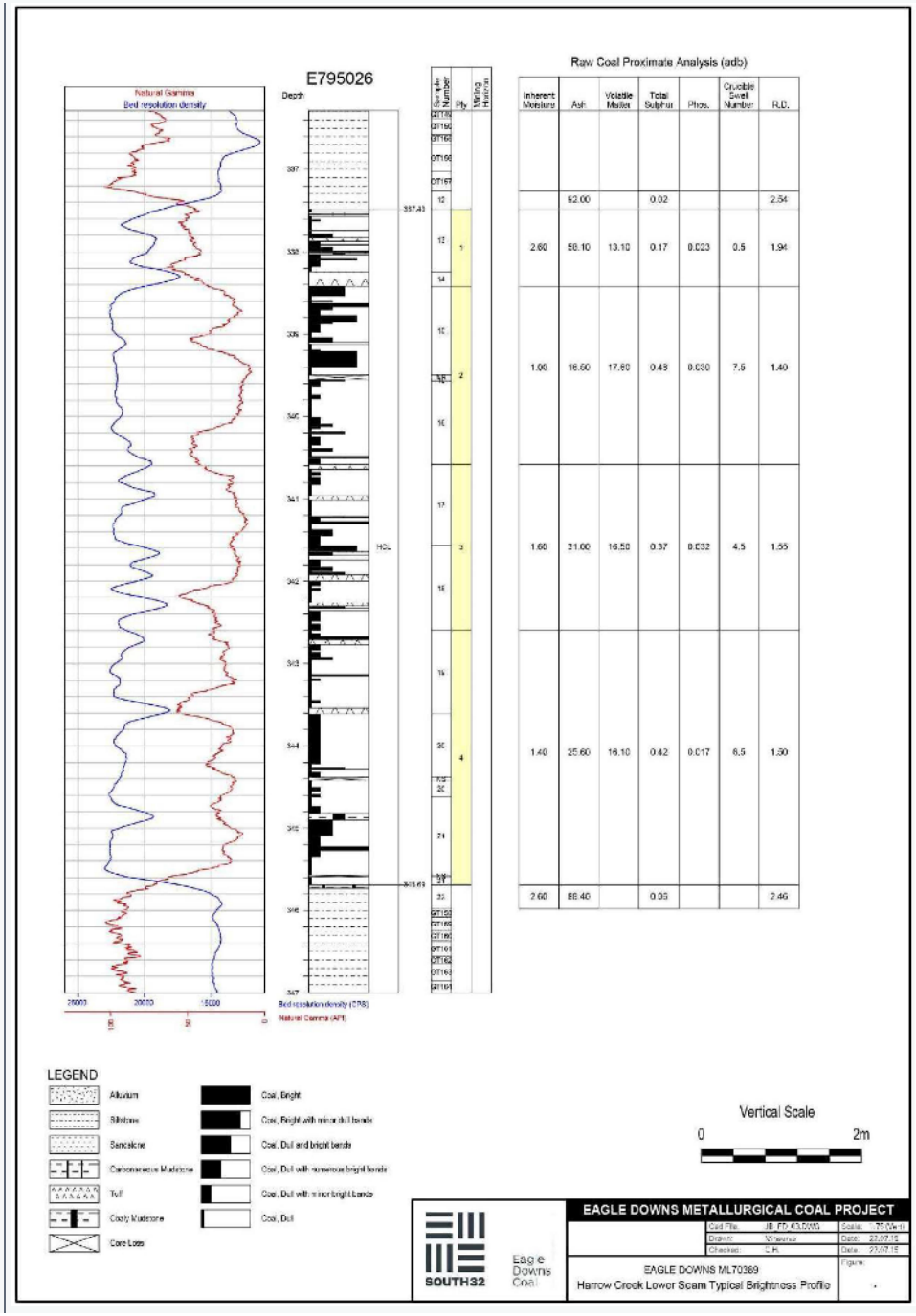



Raw Coal Proximate Analysis (adb)
Natural Gamma
Bed resolution density
Depth
E795026
Sample Number
Fly
Kriging Horizon
Inherent Moisture
Ash
Volatile Matter
Total Sulphur
Phos.
Crucible Swell Number
R.D.
277
278
279
280
281
282
283
278.18
261.68
HCU
CT070
CT071
CT072
CT073
CT074
6
7
8
9
10
11
CT075
CT076
CT077
CT078
CT079
CT080
1
2
3
1.50 20.70 17.30 0.36 0.054 5.0 1.45
1.20 13.00 19.20 0.50 0.068 8.0 1.39
2.90 89.30 0.03 2.47
25000 20000 15000 10000
Bed resolution density (CPS)
150 100 50 0
Natural Gamma (API)
LEGEND
Alluvium
Siltstone
Sandstone
Tuff
Coaly Mudstone
Core Loss
Coal, Bright
Coal, Dull, with numerous bright bands
Coal, Dull
Vertical Scale
0
1m
SOUTH32
Eagle Downs Coal
EAGLE DOWNS METALLURGICAL COAL PROJECT
EAGLE DOWNS ML70369
Harrow Creek Upper Seam Typical Brightness Profile

Harrow Creek Lower Seam

The Harrow Creek Lower seam (HCL) averages 8.1 m in thickness in the Eagle Downs area. There are 4 plies (HCL 1 to HCL4) persistent over the deposit. The HCL 1 is a higher ash section in the main body of the deposit however south of the Harrow Creek seams coalescence zone the HCL 1 quality significantly improves. In the Eagle Downs Project area, the shallowest HCL coal is approximately 300m below surface. At depth the cover of the HCL seam is up to 600m thick. Mid-burden between the HCU and HCL seam varies from about 50m in the middle of the area, thins to the north, and eventually coalesces together (quite rapidly) over a small area in the south. The HCL seam whole seam raw ash averages 33%, due to the high number of stone bands. Selective mining of supplies may achieve better ash levels. From Clean Coal Composite data, coking coal products of acceptable ash levels can be achieved, however, the yield is lower than for the HCU (due to the high non coal volumes in the seam). The following figures show the HCL seam thickness and a typical brightness profile.

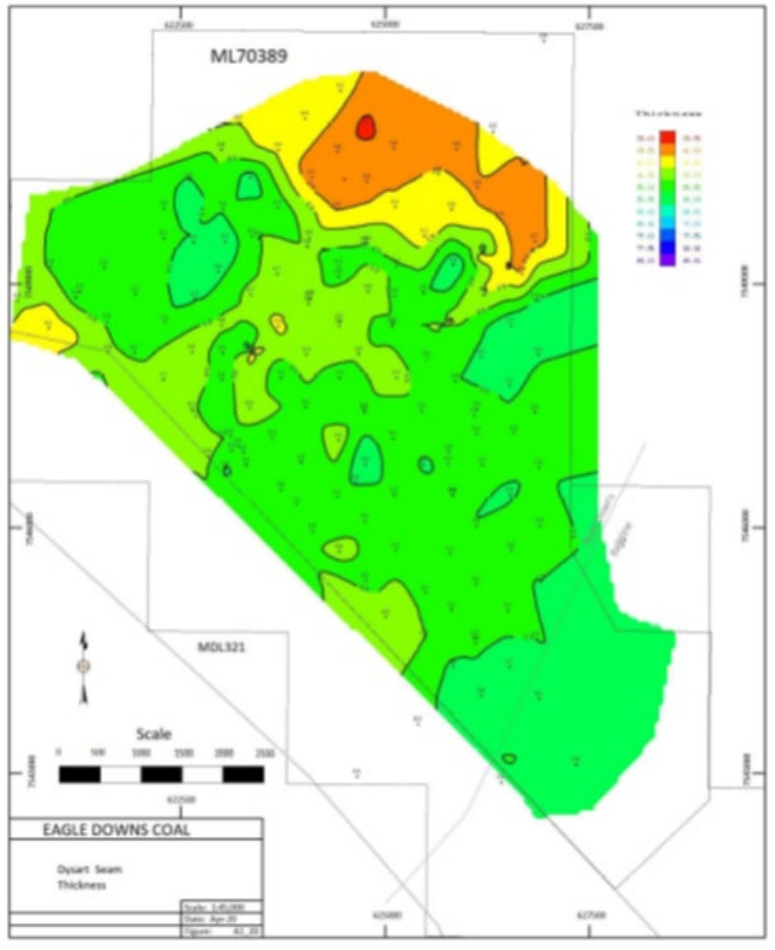


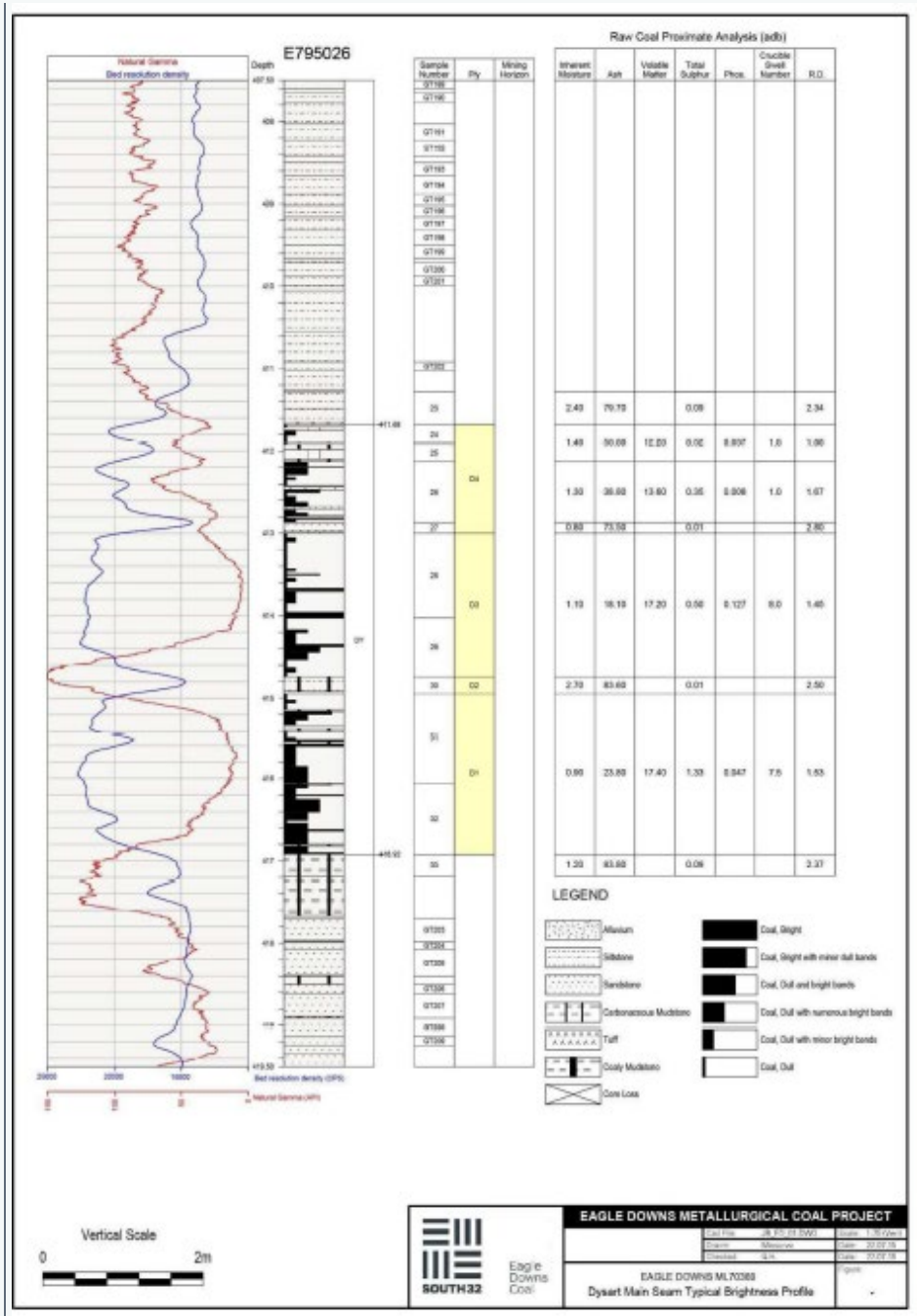


Inherent Moisture	Ash	Volatile Matter	Total Sulphur	Phos.	Crucible Swell Number	R.D.
	52.00		0.02			2.54
2.60	58.10	13.10	0.17	0.023	0.5	1.94
1.00	16.60	17.60	0.48	0.030	7.5	1.40
1.60	31.00	16.50	0.37	0.032	4.5	1.55
1.40	25.60	16.10	0.42	0.017	6.5	1.50
2.60	88.40		0.03			2.46

Dysart Seam

The Dysart seam (DY) averages 5.1 m in thickness in the Eagle Downs area. Within the main DY seam there are up to four plies with the top one (D4) not always present (or resent as a carbonaceous unit). The basal 3 lies are the most consistent, with plies 1 and 3 being relatively clean coal units up to 1.6m in individual thickness. Plys 1 and 3 are separated by a non coal unit Ply 2 up to 40cm in thickness. Ply 4 varies widely across the area, and has varying ash levels (generally high). The thickness of the D1 to D3 plies of the DY averages 4.4m, The depth of cover of the DY seam ranges from 400m to 800m.Mid-burden between the HCL and DY seams is relatively consistent varying from about 66m to 72m. The Dysart seam whole seam raw ash averages 32%, due in part to the thick non coal plys as described above. The following figures show the DY seam thickness and a typical brightness profile.

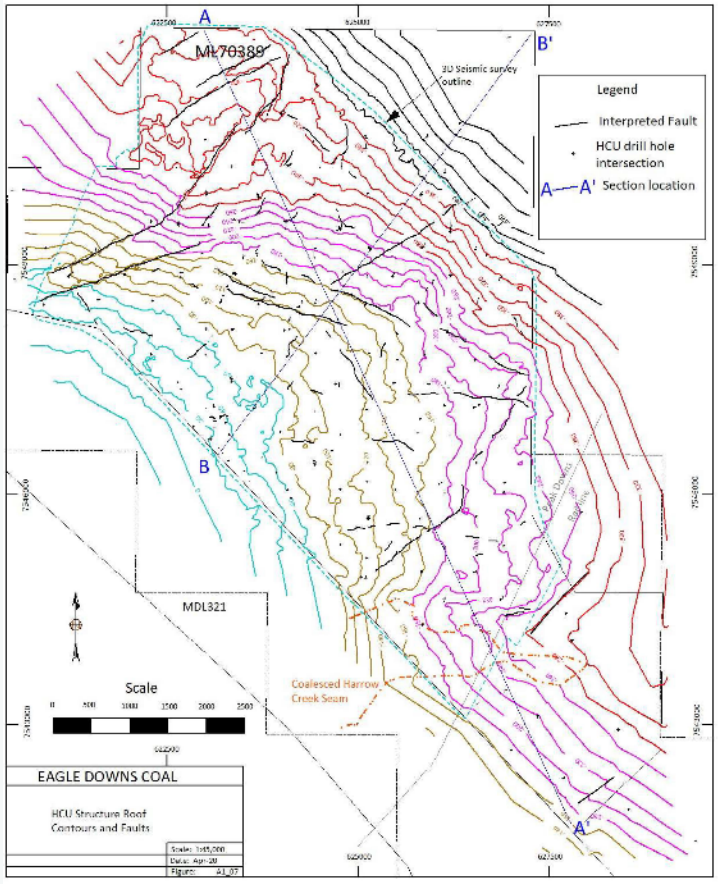


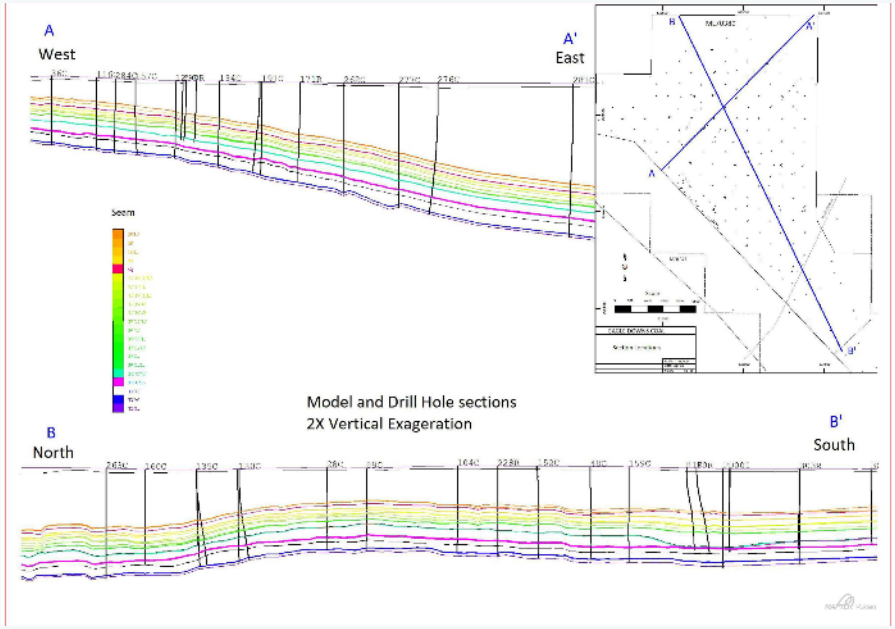

E795026
Raw Coal Proximate Analysis (adb)
LEGEND
Vertical Scale
0
2m
SOUTH32
Eagle Downs Coal
EAGLE DOWNS METALLURGICAL COAL PROJECT
EAGLE DOWNS ML70369
Dysart Main Seam Typical Brightness Profile

Structure

In the Eagle Downs Project area, the Moranbah Coal Measures dip to the east at 3 to 8 degrees. The dip steepens in the northern part of the area where the strike changes to a northwest orientation. The structure of the area is well defined by 500m spaced drilling complementing 3D and 2D seismic surveys. The principal features of the area is a graben structure in the north and a broad anticlinal form. The graben is aligned east west and is approximately 330m wide. The graben is downthrown approximately 30m in the west with the down throw diminishing to the east. The southern fault branch of the graben diminishes towards the east to a point where it cannot be distinguished.

Results of the 3D seismic survey confirm known large modelled faults and indicate no "show stoppers" over the majority of the target area. The 3D seismic dataset provides significant additional confidence in the structure of the target area. The 3D seismic data has been used to generate the seam structure models for the HCU, HCL and DY seams. The Harrow Creek Upper seam structure floor contours and major faults as well as cross sections are shown in the following diagrams.





Coal Quality

The Q, HCU, HCL and DY seam coals in the Eagle Downs resource area may be classified as medium to low-medium volatile bituminous metalliferous coal with a reflectance ranging from 1.30 to 1.95%. All the target seams can deliver a coking or PCI/thermal product. The Q seam is closer to 1.35% reflectance. The HCU seam has lower ash levels than the other seams and has reasonable washability characteristics.

The Q seam has a higher inherent raw ash level but because of high vitrinite content produces a reasonable coking coal product at a lower yield. A secondary product can be produced from the Q seam, which increases the total yield. The HCL and DY seams are higher in ash and have fair washability characteristics albeit at lower yields. Raw and washed coal total sulphur is moderate to low and Phosphorus levels are moderate. The raw Inherent moisture is in the order of 1.7%.

The following tables present the weight averaged raw and washed coal qualities Raw Whole Seam Weighted Average Qualities within the Measured and Indicated area

(Air dry unless noted otherwise)

Seam	Insitu RD	IM	Ash	Volatiles	TS	Phosphorus	CSN
Q	1.52	2.0	28.4	17.5	0.60	0.023	7.0
HCU	1.49	1.5	21.1	15.9	0.53	0.056	4.5
HCL	1.59	1.6	32.6	14.1	0.39	0.029	3.0
DY	1.60	1.5	31.9	14.2	0.47	0.098	3.5

Clean Coal Composite Whole Seam Weighted Average Qualities within the Measured and Indicated area
(Air dry unless noted otherwise)

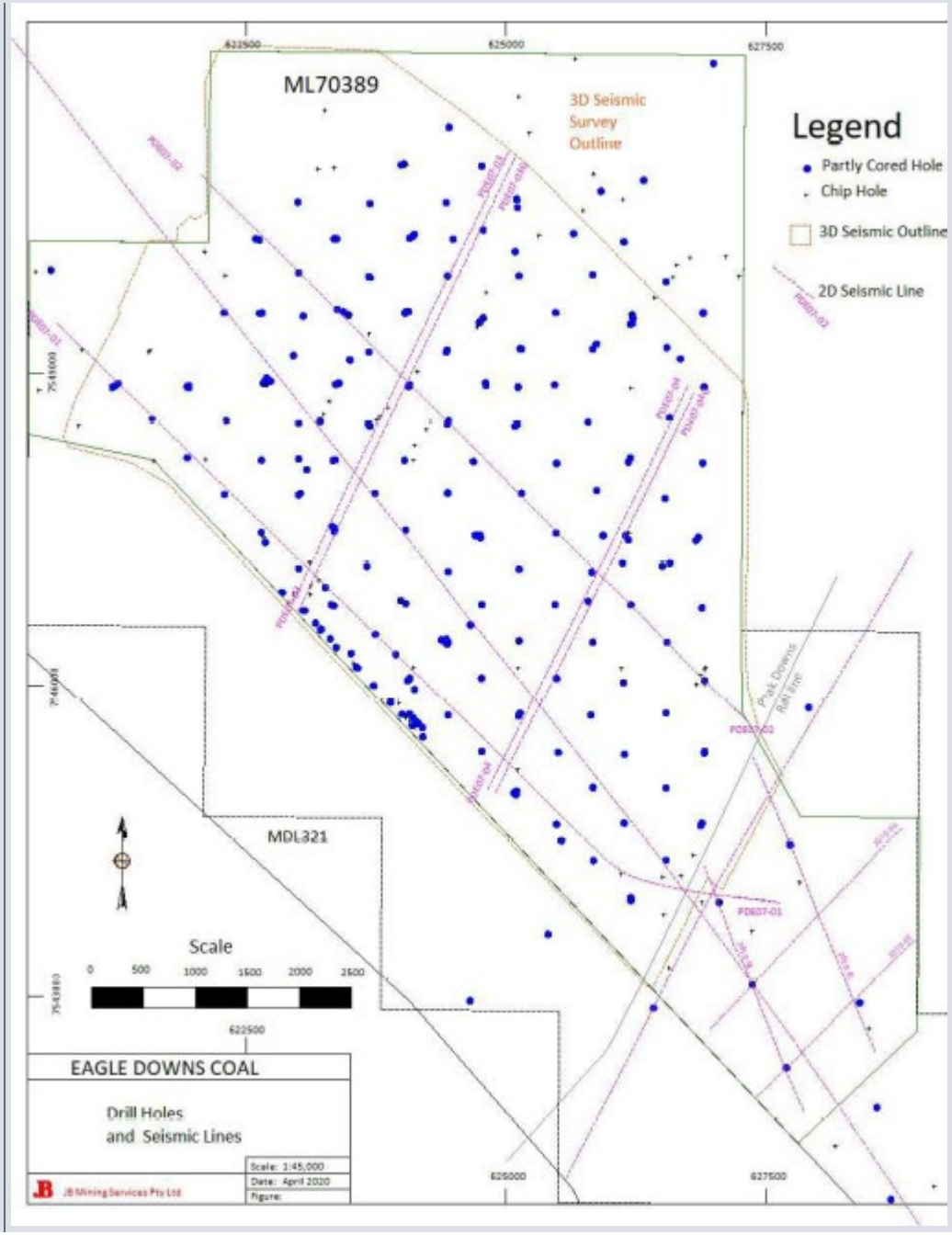
Seam	Q Primary	Q Sec.	HCU	HCL	DY
Primary Simulated Yield	40.9	29.7	68.2	43.9	52.7
Target Ash	11.5	20.4	10.0	10.3	10.0
Inherent Moisture	1.5	1.5	1.3	1.2	1.2
Volatiles	20.3	18.1	16.4	15.4	14.6
Total Sulphur	0.62	0.52	0.57	0.55	0.55
Phosphorus	0.015	0.014	0.054	0.018	0.082
CSN	9.0	7.0	6.5	6.0	6.0
Basicity Index	0.10	0.10	0.12	0.04	0.09
CSR	60		60	66	64
CRI	23		32	23	21
Log Fluidity	1.77	0.67	0.26	0.20	0.21
Reactives	82	69	71	77	78
Ro Max	1.38	1.39	1.66	1.74	1.88
Vitrinite	78	62	61	71	72

Q Seam Yield and Ash figures are Laboratory yield and ash

Drill hole information

The following table summarises the extent of drilling and drill hole locations are shown in following diagram.

Number	Details
348	Total Number of Holes in Database including barren holes, All holes are drilled vertical, total depth ranging from 300m-760m
240	Holes in used in Structural Model
185	Holes in used in Quality Model

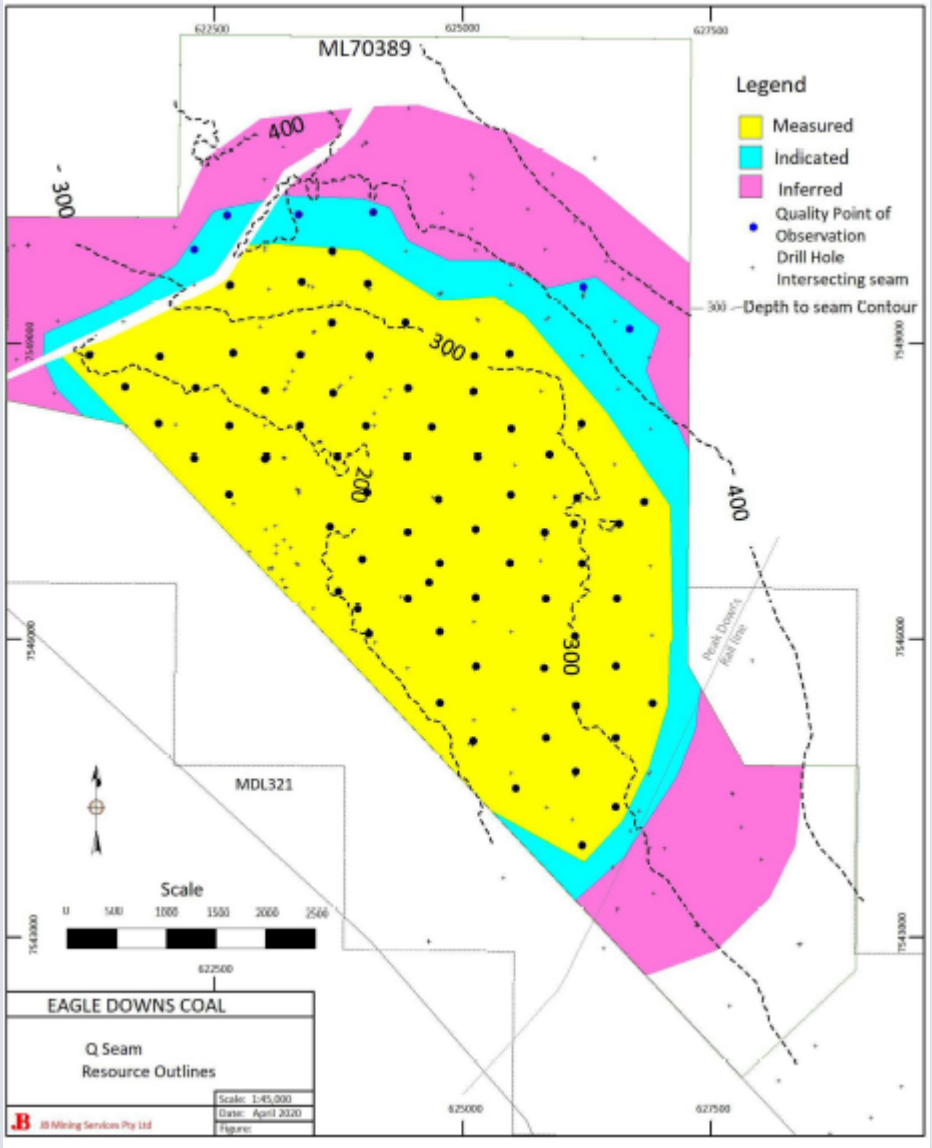

ML70389
3D Seismic Survey Outline
Legend
Partly Cored Hole
Chip Hole
3D Seismic Outline
2D Seismic Line
MDL321
Scale
0 500 1000 1500 2000 2500
EAGLE DOWNS COAL
Drill Holes and Seismic Lines
Scale: 1:45,000
Date: April 2020
Figure:
JB Mining Services Pty Ltd
622500
625000
627500

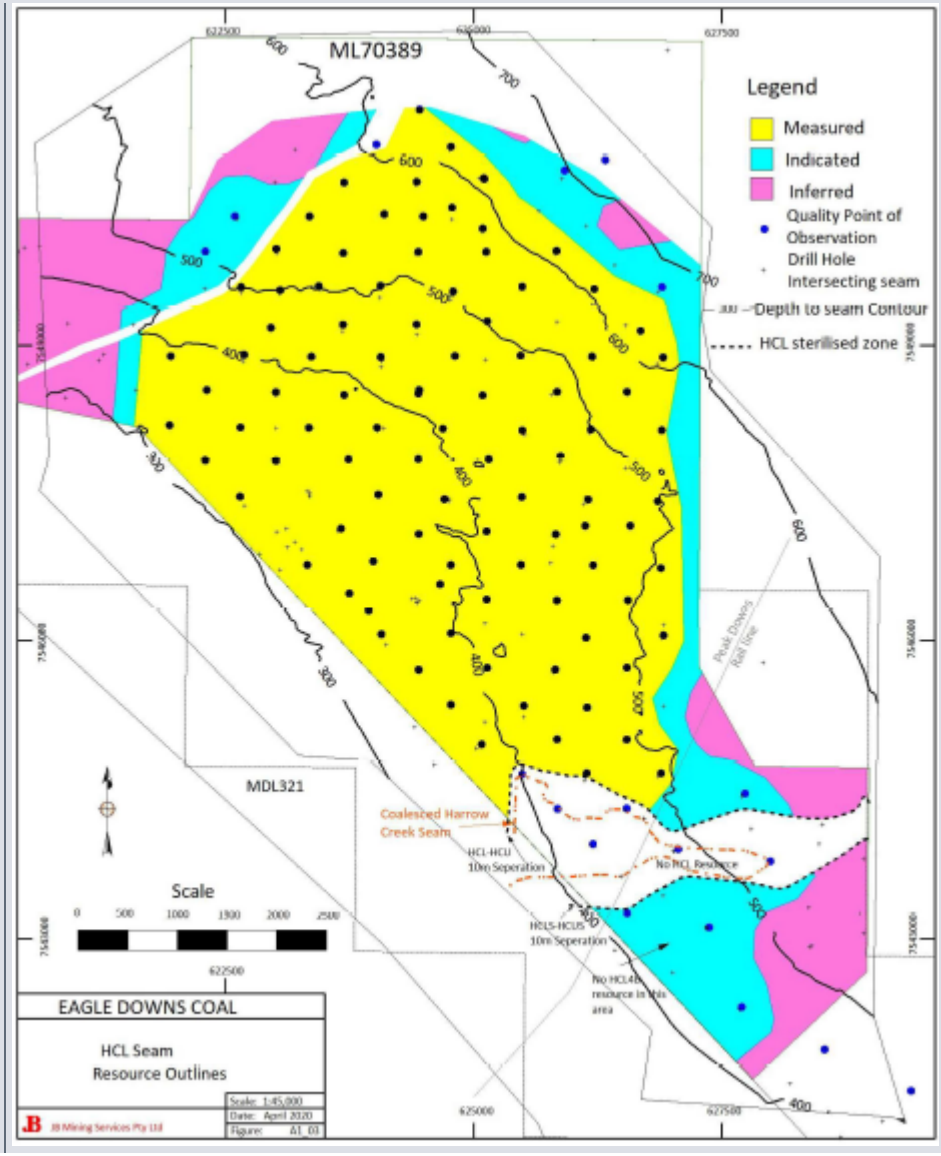
Data Aggregation methods	A number of contiguous coal seam samples have been composited on an industry standard length by density basis for Raw coal quality and length by density by yield basis for clean coal quality. Reported coal quality is for the full seam (inclusive of noncoal intervals generally less than O.3Om thick).
Relationship Between mineralisation widths and intercept depths	Tabulated Coal thickness are downhole thicknesses. Coal resource modelling and estimation methods adjust for seam thickness versus the apparent thickness. Downhole deviation logs are used to calculate seam roof and floor positions in space. Seam structure modelling is based on triangulation of the structure roof and floor intercepts. Seam thickness is derived by structure roof minus floor models.
Diagrams	Figures included in this document include tenement location, seam thickness contours, typical seam brightness profiles, structure contours and faults, Cross sections Resource outlines.
Balanced reporting	All available data is used in geological modelling and resource estimation with the exception of clustered structural data and nonrepresentative analyses. Coal Resources are reported by seam, confidence level (Measured, Indicated and Inferred) and in depth categories.
Other substantive exploration data	2D and 3D seismic surveys provide substantive definition of the structure of the area. Detailed coal quality testing on raw coal and clean coal composites have been carried out.
Further work	Further drilling is required south of the rail line to raise the resource status from Indicated to measured. Further work is required for fault validation. Further carbonisation testing is required in the downdip portion of the proposed mine area.

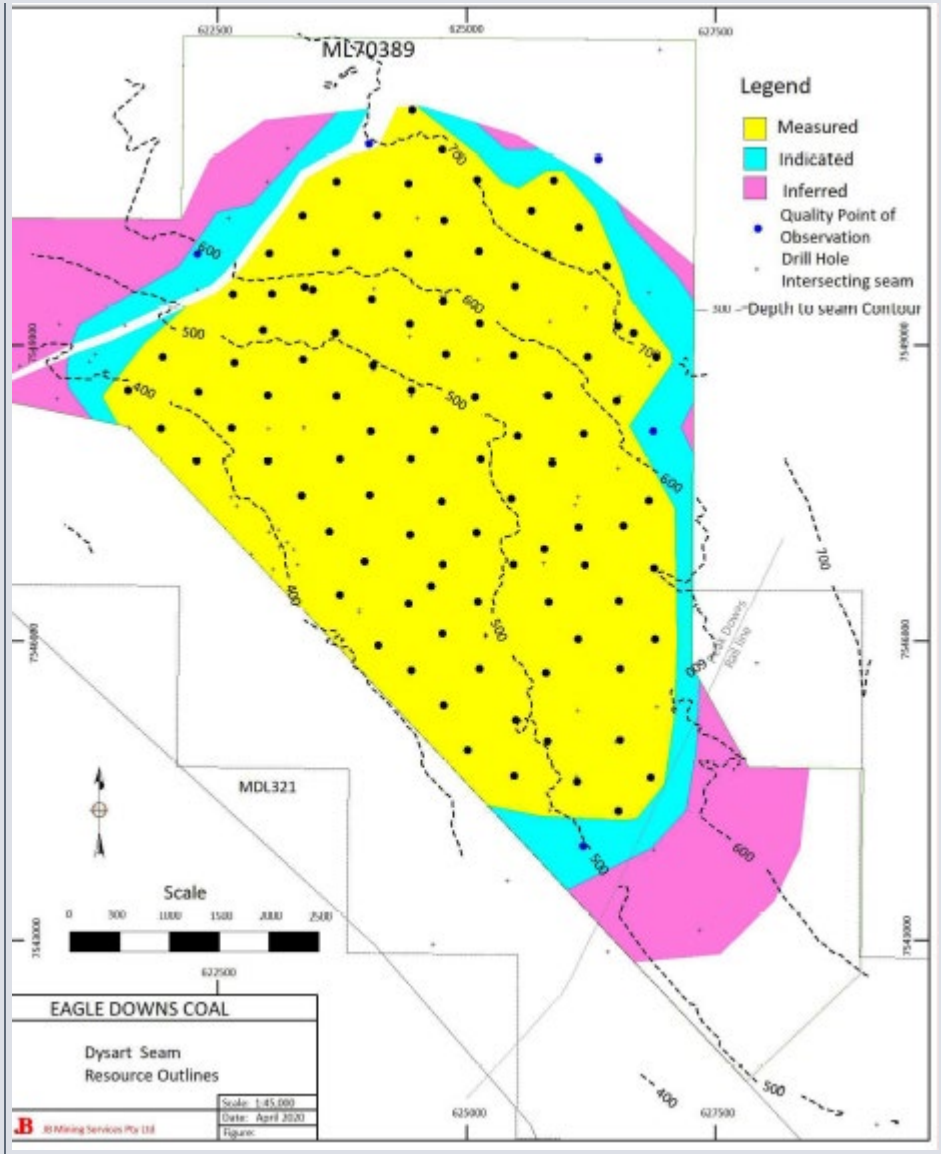
Section 3: Estimation of Mineral Resource	
Criteria	**Explanation**
Database integrity	Lithological logs, wireline geophysical logs, assay results and coal intersection depths were reconciled in the Acquire database before modelling and resource estimation. Coal quality data was checked against previous databases prior to resource estimation.
Site visits	The competent person has visited the site and the competent person has experience (logging, modelling and resource estimation) in nearby deposits having a similar nature.
Geological interpretation	The geological interpretation for this resource estimate is based in the integration of all drillhole, 3D seismic and coal quality data. There is sufficient drilling data to allow an unambiguous interpretation of the area. The interpretation is consistent with previous work on the deposit.
Dimension	The dimensions of the Eagle Downs Coal Resource are approximately 7km along strike by 4.6km downdip. The resource dips to the northeast. The maximum depth to which resources are reported is 8OOm. Approximately 90% of the resource is shallower than 6Oom

Estimation and modelling techniques	Geological modelling has been undertaken using Version 12 of Maptek's VULCAN 3D geological modelling software. Resources have been estimated by the Competent Person using standard Vulcan estimation tools. Seam structure grid modelling is based on triangulation of the structure roof and floor intercepts corrected for drill hole deviation. Seam thickness is derived by structure roof minus floor models. Extraneous seam thicknesses are excluded from the model.
Moisture	Air dry Relative Density and Inherent Moisture are modelled from directly from analytical data for each seam. Insitu Moisture is calculated using a modified formula based on A CARP C 10042 models and averages 3.1 % for this deposit.
Cut-off parameters	The resources are viewed as amenable only to underground mining techniques due to the depth of cover. Mining studies indicate that the seams are economic to mine within the next 10 years. The updip limit is the lease boundary. The downdip limit is set by the lease boundary, limit of data and classification limits. Underground resources extend to 800m depth limit. The minimum thickness limit is 2m. No maximum thickness limit has been applied based on the assumption that Top Coal Caving is viable. A coal quality limit (reflectance) has been used to delimit coking coal from PCI coal at depth. For the HCL and DY seams coal with a reflectance >1.90% is deemed to be PCI quality. For the HCU seam this limit is 1.80%. Coal with a reflectance less than these limits is classed as coking quality.
Mining factors or assumptions	The resource will be mined by underground longwall methods. A Prefeasibility mining study on the deposit was conducted by RPM in late 2019.
Metallurgical factors or assumptions	This coal resource estimation is based on the assumption that the coal will require beneficiation prior to export. Resources are quoted for a beneficiated products on seam by seam basis. A coal quality limit (reflectance) has been used to delimit coking coal from PCI coal at depth as detailed above.
Environmental factors or assumptions	No environmental factors or assumptions have been applied.
Bulk density	In-situ density is estimated using the Preston & Sanders formula. Air dry Relative Density and, Inherent Moisture are modelled from directly from analytical data for each seam. Insitu Moisture is assumed to be 5% as detailed previously.
Classification	Resource classification is based on the density of Coal quality Points of Observation (POB) and Structural POB. In this deposit the Coal quality POB have essentially the same density as the structure POB with the exception of south of the rail line where more quality drilling is required. Quality variability is similar to structural variability in this deposit as demonstrated by low coefficients' of variation of seam thickness and qualities. High confidence is placed on structural definition due to the coverage of high quality 3D seismic survey data. Geostatistical analyses (conditional simulation) was conducted on seam thickness, raw ash, Laboratory yield, washed ash, Basicity Index and Reflectance for the Q, HCU, HCL and DY seams. Note that the conditional simulation was conducted on the January 2010 dataset and has not been re-run on the current (larger) dataset. Work since 2010 has extended data coverage downdip. For all assessed seams the conditional simulation results are used as a guide for the delineation of the measured and indicated resource boundaries. The following relative error limits have been assumed: Measured is up to +/- 10 % error @ 95% confidence Indicated is from +/- 10% to +/- 20% error@ 95% confidence

All of the variables considered (thickness, raw ash, washed ash, yield, basicity index and reflectance) give substantial continuous areas less than 10% RE for the 500x500m block size, with raw ash having the highest RE, and reflectance the smallest RE. There is little relative error greater than 20% for all of the parameters studied. Resource outlines are shown in the following figures.




ML70389
Legend
Measured
Indicated
Inferred
Quality Point of Observation
Drill Hole Intersecting seam
Depth to seam Contour
HCL sterilised zone
MDL321
Coalesced Harrow Creek Seam
HCL-HCU 10m Seperation
No HCL Resource
HCLS-HCUS 10m Seperation
Scale
EAGLE DOWNS COAL
HCL Seam
Resource Outlines



Audit or reviews	A formal audit of the 2011 resources was carried out by Snowden in 2012. Several internal company reviews have been undertaken. XSTRACT conducted a "Coal Resource Verification" in March 2019. No adverse finding are apparent. The resource estimates are checked

	by a completely different software application to check veracity. The resource estimate has been compared with previous estimates.
Discussion of relative accuracy/ confidence	Quantification of relative accuracy is based on the conditional simulation results summarised as follows: All of the variables considered (thickness, raw ash, washed ash, yield, basicity index and reflectance) give substantial continuous areas less than 10% Relative Error (RE) for the 500x500m block size, with raw ash having the highest RE, and reflectance the smallest RE. There is little relative error greater than 20% for all of the parameters studied

Reserves

Criteria	JORC Code Explanation	Commentary
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 Mineral Resource estimate used as the basis for this Coal Reserves Statement is EDC-FS-81800-GO-RPT-0010_FY20 JORC Resource Report, prepared by JB Mining, April 2020. The Competent Person was Mr. Malcolm Blaik, B.Sc. App Geol (Hons), who is a Member of the Australian Institute of Mining and Metallurgy and is a senior geologist employed by JB Mining. The Resources Statement was compiled in accordance with The JORC Code 2012 Edition. • The Coal Resources are reported inclusive of those Coal Resources modified to produce the Coal Reserves
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 for the Coal Reserves Statement has not conducted a site visit to the Eagle Downs Project. The surface to seam access drifts are partially constructed but as they are only part of the way to the target coal seams, it is not possible to view conditions within the target coal seams and a site visit would offer limited benefit.

Criteria	JORC Code Explanation	Commentary
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.	• Eagle Downs is a new project. A Definitive Feasibility Study was completed in 2011, construction commenced in 2012 on the mine drift and the project ceased further works in 2015 due to a downturn in the industry. • In 2016, a Supplementary Study was partially completed to investigate opportunities to optimise project capital expenditure and reduce construction delivery timeline. The results of these studies, which were completed at a concept level, has resulted in a revised target product specification, updated mine plan and optimised surface facility design configuration which significantly reduced project capital intensity. • A DFS level study with design works aimed at delivering the approved mine plan to a high level of confidence with detailed mine planning and scheduling was undertaken by RPMGlobal in 2019/2020.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	• There are no coal quality cut off parameters used to eliminate the conversion of Coal Resources to Coal Reserves. LOM planning has been used to determine whether Coal Resources will convert to Coal 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 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.
		• LOM planning has been used as the basis of converting Coal Resources to Coal Reserves.
		• The selected mining method is conventional longwall extraction with continuous miner development in the HCU Seam. LTCC will be used in place of the conventional longwall in parts of the HCL and DY seams.
		• Geotechnical parameters for the behaviour of the roof, floor, main heading and gateroad pillars, multi-seam mining, and overburden caving were assessed by Mine Advice. Findings from this work has been factored into mine design and productivity parameters.
		• The mining factors used were:
		  ○ Development roadways 5.4 m wide by 3.5m high
		  ○ Longwall operating height 3.5 - 4.2m
		  ○ Longwall panel width 240 - 330m (but typically 330m)
		  ○ LTCC recovery has been assumed to be 80%. The calculation of caving effectiveness is discussed in ACARP 2006, through the application of COSFLOW modelling and comparison against formulae used in the Chinese industry. The assessment culminated in a caving index (CI), which is then used to estimate the top coal recovery percentage. Assuming non-caving MG buffer and TG buffer of 20m and 15m respectively, and appropriate values for depth of cover, coal strength, and top coal thickness, values slightly above 80% were estimated for both HCL and DY seams. These values were rounded down to 80% for the Reserve estimate.
		  ○ It was assumed that a combined average of 100 mm of in situ coal will be lost from the roof and floor of the mineable coal sections during development and longwall extraction.
		  ○ It was assumed that an average of 50 mm of higher ash material will be mined with both the roof and the floor of the coal seam during development and longwall operations, thereby diluting the in situ coal quality. The HCL development will have coal roof

Criteria	JORC Code Explanation	Commentary
		and floor and therefore no out-of-seam dilution has been incorporated, other than in the vicinity of geological structure. ○ The quality defaults assigned to the HCU dilution were assumed to be relative density of 2.2 t/m3 , ash of 31% for the roof and 95% for the floor, and specific energy of 0 kcal/kg; ○ The quality defaults assigned to the DY dilution were assumed to Criteria JORC Code explanation Commentary be relative density of 2.5 t/m3, ash of 95% for the roof and 95% for the floor, and specific energy of 0 kcal/kg; ○ Relative density data in the geological model is based on calculated in-situ moisture values, while all qualities are based on air-dried moisture gridded values ○ Preston Sanders has been used in the estimation of in situ moisture. ○ Palaris has assumed that ROM moisture will be 7%, and product moisture will be 10.5%. • Inferred Coal Resources are not included in the Coal Reserves. • The infrastructure requirements (comprising offices, workshops, service station and CHPP facilities) are not yet in place for the mine.

Criteria	JORC Code Explanation	Commentary
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 metallurgical process for washing the Eagle Downs ROM coal is based on a 2-stage CHPP, producing a coking split for all seams, and a thermal split for HCL Seam. • Practical yield grids were used for estimation of product tonnes (as opposed to theoretical laboratory yield grids. • The process will generate a coking coal product from a low cut point that is aimed at producing a 10% ash product, and a thermal product of around 20% ash from the HCL middlings.
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.	• An Environmental Impact Statement has been prepared and all environmental approvals obtained. • The Department of Environment and Science has confirmed that the project will require a minor EA amendment due to the extent of changes in the layout of surface infrastructure. It is also confirmed that the project will require a major EA amendment, due to the proposed mining south of the approved underground mining area (200 series), which had not previously been approved. In addition to the major EA amendment, the proposed mining of the 200 series will also require approval under the EPBC Act and will require a biodiversity offset management plan to be approved. • Coal processing plant reject will be stored appropriately in a dry reject emplacement area in accordance with the environmental approvals.

Criteria	JORC Code Explanation	Commentary
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.	• Most necessary infrastructure to support Eagle Downs is yet to be established at the mine site. • Power is to be supplied from the grid. • Water supply is a key issue for the project, particularly in relation to the availability and cost associated with sourcing raw water as well as the cost of holding and treating Mine Affected Water ("MAW"). The water management philosophy is to maximise the use of mine affected water, either using it untreated where possible or treating MAW using reverse osmosis where a higher quality water is required in the CHPP and mine. Make-up water is available from Sunwater through a secured 600ML/pa allocation. Further makeup water is required and may be available from Sunwater and potentially from other 3rd party sources. • The workforce is to be accommodated in the nearby communities.
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 cost estimates have been estimated by EDCM and reviewed by Palaris. • Operating cost estimates have been estimated by EDCM and reviewed by Palaris. • Transportation costs have been estimated by EDCM and reviewed by Palaris. • Coal processing costs have been estimated by EDCM and reviewed by Palaris. • Government royalty costs have been estimated by EDCM, as per the Queensland Treasury "Royalty Ruling MRA001.2 Determination of coal royalty" and reviewed by Palaris.

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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.	• EDCM utilised Wood Mackenzie long-term coal price hard coking coal forecast prices and FX rates for the financial modelling. Eagle Downs coal prices have had discounts applied to compensate for coal quality issues. • In Palaris' opinion, these assumptions are considered to be reasonable for the purposes of estimating Reserves.
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.	• Palaris does not foresee any issues in demand for the Eagle Downs product. • EDCM utilised Wood Mackenzie long-term coal price hard coking coal forecast prices and FX rates for the financial modelling. • A detailed report on the relative value of Eagle Downs products has been prepared
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 inputs to the economic analysis of Eagle Downs are the project derived operating cost estimates and sustaining capital. The source of the inputs is real and the confidence satisfactory. The economic modelling is in real terms and a range of discount factors between 8% and 12% have been used in assessing NPV. • The NPV results produced from the economic modelling using a range of discount factors as outlined above, have generated positive NPV□s indicating the viability and robustness of the Eagle Downs mine. The NPV is most sensitive to changes in revenue assumptions.
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	• Consultation with a range of local and regional stakeholders has been undertaken. • A Social Impact and Opportunities Assessment was prepared and a Social Impact Management Plan has been developed. • A cultural heritage management plan has been novated across the Project site.

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Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the Reserve is contingent.	• All key agreements are in place. A number of local approvals are still pending. Palaris does not envisage any significant issues with the granting of these approvals. • As mining proceeds it is reasonably expected any modifications to existing agreements or additional agreements that may be required can be obtained as required.
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).	• Measured Resources have generally been classified as Proved Reserves, Indicated Resources have generally been classified as Probable Reserves. No Inferred resources have been converted to Reserves. Approximately 75 Mt of Probable Reserves have been derived from Measured Resources. The Inferred Resource areas excluded are on the northern fringes of the mine layout and are not material to the successful operation of the mine. • The result reflects the Competent Person's view of the deposit
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	• Internal peer review by Palaris of the Reserves estimate has been completed.

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Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the Reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• The Eagle Downs mine has not yet commenced operating. As such, there is no available historical data for a reconciliation of quantity, quality, or productivity. • The mine has had numerous operational challenges flagged during the design and assessment phase. These challenges add to the risk profile of the project. Mitigation strategies have been put together and these will be refined during operation. As a result, the risk profile for the mine is considered to be readily manageable. • An informed but qualitative judgement of the accuracy of the Reserve estimate, is that it is generally within +/-15% confidence limits for the Proved and Probable categories. These uncertainties reflect the confidence in the Resource estimate but also relate to the wide range of general operating uncertainties