

31 July 2014

## Quarterly Report for the period ending 30 June 2014

- **Completion of Drilling at Blackstone**
- **Marketing Report Completed for Emmaus and Blackstone**
- **Rookwood Sell Down Underway**

---

### Summary

---

Entering the first half of 2014, Fitzroy embarked on fulfilling its stated strategy of becoming a US based coking coal producer.

The June quarter was a productive period for Fitzroy. The company progressed exploration and evaluation of the Blackstone property where Fitzroy had hoped to focus its efforts toward development and early production during 2014.

The Blackstone drilling that was completed during the period indicated that any potential coal resource would not have been of a size that would justify development under the current depressed commodity price environment. The prospects for future production at Emmaus are still positive, however at this time Fitzroy has decided not to incur the additional expenditure on undertaking a resource statement until market conditions improve.

More broadly, the global benchmark price for coking coal has been much weaker than expected which has then been reflected by way of poor sentiment in the listed coal sector and in Fitzroy's share performance.

Other tasks completed during the first half of the year, and the June Quarter were:

- An in-house costing exercise to determine the forecast cost to mine, transport and process the coal mined from Blackstone
- Marketing study to determine the key markets for Emmaus and Blackstone coal and to understand the pricing environment in both the domestic and export markets
- Further examination of regional acquisition opportunities for further coking coal properties to add to Fitzroy's portfolio

Fitzroy now enters the next phase of the business in the Central Appalachian Basin, which is to grow beyond the initial acquisition.

After the completion of the quarter, Fitzroy also announced the sell down of its 100% owned Rookwood property in Queensland to Zenith Minerals Limited ("Zenith"). The decision to sell Rookwood is consistent with Fitzroy's change in focus toward US coking coal and the 2013 purchase of its Emmaus and Blackstone properties in West Virginia, USA. Fitzroy will continue to focus its efforts in the United States and the growth of its presence in that region.

---

**Business development update**

---

As our first projects, Blackstone and Emmaus, were acquired as “beach head” assets for Fitzroy’s entry to the US coking coal market.

Since coal prices have decreased dramatically in the first 5 months of 2014, Fitzroy has slowed its activities to better conserve its cash. Fitzroy will continue to minimise its expenditures going forward in the current challenging environment for the coking coal market.

The ultimate aim has always been the establishment of our presence in the area and the incremental growth of our resource base through the acquisition of small to medium sized properties. The length and severity of the current downturn has also meant that larger assets with immediate production capability are becoming available for purchase and Fitzroy is examining options to acquire and finance a property of greater significance.

Fitzroy has spent the latter half of the June quarter conducting due diligence on a number of projects. This process is continuing. Our intention remains to be at the forefront of the price recovery when it arrives.

---

**US team focused on project costs**

---

During the quarter, Fitzroy’s employees have been generating up to date costs for mining, processing and transportation at Emmaus and Blackstone after engaging with local contractors and service providers. These costs have been compiled and will be provided to our technical consultant, Cardno, for their use in future studies.

Fitzroy’s team has been conducting second pass, low cost reconnaissance across the property to better plan the future development options and the quickest, cheapest steps to reach development.

---

**Coking coal price at long term lows**

---

Fitzroy’s entry to the US coking coal sector was precipitated last year by the dramatic fall in the seaborne coking coal price over 2012 and 2013. Fitzroy felt that acting during the downturn would position the company to benefit the most from any future upswing in prices.

Like the two previous years before it, 2014 has seen a substantial price reduction in the price of seaborne coking coal. During the fourth quarter of 2013, the benchmark coking coal price was US\$152 per tonne. The benchmark negotiated for June was US\$120 per tonne but spot prices traded below that. The September benchmark price recently been settled at \$120 per tonne.

This situation is viewed as a positive for Fitzroy. Central Appalachian coal operations are well serviced by infrastructure, transportation and a skilled workforce. The price of entry as a producer (asset value plus capital requirements) is much lower than equivalent Australian coking coal counterparts.

---

**Drilling results at Blackstone received**

---

Fitzroy has received the laboratory results of drilling samples obtained from the exploration program commenced in the first quarter of the year. The seams at Blackstone have not presented as hoped. When acquired, it was believed that the presence of seams of mineable thickness in surrounding properties was a positive indicator that the Red Ash seam at Blackstone would provide a mineable coal resource for our first mining operation. Unfortunately, the consistency of thickness seen for the

seams at Emmaus and in other nearby properties, has not continued into this property. The results are shown in Appendix A and C

Fitzroy will continue its work at Emmaus and the assessment of its development and permit requirements.

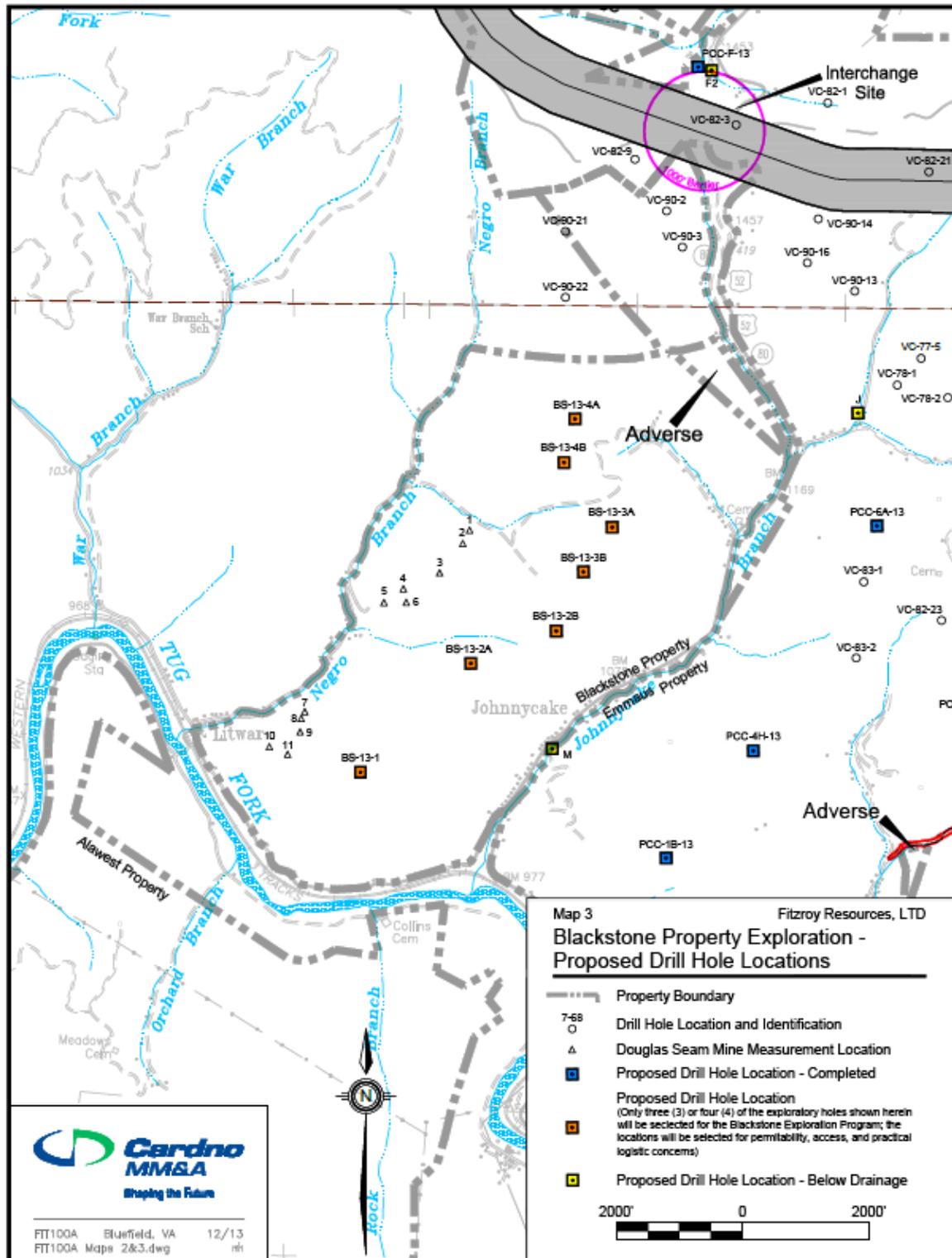


FIGURE 1 - LOCATION OF BLACKSTONE DRILL HOLES

---

## Marketing Report

---

A marketing report on the Emmaus and Blackstone assets was completed during the period. Subsequent to the drilling results at Blackstone, the report is still relevant to Emmaus.

Fitzroy engaged Crown Coal and Coke Company (“Crown”) to evaluate and report on the markets and marketability of the Emmaus and Blackstone assets (“Crown Report”). Crown is a privately held company and is a leading sales agent for metallurgical and steam coal in the United States.

Crown evaluated Emmaus and Blackstone for markets into North America, South America, and Europe and to a lesser extent to the emerging markets of China and India. Markets such as furnace coke production, foundry coke production, specialty, ferro-alloy and ferro-silica markets were also examined.

### Blackstone and Emmaus Assets

Crown evaluated and reviewed the Emmaus drill hole data and relied on reports and data from Cardno, who has previously been relied on by Fitzroy for their technical evaluation of the properties.

Crown found that Emmaus & Blackstone Assets possess the following coal quality attributes that make it attractive for the domestic and international market:

- ✓ Low sulfur
- ✓ Low ash
- ✓ High rank mid volatile to a high rank high vol range in reserves
- ✓ Excellent ash chemistry
- ✓ High stability
- ✓ High calculated CSR, low CRI
- ✓ Some coals and regions of coals exhibit attractive higher inerts levels
- ✓ Expected lower pressure coals
- ✓ Coals that will easily blend together

Further content from the Crown Report is attached in appendix B of this announcement.

---

## Corporate

---

The Company notes that its cash position as at 30 June 2014 as reported in the accompanying Appendix 5B was approximately \$233,000.

The company announced on the 7 July 2014 the sell down of its 100% owned Rookwood property in Queensland to Zenith Minerals Limited (“Zenith”). Under the agreement with Zenith the Company expects to receive \$200,000 and 500,000 ordinary Zenith Minerals Limited shares (currently valued at \$57,500) during the current quarter.

The Directors are continually assessing the Company’s capital requirements to ensure that the Company has sufficient funds in order to continue its operations. The cash to be received under the arrangement outlined above is expected to be sufficient to meet forecast expenditure for the remainder of the year.

### For further information contact:

Mr Benjamin Lane  
Chief Executive Officer  
+61 8 9481 7111

Mr Simon Robertson  
Company Secretary  
+61 8 9481 7111

### Competent Person Statement

The information in this report that relates to Exploration Results is based on and fairly represents, information and supporting documentation compiled by John E. Feddock, P.E. who is a Founding Registered Member of the **Society for Mining, Metallurgy, and Exploration (SME)**, a Recognized Professional Organization of The Australasian Institute of Mining and Metallurgy and a full time employee of **Cardno MM&A (Cardno)**. Mr. Feddock has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which 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 Feddock consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Tenement Schedule

Project	Location	Tenement	Interest
Rookwood	Queensland	EPM17604	49%
Rookwood	Queensland	EPM18845	49%
Rookwood	Queensland	EPM16749	49%
Glentanna	Queensland	EPM15401	100%

Coal Lease	Location	Land Owner	Lease Date
Emmaus	WV, USA	Kim Peraldo Gilley, et al., Trustess	24/7/2012
Emmaus	WV, USA	Harrold Investment, LP	23/8/2012
Emmaus	WV, USA	Red Bird Pocahontas Land, LLC	26/9/2012
Emmaus	WV, USA	C.O. Davis, Jr., et al.,	21/11/2012
Blackstone	WV, USA	Marco Land Company, Inc	26/9/2012

## About Fitzroy Resources

### Capital Structure (30 June 2014)

Share Code	ASX: FRY
Shares on Issue	120.0 Million
Options	6 Million
Performance Shares on issue	20 Million

### Directors and Management

Tom Henderson, **Chairman**  
 Will Dix, **Director**  
 Ric Vittino, **Director**  
 Russell Lynton-Brown, **Director**

Benjamin Lane, **Chief Executive Officer**  
 Simon Robertson, **Company Secretary**

### Projects

**Emmaus:**  
 Hard Coking Coal Property  
 West Virginia, USA  
 100km S of Charleston, WV

**Blackstone:**  
 Hard Coking Coal Property  
 West Virginia, USA  
 100km S of Charleston, WV

**Rookwood:**  
 VHMS copper/gold prospect  
 70km NW of Rockhampton, Qld

**Glentanna:**  
 VHMS copper/gold prospect  
 140km SW of Brisbane, Qld

Fitzroy Resources Ltd is an Australian based coal development company, with two hard coking coal projects in West Virginia, USA.

Fitzroy's main focus is to explore the coal potential of the Emmaus and Blackstone projects for hard coking coal and to rapidly develop into a producer of hard coking coal to the US domestic and export markets.

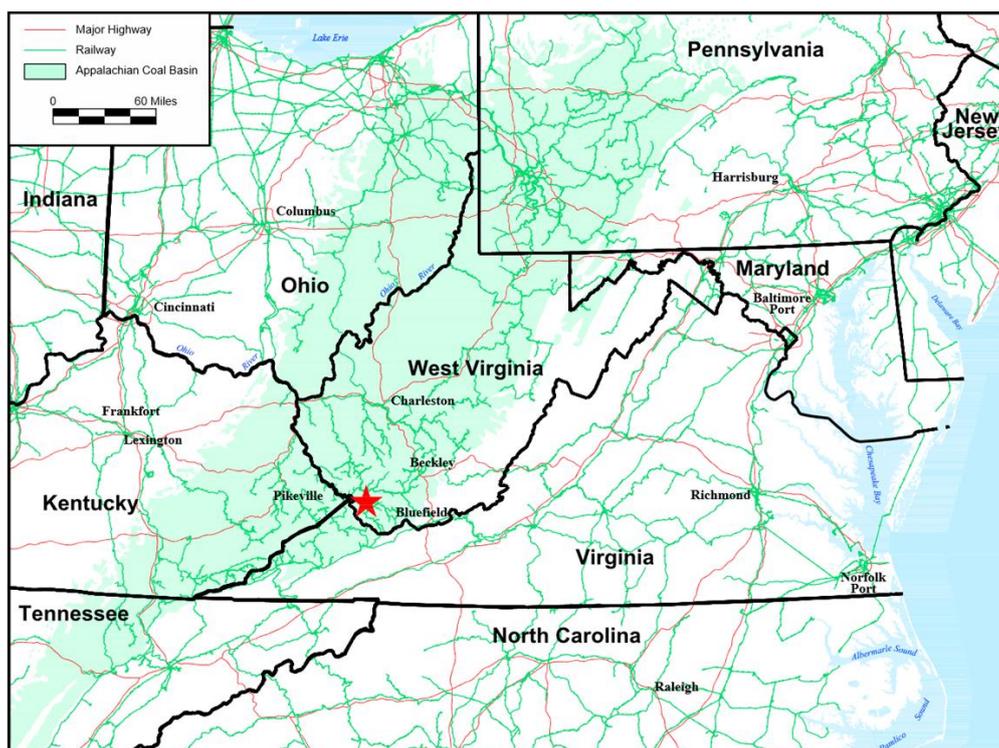


FIGURE 2 – LOCATION OF EMMAUS AND BLACKSTONE

Fitzroy also owns the Rookwood and Glentanna exploration tenements in Queensland, Australia. Rookwood contains potential for the discovery of substantial VHMS copper/gold deposits beyond the existing resource.

## Appendix A: Drill hole Information - Previous and Due Diligence Exploration

The following tables lists the exploratory data from historic exploration programs at Emmaus and Blackstone. Their location can be seen **Error! Reference source not found.**

All drilling was vertical (900 dip) resulting in no relevant azimuth. All holes were NQ-size (47.5mm or 1.87 in.) core.

Above drainage coal seams								
Hole ID	East <sup>1)</sup>	North <sup>1)</sup>	Surf. Elev. (ft)	Total Depth (ft)	Total Seam/Coal Thick. (ft) Gilbert	Total Seam/Coal Thick. (ft) Douglas	Total Seam/Coal Thick. (ft) Beckley	Total Seam/Coal Thick. (ft) Firecreek
BS-13-1-14	1759528	175599	1724	360	2.16/2.16	NDE <sup>2)</sup>	NDE	NDE
BS-13-2A-14	1762481	177408	1559	501	2.02/2.02	1.57/1.57	NDE	NDE
BS-13-2B-14	1761076	178124	1715	1282	1.87/1.87	2.33/2.14	1.71/1.71	2.26/2.26
BS-13-3A-14	1763250	179573	1813	920	1.98/1.98	1.48/1.48	NDE	NDE
BS-13-4A-14	1762513	180657	1856	506	2.30/2.30	NDE	NDE	NDE

1) West Virginia South State Plane Coordinate System (NAD 27)

2) Not Deep Enough

3) Hole not completed

TABLE 1- LIST OF EXPLORATORY GEOLOGY DATA - TECHNICAL DATA

## Appendix B: Crown Marketing Report

### Commentary on seam marketability

Crown assessed the individual coal seams at Emmaus and provided the following comments

<b>Gilbert</b>	This coal seam has been mined locally and regionally and typically cleans to a higher ash than the Douglas but has excellent coking characteristics. It is typically blended in with lower ash coals to supply the furnace coke market both domestically and for export. Even with higher ash levels it has good ash chemistry, and has shown a high inert level, low Fe <sub>2</sub> O <sub>3</sub> that lends itself to a high CSR calculation
<b>Red Ash</b>	This seam has been mined for several decades supplying the furnace, foundry and specialty markets, and is the seam, at present being mined locally and regionally. 2.5 miles east southeast of laeger the Douglas coal is being mined at several location by a number of companies of which most production being processed at Alpha's Litwar prep plant. Locally it is very low in ash, sulfur and supplies the furnace, foundry and has supplied the specialty markets.
<b>Lower War Eagle</b>	This seam based on the information shows to be a low rank mid volatile coal trending to a very high rank high vol. This will be a sought after coal as a number of other high rank high vols are depleted from the large production Eagle seam operations. This coal is very suitable for furnace and foundry use and (based on the limited drill information) is indicating low Phosphorus which is sought after by all coke makers. Again, it will blend well with other coals from the assets or stand alone.
<b>War Creek/ Beckley</b>	This looks to be a high rank mid vol, almost bordering on low volatile rank coal. The data set is only represented by one hole so it is difficult to determine the overall value (market wise)

### Potential Customers

The Crown Report details a full suite of potential customers, the path to market and also puts forward Crown's opinion on where these coals best fit, based on expected coal quality, coking quality behaviour, marketability and transportation.

Fitzroy has been provided an up to date blast furnace / coke battery report that details the North American coking coal market.

It is the opinion of Crown that the coals in the asset base are best targeted toward the North American market for the following reasons:

- Natural source for North American coke batteries
- Freight Advantage over offshore sources...Australia and Columbia
- Normalized freight shipments on weekly, monthly, yearly basis
- Require higher quality, (low ash, low sulfur, known coking behaviour)
- Coke customers usually assume all freight charges limiting transportation risk
- Transfer of ownership upon loading into rail cars and or barges
- Easier in dealing with contractual, quality and or operational issues
- Ease in visiting and negotiating with eventual customer base
- Due to all of the above, this market typically will pay a higher fob mine price than export customers unless in a tight production market where Australian coals are production restricted
- Specifications more suited to processed and or blended coals netting back any price premiums to the mine versus to the "export trader"

Many offshore coking coal customers will use and, in some cases prefer to use coal traders. This process is abbreviated and in some cases non-existent, the customer interested only in a low price and are less likely to pursue coals of specific seams and/or projects.

#### Target Markets

Both assets contain coals of very high quality for both foundry and furnace coke production on a limited basis activated carbon production.

The long term markets for the Emmaus and Blackstone coals are as follows:

<b>Foundry Coke Production</b>	<p>All require as low ash and sulfur. They typically consume a higher percentage of low volatile coking coals due to what they are striving to make and their internal operating processes.</p> <p>All of the seams at Emmaus and Blackstone will have access to this market as long as they have the above low ash and sulfur. In Crown’s opinion even the higher ash Gilbert coal has value and adds benefit to a blend due to its particular attributes.</p> <p>As the Emmaus and Blackstone coals trend to the east and south, Foundry Coke customers will increase their interest. This is due to an increase in coal rank a decrease in volatile matter, and a change in the overall coking characteristics trending toward the lower a volatile coking coal.</p> <p>The region of Emmaus and Blackstone contain coals that have and higher percentage of fixed carbon. This change increases coke yield and improves the overall coke making economics while still retaining excellent coking characteristics. All of the key Foundry Coke customers are serviced by Norfolk Southern rail lines, and to a lesser extent, the CSX rail lines.</p>
<b>Furnace Coke Production</b>  <b>North America, Europe and Brazil</b>	<p>The suggested customers in the Crown Report all operate 6 Meter by-product slot ovens all sensitive to high pressure coal and use the Emmaus/Blackstone type coals for moderating wall pressure and gas pressure detrimental to coke battery operation, longevity and maintenance.</p> <p>The suggested customers all are either service by the Norfolk Southern or are connected via short line railroad’s offering joint service or by barge for the Emmaus / Blackstone asset region</p>
<b>Specialty Markets – Activated Carbon and Alloy Production</b>	<p>What appears to be the quality of these coals may have interest to this customer base.</p> <p>Ferro-alloy smelters however, require a very particular coal size specification. The Blackstone / Emmaus coals tend toward a much higher Hargrove Grindability Index (they crush easily), and do not stoker or screen well, therefore they will have limited application to this market.</p>

#### Market conditions

This Crown Report addresses past current and possible future market conditions based on past cycles and past history taking into consideration the myriad interactions of supply, demand, and market changes, natural and manmade events that will affect the coking coal global market.

The coking market has endured substantial cyclic movements from highs in 2008 of plus \$378 per ton free-on-board (FOB) to less than \$100 FOB recently. As demand changes, supply changes and cycles again repeat.

As a separate comparison, a recent spot sale to a U.S. foundry coke for a good mid volatile like at Emmaus was \$112 per ton on rail, while a year ago it was \$140 to \$148.

### **Price Forecasts**

#### 2014 estimated Prices of the Emmaus/Blackstone Assets, coking coal

U.S. Foundry – \$105 to \$116 per ton (free on rail)

Furnace - \$85 to \$100 per ton (free on rail)

Carbon - \$110 to \$120 per ton (free on rail)

#### 2015 estimated Prices of the Emmaus/Blackstone Assets, coking coal (free on rail)

A continuing drop in production is forecast to lead to a firming of prices

Foundry - \$116 to \$123 per ton (free on rail)

Furnace - \$95 to \$110 per ton (free on rail)

Carbon - \$120 to \$135 per ton (free on rail)

#### 2016 estimated Prices of the Emmaus/Blackstone Assets, coking coal (free on rail)

Continued recovery of production and growth in demand not enough to spur significant new supply growth

Foundry - \$ 130 to \$150 or higher per ton (free on rail)

Furnace - \$115 to \$140 per ton (free on rail)

Carbon - \$135 to \$145 per ton (free on rail)

Crown does not expect the overall markets moving significantly lower than the current market position. Crown believes this is due to the overall mining cost structure and freight cost structure of the current aggregate Eastern North American coking coal reserves. This combined with the two major Eastern railroad's position on coal related export; domestic and Canadian (via the Great Lakes) freight rates.

### **Raw Coal Sales**

Another sales option available to Fitzroy is to pursue the sale of raw coal to third parties for processing. Under the current market conditions, the following represent the approximate pricing levels:

Mid volatile - \$60 to \$65 per net clean ton delivered fob clean. At the end of 2013, the price was at or near \$78 to \$83 per clean net ton delivered to the prep plant.

### **Steps to development**

Crown offered guidance on what will be required for developing long term North American coking coal sales. Included in the guidance were commentary on access to preparation plants, analysis requirements, pilot testing and reconciliation of test work to original resource and reserve analysis.

Crown has proposed that they can be an agent for Emmaus and Blackstone coal sales and this will be considered by Fitzroy at the appropriate time.

## Appendix C: Sample results from due diligence and historic drill programs

**Fitzroy Resources, Ltd**  
**Emmaus Property JORC Resource Evaluation - McDowell & Wyoming Counties, West Virginia**  
**Gilbert Seam**

<sup>(1)</sup> *Italics* denote specific gravity values which have been estimated based on raw coal ash content where specific gravity = 1.25+(raw ash,100)

<sup>(2)</sup> **Bold** denotes specific gravity and/or wash recovery values which have been estimated based on Estimated Visual Recovery calculations.

<sup>(3)</sup> Clean Tons/Entry Foot is determined by the formula: Total Seam x (Specific Gravity x 113.325 x 12) x % Recovery ÷ 100 x 20' Entry Width ÷ 43,560

Red denotes holes added in 2014

Denotes values are calculated by Cardno MM&A

Denotes values not included in statistical calculations

Drill Hole	Thickness (In Feet)			Raw Quality, Dry Basis							Washed Quality, Dry Basis (see Float column)							Clean Entry Foot ( <sup>3</sup> )	Comments		
	Analyzed	Total Seam	Total Coal	Total Rock	Sp. Gr. ( <sup>1</sup> ) ( <sup>2</sup> )	% Ash	% Sulfur	S02/mm BTU/lb.	% Vol.	% F.C.	% Rec. <sup>(2)</sup>	% Float	% Ash	% Sulfur	S02/mm BTU/lb.	% Vol.	% F.C.				
BS-13-1-14	2.16	2.16	2.16		<i>1.36</i>	11.13	0.68	13,879	0.98	27.63	61.24	95.57	1.60	9.36	0.66	14,189	0.93	28.08	66.00	1.75	
BS-13-2A-14	2.12	2.12	2.12		<i>1.35</i>	10.43	0.59	13,949	0.85	27.67	61.90	95.79	1.60	8.22	0.59	14,354	0.82	28.22	63.56	1.72	
BS-13-2B-14	1.95	1.95	1.95		<i>1.37</i>	12.34	0.59	13,429	0.88	26.31	61.35	95.04	1.60	9.56	0.59	13,923	0.85	27.08	63.36	1.59	
BS-13-3A-14	1.98	1.98	1.98		<i>1.34</i>	9.22	0.60	14,204	0.84	27.62	63.16	97.53	1.60	7.98	0.59	14,430	0.82	27.97	64.05	1.62	
BS-13-4A-14	2.11	2.30	2.30		<i>1.34</i>	9.21	0.72	14,214	1.01	27.88	62.91	97.65	1.60	8.34	0.63	14,375	0.88	28.11	63.55	1.88	
Average					1.35	10.47	0.64	13,935	0.91	27.42	62.11	96.32	1.60	8.69	0.61	14,254	0.86	27.89	64.10	1.71	Statistics of all data above
Maximum					1.37	12.34	0.72	14,214	1.01	27.88	63.16	97.65	1.60	9.56	0.66	14,430	0.93	28.22	66.00	1.88	
Minimum					1.34	9.21	0.59	13,429	0.84	26.31	61.24	95.04	1.60	7.98	0.59	13,923	0.82	27.08	63.36	1.59	
No. of Samples					5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	

**Fitzroy Resources, Ltd**  
**Emmaus Property JORC Resource Evaluation - McDowell & Wyoming Counties, West Virginia**  
**Douglas Seam**

<sup>(1)</sup> *Italics* denote specific gravity values which have been estimated based on raw coal ash content where specific gravity = 1.25+(raw ash,100)

<sup>(2)</sup> **Bold** denotes specific gravity and/or wash recovery values which have been estimated based on Estimated Visual Recovery calculations.

<sup>(3)</sup> Clean Tons/Entry Foot is determined by the formula: Total Seam x (Specific Gravity x 113.325 x 12) x % Recovery ÷ 100 x 20' Entry Width ÷ 43,560

Red denotes holes added in 2014

Denotes values are calculated by Cardno MM&A

Denotes values not included in statistical calculations

Drill Hole	Thickness (In Feet)			Raw Quality, Dry Basis						Washed Quality, Dry Basis (see Float column)						Clean Entry Foot <sup>(3)</sup>	Comments			
	Analized	Total Seam	Total Coal	Sp. Gr. <sup>(1)</sup> <sup>(2)</sup>	% Ash	% Sulfur	S02/mm BTU/lb.	% Vol.	% F.C.	% Rec. <sup>(2)</sup>	% Float	% Ash	% Sulfur	S02/mm BTU/lb.	% Vol.			% F.C.		
BS-13-2A-14	1.53	1.57	1.57	<i>1.28</i>	<i>2.55</i>	<i>0.69</i>	<i>15,280</i>	<i>0.90</i>	<i>28.31</i>	<i>69.14</i>	99.22	1.60	2.16	0.63	15,354	0.82	28.42	69.42	1.24	
BS-13-2B-14	1.82	2.33	2.14	1.46	20.51	1.45	12,179	2.38	22.95	56.54	78.75	1.60	2.38	0.58	15,285	0.76	27.00	70.62	1.67	
<b>Average</b>				<b>1.37</b>	<b>11.53</b>	<b>1.07</b>	<b>13,730</b>	<b>1.64</b>	<b>25.63</b>	<b>62.84</b>	<b>88.99</b>	<b>1.60</b>	<b>2.27</b>	<b>0.61</b>	<b>15,320</b>	<b>0.79</b>	<b>27.71</b>	<b>70.02</b>	<b>1.45</b>	
<b>Maximum</b>				1.46	20.51	1.45	15,280	2.38	28.31	69.14	99.22	1.60	2.38	0.63	15,354	0.82	28.42	70.62	1.67	
<b>Minimum</b>				1.28	2.55	0.69	12,179	0.90	22.95	56.54	78.75	1.60	2.16	0.58	15,285	0.76	27.00	69.42	1.24	
<b>No. of Samples</b>				2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	

**Fitzroy Resources, Ltd**  
**Emmaus Property JORC Resource Evaluation - McDowell & Wyoming Counties, West Virginia**  
**Beckley Seam**

<sup>(1)</sup> *Italics* denote specific gravity values which have been estimated based on raw coal ash content where specific gravity = 1.25+(raw ash,100)

<sup>(2)</sup> **Bold** denotes specific gravity and/or wash recovery values which have been estimated based on Estimated Visual Recovery calculations.

<sup>(3)</sup> Clean Tons/Entry Foot is determined by the formula: Total Seam x (Specific Gravity x 113.325 x 12) x % Recovery ÷ 100 x 20' Entry Width = 43,560

Red denotes holes added in 2014

Denotes values are calculated by Cardno MM&A

Denotes values not included in statistical calculations

Drill Hole	Thickness (In Feet)			Raw Quality, Dry Basis						Washed Quality, Dry Basis (see Float column)						Clean Entry Foot <sup>(3)</sup>	Comments			
	Analyzed	Total Seam	Total Coal	Sp. Gr. <sup>(1) (2)</sup>	% Ash	% Sulfur	S02/mm BTU/lb.	BTU	% Vol.	% F.C.	% Rec. <sup>(2)</sup>	% Float	% Ash	% Sulfur	S02/mm BTU/lb.			BTU	% Vol.	% F.C.
BS-13-2B-14	1.71	1.71	1.71	1.29	4.28	1.29	14,990	1.72	25.15	70.57	96.76	1.60	2.69	0.73	15,294	0.95	25.59	71.72	1.34	
		<b>Average</b>		<b>1.29</b>	<b>4.28</b>	<b>1.29</b>	<b>14,990</b>	<b>1.72</b>	<b>25.15</b>	<b>70.57</b>	<b>96.76</b>	<b>1.60</b>	<b>2.69</b>	<b>0.73</b>	<b>15,294</b>	<b>0.95</b>	<b>25.59</b>	<b>71.72</b>	<b>1.34</b>	
		Maximum		1.29	4.28	1.29	14,990	1.72	25.15	70.57	96.76	1.60	2.69	0.73	15,294	0.95	25.59	71.72	1.34	
		Minimum		1.29	4.28	1.29	14,990	1.72	25.15	70.57	96.76	1.60	2.69	0.73	15,294	0.95	25.59	71.72	1.34	
		No. of Samples		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	

## Appendix D: JORC CODE, 2012 EDITION – TABLE 1 REPORT

### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>&gt; <i>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 downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>&gt; <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>&gt; <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The Blackstone Property has been explored primarily by vertical subsurface drilling. Subsurface drilling is the preferred method of exploration for coal deposits in the Central Appalachian region, generally utilizing either rotary or core drilling systems, which are designed to collect core samples. Vertical subsurface core drilling is favoured for coal exploration because it provides a complete representative vertical section of the coal bearing stratigraphy for use in coal seam correlations and collection of coal samples for determination of coal rank and quality.</li> <li>&gt; As of the effective date of this Announcement, an initial exploration program is has been completed on the Blackstone Property.</li> <li>&gt; An new exploration program is being developed to further explore seams stratigraphically located below drainage.</li> <li>&gt; A Cardno geologist was present during most of the drilling, and reviewed the cores describing the coal seams, as well as roof and floor strata.</li> <li>&gt; Holes were subjected to geophysical logging by Cardno GLS and reviewed by Cardno geologists.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>&gt; <i>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.).</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Drilling on the Blackstone Property utilized a wire-line diamond core drilling system consisting of a truck-mounted drill rig outfitted for drilling NQ-size (47.5mm or 1.87 in.) core.</li> <li>&gt; Similar equipment was used for the 2013 Emmaus exploration program</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>&gt; <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>&gt; <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>&gt; <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Since Cardno was not present during previous drilling activities, core recoveries were not monitored. However, many of the bore holes were subjected geophysical logging which can be analysed to provide accurate measurements of coal seam thicknesses.</li> <li>&gt; Geophysical logging of many of the Emmaus holes was performed by Cardno as Marshall Miller &amp; Associates, Inc. or Geological Consulting Services, Inc.</li> <li>&gt; Cardno monitored the core recoveries of the 2014 Blackstone Exploration program.</li> <li>&gt; Cardno GLS performed geophysical logging for the 2014 Blackstone exploration.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>&gt; <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>&gt; <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></li> <li>&gt; <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; In most cases, drill holes were geologically logged by the driller or a geologist.</li> <li>&gt; Many of the bore holes were subjected to geophysical logging to offer a greater accuracy of the geology</li> <li>&gt; In the case of core drill holes, lithological logs were correlated with the geophysical logs and, where appropriate, seam thickness and elevation were adjusted.</li> <li>&gt; For the 2014 Blackstone exploration, a Cardno geologist was present during most of the drilling, and reviewed the cores describing the coal seams, as well as roof and floor strata.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>&gt; <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>&gt; <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></li> <li>&gt; <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>&gt; <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>&gt; <i>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.</i></li> <li>&gt; <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The type of sampling and laboratory analysis has varied over time. In some cases, the coal seam core samples were divided for quality analyses, while in other samples the entire seam composites were analysed.</li> <li>&gt; Core samples from the 2014 Blackstone exploration program have been subjected to extensive quality analyses in order to determine their potential marketability.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>&gt; <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>&gt; <i>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.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Sample analysis was carried out by various companies throughout the various exploration programs.</li> <li>&gt; Quality data was provided in the form of laboratory data sheets which provide sufficient information for determining if the total recovered portion of the coal seam was delivered to the laboratory for analysis. It is assumed that samples were processed by the laboratory in accordance with American Society for Testing and Materials Standard Method of Preparing Coal Samples for Analysis (ASTM D 2013). Assumptions are based on Cardno's familiarity with the operating companies and the companies used to perform the analysis.</li> <li>&gt; Analyses were performed on an as-received, air dry and washed basis unless otherwise stated.</li> <li>&gt; Analyses for the 2014 Blackstone exploration program was conducted by Gallagher Coal Research Center, Inc. located in Carb Orchard, West Virginia. Gallagher will follow ASTM D 2013 standards.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>&gt; <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>&gt; <i>The use of twinned holes.</i></li> <li>&gt; <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>&gt; <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; When applicable, coal intersection data used to generate the geologic model was cross referenced with the geophysical logs.</li> <li>&gt; Results from completed drill holes of the current exploration program reviewed by Cardno geologists.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>&gt; <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>&gt; <i>Specification of the grid system used.</i></li> <li>&gt; <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The majority of drill data included location information in the West Virginia South NAD 27 State Plane Coordinate System. If coordinates were provided in an alternative coordinate system, coordinates were converted to WVS NAD27 for mapping purposes. Scanned images of USGS maps depicting data point locations were also provided for many of the data points. In a few instances, only scanned maps were provided for data point locations. These maps were digitally correlated to known reference points and approximate coordinates were extracted.</li> <li>&gt; Locations of the 2014 Blackstone exploration drill holes were surveyed professionally. Topography is based on the United States Geological Survey's topographic 7.5 minute quadrangle maps.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>&gt; <i>Data spacing for reporting of Exploration Results.</i></li> <li>&gt; <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>&gt; <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Data spacing of the drill holes is sufficient to model the Gilbert and Douglas (Red Ash) seams and categorize a significant portion of the remaining resource as measured and indicated.</li> <li>&gt; Data obtained from the 2013 Emmaus and 2014 Blackstone drilling will be incorporated into the model for future work.</li> <li>&gt; Correlation of the target seams was simple due to the continuity of the strata and the seams observed in the data, and as is historically known.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>&gt; <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not known if the drill holes have deviated away from vertical. Based on the depth of most holes, any deviation is expected to be insignificant and immaterial to the geologic characterization.</li> <li>&gt; The geology of the properties is consistent with the regional trends of a northeast-southwest striking and northwestward dipping strata of one percent, or less, with little to no evidence of structural deformation in the form of faulting or folding.</li> </ul>
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	<ul style="list-style-type: none"> <li>&gt; Sample handling procedures are unknown. It is assumed that samples were handled in accordance with American Society for Testing and Materials Standard Method of Preparing Coal Samples for Analysis (ASTM D 2013). Assumptions are based on Cardno's familiarity with the operating companies and the companies used to perform the analysis.</li> <li>&gt; Cardno observed most of the handling and sampling procedures, which were handled in accordance with ASTM D 2013.</li> <li>&gt; Cardno is familiar with the work of Gallagher Coal Research Center, Inc., which will be conducting the quality analyses and, from multiple experiences with the company for such tasks, Cardno believes results delivered by Gallagher to be reliable.</li> </ul>
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	<ul style="list-style-type: none"> <li>&gt; Cardno has reviewed all available geological information for the properties which could be used to produce a 2012 edition JORC compliant resource TR.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<p><b>Mineral tenement and land tenure status</b></p>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The Emmaus and Blackstone Properties are located within the New River Formation of the Appalachian Basin in McDowell and Wyoming Counties, West Virginia immediately north of the community of laeger.</li> <li>&gt; Blackstone Corporation LLC leases the coal within the Blackstone Property from numerous private owners.</li> <li>&gt; After review of the option and exploration agreements and the underlying leases, Cardno believes these documents represent fairly the Blackstone Property.</li> <li>&gt; For the Blackstone Property, Marco Land Company Leases the coal to the Blackstone Energy Corporation.</li> <li>&gt; Cardno did not review the Blackstone Leases and relied upon PCC's information in terms of controlled mineral within the property. Cardno assumed PCC's depiction of the terms to be accurate.</li> <li>&gt; Fitzroy Resources Ltd., an Australian based company, signed an option agreement to acquire Premier Coking Coal Limited and its subsidiary, Premier Coking Coal, a United States of America (USA) based coal exploration and a development company. In turn, Premier Coking Coal holds an option to acquire the mineral rights of the Emmaus Property from Emmaus Partners LLC, and from the Blackstone Energy Corporation for Blackstone.</li> <li>&gt; There are no known obvious legal or environmental encumbrances that would impede coal property acquisition.</li> </ul>
<p><b>Exploration done by other parties</b></p>	<ul style="list-style-type: none"> <li>&gt; <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The Blackstone Property has been explored primarily by vertical subsurface drilling which was completed by Virginia Crews Coal Company, a subsidiary of former Massey Energy Coal Company, now Alpha Natural Resource, Inc. Various exploration programs were conducted in the late 70s through the late 80s.</li> <li>&gt; An exploration program was completed in December 2013 on the Emmaus property and in April 2014 for the Blackstone property, which was managed by PCC and observed by Cardno.</li> <li>&gt;</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Geology</b>	<p>&gt; <i>Deposit type, geological setting and style of mineralisation.</i></p>	<p>&gt; The coal of interest is part of the Appalachian Basin.</p> <p>&gt; Coal deposits located on the properties are Carboniferous in age, being of the Pennsylvanian system.</p> <p>&gt; The coal seams of interest, including the Gilbert, and the Douglas (Red Ash) seams, are found in the Kanawha Group. The Beckley (War Creek) and Fire Creek are in the New River Group. Seams below the Fire Creek are in the Pocahontas Group.</p> <p>&gt; Coal in the region is typically bituminous with rank increasing from west to east. High-volatile bituminous coals in the west give way to low-volatile bituminous coal and anthracite in the east. Sulfur contents of coals are typically higher in the west, decreasing to the east.</p> <p>&gt; Depositional environments in the upper portion of the stratigraphic sequence are typically of upper deltaic-alluvial plain sequences, heavily dominated by sandstone, with coals that are typically erratic in nature. The lower portion of the sequence is typically of transitional or lower deltaic plan environments, with siltstones and shales being more prevalent, and coal seams generally exhibiting regularity and consistency.</p> <p>&gt; The geology of the properties is consistent with the regional trends of a northeast-southwest striking and northwestward dipping strata of one percent, or less, with little to no evidence of structural deformation in the form of faulting or folding. The target seams are generally contiguous across the majority of the properties, with occasional localized absences.</p>
<b>Drill hole Information</b>	<p>&gt; <i>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:</i></p> <ul style="list-style-type: none"> <li>• <i>easting and northing of the drill hole collar</i></li> <li>• <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>• <i>dip and azimuth of the hole</i></li> <li>• <i>down hole length and interception depth</i></li> <li>• <i>hole length.</i></li> </ul> <p>&gt; <i>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.</i></p>	<p>&gt; A detailed list of the Blackstone Property drill holes, from previous exploration programs, used to define the exploration target can be found in this announcement.</p> <p>&gt; All drill holes are provided with West Virginia South NAD 27 easting and northing coordinates.</p>

Criteria	JORC Code explanation	Commentary
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> <li>&gt; <i>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.</i></li> <li>&gt; <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coal quality data has been tabulated by Cardno and the average coal quality values were calculated and summarized.</li> <li>&gt;</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>&gt; <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>&gt; <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>&gt; <i>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').</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coal thickness values from all coal intersections and down hole geophysical logs are considered to be vertical thicknesses. Seams dips have little effect on the vertical thickness of the seam.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>&gt; <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Geologic data maps, diagrams and exhibits are not included in this Announcement.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>&gt; <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; All of the available exploration data from previous exploration programs was provided by Fitzroy Resources, and has been included and used appropriately.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; No other geological data other than those previously mentioned are known to exist.</li> </ul>