Moreton Resources
ABN 75 060 111 784

21 December 2015

ASX ANNOUNCEMENT

SOUTH BURNETT COAL PROJECT PRE-FEASIBILITY RESULT EXCEEDS EXPECTATIONS WITH POSITIVE NPV OF AUD$460 Million

The Board of Moreton Resources Limited is pleased to announce the completion of the Pre-Feasibility Study ("PFS") undertaken for the 100% fully owned MRV Tarong Basin Coal Pty Ltd upon the Company's South Burnett Coal Project (EPC882 and MDL 385). The PFS was completed by AMC Consultants Pty Ltd ("AMC") whom are globally recognised within the mining and resources sector as a consultancy of choice to the top tier mining companies.

The following is a summary of the Company's internal modelling and interpretation of the results from the PFS, which contains substantive technical considerations along with significant innovation and focus on environmental and community impacts, which have been identified and are being addressed by the Company following consultation with the broader South Burnett Community.

The potential to provide a 28% (ar) ash product along with a range of lower ash products through more rigorous beneficiation as established by the recent Coal Resource release, with high calorific values, provides the opportunity for a cleaner, more efficient and ultimately sustainable feedstock given the push for lower emission. It is evident that a focus upon Ultra Supercritical Technologies and High-Efficiency Low-Emission Coal Fired power, will be key moving forward, from recent commitments in Paris and it is our belief, the South Burnett Project offers this potential.

It is also important to note that this PFS has been undertaken with a focus upon a domestic supply of approx. 5.5Mtpa for a full production Life of Mine (LOM) of 42 years, however the Company is now reviewing alternate options to maximize the potential Coal Resource of approx. 880Mt of Indicated (712.6Mt) and Measured (166.2Mt) Coal Resources given only 33% of the total Coal Resource is represented in the PFS.

PRE-FEASABILITY STUDY OPERATIONAL HIGHLIGHTS

- An identified maiden **Probable Coal Reserve of 290Mt**
- **LOM strip ratio** for the 42 years at approx. **4:1** which is bottom quartile of industry
- **Confirmation of Operating Costs** that fall within **lowest quartile of Industry**

COMPANY'S POTENTIAL ADVANCEMENT HIGHLIGHTS FOLLOWING PFS

- **Targeted post tax $NPV_{8\%}$ of A$460 Million** for the project in its current modeled configuration
- **Targeted potential to save $2-3 Billion** for Queensland Government assuming a 20 year offtake agreement can be negotiated
- Project cash profits - NPAT (Undiscounted) **$2-2.4 Billion over 40 years**
- Up front expected Capital spend of **$250+ Million in construction phase** invested in the South Burnett
- **Targeted project revenues** of **$11-12 billion** for 42 years (potential upside remains in additional resources)
- Reductions in environmental impacts with **reduced foot print**, **lower noise, light emissions** and a focus upon **superior dust capture** and up to **90-95% water use reduction** in the coal plant separation process than other comparable plants using a wash plants is current consideration for processing methodology
- **Significant job creation** prospects in the **South Burnett**, Wide Bay Region and State of Queensland
- Potential project commencing at a critical time for the Queensland Economy
- Environmentally sustainable with positive economic and social impacts to South Burnett Community
- **Quality coal product** for power generation industry with **high calorific values**, assisting in the reduction of total coal requirements, which is in line with the "Adoption of the Paris Agreement" intent

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

ABOUT THE PROJECT

The South Burnett Project ("Project") comprises MRV Tarong Basin Coal's EPC 882 and MDL 385 assets. Located in South East Queensland's South Burnett Region the area has a prosperous rural heritage, which for the last 30 years has enjoyed the considerable benefits of a major State owned power generation asset and the well-established Meandu Mine, which have operated in co-existence as a model for the industry.

The Project borders Tarong Energy Corporations MDL 201 and is located to the north west of Tarong Power Stations (being Tarong and Tarong North), the largest coal fired power station in Queensland (see Figure 1), including a 443 MW unit that is the latest technology, making it one of the most efficient units in Australia. At current capacity Tarong Power Stations reportedly supply 35% of Queensland's electricity consumption.

MRV Tarong Basin Coal Pty Ltd recently completed a Coal Resource upgrade of the Project which quadrupled its Coal Resource in the area and increased its levels of confidence (see announcement of 10 December 2015). On the back of this upgrade the PFS has identified a Probable Coal Reserve of 290Mt (reported inclusive of those Coal Resources converted to Coal Resources) on the basis that at a benchmark price of **$50AUD (19.6GJ)**, the Coal Reserve is foreseen to be economically minable and saleable.

The PFS has confirmed the robust economics of the project as advised in the mine concept study released to the ASX on 8th August 2014. This latest advancement through to PFS has reduced the overall strip ratio by approx. 50%, of the already identified resources containing considerable high energy yield coal for Australian thermal coals that is amenable to power generation not only within Australia but also potentially for export.

The PFS has identified that the rock characteristics of the South Burnett Project enables a dry coal separation process to be used, to reduce ash and increase energy outcome in the final product specification. Considerable comparative performance data has been assessed in this process to confirm the validity of this equipment selection. This simplified process, as compared to a conventional coal wash plant, allows for a low capital and low operating cost, although on performance conventionally washery's as effective.

Considerable environmental and community advantages are apparent with this process, which has been a guiding factor when determining our operational decisions at the PFS level. The preferred selected option of dry processing methods, will in our view respond to the community feedback and as such the following advantages are noted, which is an additional advantage in continuing to consider this option:

- No requirement for significant areas of wet tailings and subsequent land impact
- Reduced development capital requirements due to no wet tailings storage facility required
- Significantly (up to 90-95%) less water use in the coal beneficiation process than a coal washery, which is the most significant draw on water across a traditional washed coal operation
- Far lower energy requirements to operate the plant and equipment
- A plant design that focuses upon a significant amount of dust capture and the ability to assess additional options for light and noise emissions if required.

The overall benefits are considerable which have been incorporated by design, as a part of any potential operations, ensuring that such a prospect offers to reduce project impacts, to provide significant outcomes for the environment and community, which again have been directly considered as a result of community feedback in prior consultation processes undertaken by the Company.

The PFS currently validates an **$11-12 Billion project revenue over the 42 years**, at an anticipated 5.5Mtpa of coal production rate. This rate of production is expected to consume only 33% of the total reported coal resources. The Company through its continued community interaction believe that as it continues to work with the community, to ensure any perceived adverse impacts can continue to be address to provide positive outcomes as we advance this project, with community support.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

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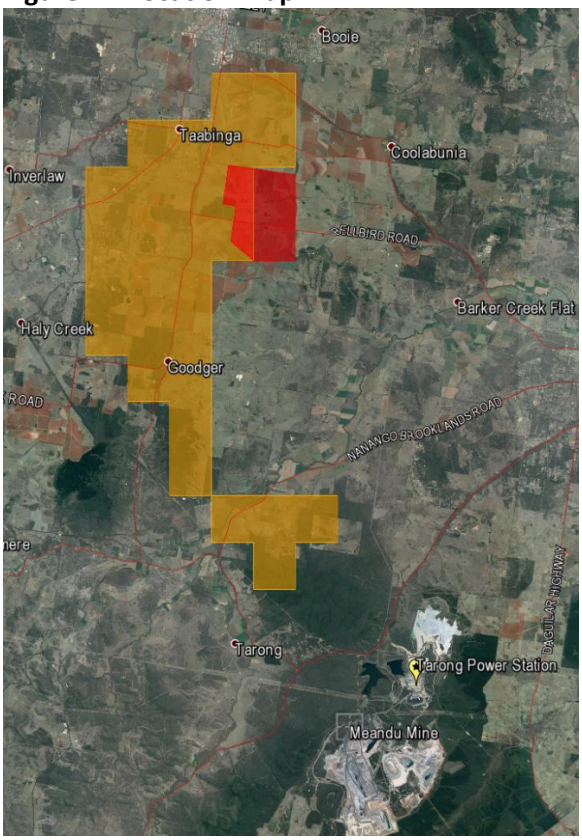
Figure 1 – Location Map



With the Project located in proximity to several communities in the South Burnett the Project will:

- Be able to take advantage of well-established industrial areas and services, from surrounding communities
- Seek to call upon the training and employment services offered in the South Burnett to skill, train and develop any workforce
- Look to support local communities through a local purchase preference policy, employment and social impact commitment, community support and community capacity building to assist the development and operation of any such project

Whilst considerable operations throughout Australia have a genuine need for DIDO/FIFO, such a prospect would not be supported for any project in the South Burnett led by MRV. Equally through community consultation, we will aim to ensure a balance with community expectations and project needs, in attempting to prevent adverse impacts to rental and housing affordability within the South Burnett.

EPC 882 – MDL 385

KEY RESULTS AND ASSUMPTIONS

Modeled Results*	Output
NPV (Real, after tax)	**$459,695,000**
IRR	17.46%
Payback Period (undiscounted)	6.95 years
Total LOM Revenue (undiscounted)	**$11.854 Billion**
LOM Average Annual EBITDA	$90.536 Million
LOM Average Annual NPAT	**$55.649 Million**
LOM Average Operating Margin	$21.49 **Ref 1**
First 20 years full production rate	$30.24 per tonne **Ref 2**
Final 18 years of full production	$35.82 per tonne **Ref 3**
LOM Total Operating Expenditure	$7.2 Billion

PFS Assumptions	Input
Annual Production Rate **(28% (ar) ash)**	5.5MT
LOM Production	220Mt
Mine Life	42 years
Coal Price (Delivered)	**$50 (19.6GJ)**
Exchange Rate (AUD/USD)	NA
Discount Rate	8%
Development Capital Expenditure	$285 Million
Sustaining Capital Expenditure	$55 Million
Total NPAT Revenues (Undiscounted)	**$2-$2.4 Billion**
Total NPAT of 20 years full production Revenues (Undiscounted)	**$1-$1.2 Billion**

***:** All calculations are based upon a target product spec at 21.6GJ with a total sales value of $55.00
Ref 1: Average Operating Margin inclusive of capital development (ex-Royalties, taxes etc) (Important to note, **no off take agreements is in place**)
Ref 2: Average Operating Costs (ex-Royalties, taxes etc) (delivered to customer, however important to note, **no off take agreements is in place**)
Ref 3: Average Operating Costs (ex-Royalties, taxes etc) (delivered to customer, however important to note, **no off take agreements is in place**)

In undertaking the PFS for the 5.5 Mtpa product operation, MRV identified that the Project had excellent potential and a Coal Resource base that may support a larger annual production rate, to enable a more diverse mix of both local domestic, broader domestic and export customers.

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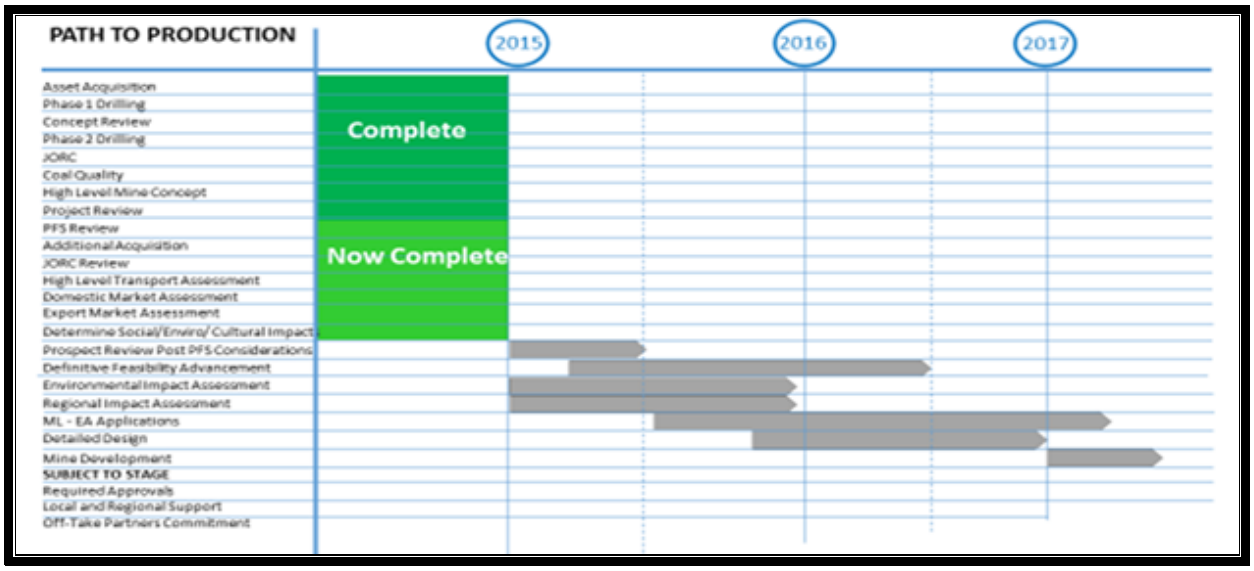
The potential benefits of a larger operation include the following considerations, although this is not the focus of the company at the moment:

- Greater utilisation of deployed capital
- Realisation of economies of scale
- Greater positive economic and social impacts for the Community
- Potential early CAPEX support from potential off shore off take-partners
- Potential greater project economics, well in excess of the current declared NPV due to the restricted area that was utilised for the current PFS considerations.
- Long term coal mining, with superior high energy, lower ash products for the global market

The Company's priority is the advancement of a local project with significant benefits to the local region and the State.

POTENTIAL PROJECT DEVELOPMENT TIMELINE

The figure below displays the development timeline envisaged by the Company. As committed to in the October Investor Presentation following the AGM the tasks to be completed in 2015 are now complete, and we continue to advance on or ahead of schedule.



Advancement of the project will continue to seek Community support and engagement with the relevant Government bodies, to support and assist fast tracking this project. We will also seek a determination as to if this project suits a declaration of being of significant State interest. The Company will now seek to engage at all levels of Government to advance this project and realise the significant potential benefits to the Local, State and Federal levels of Government.

In conjunction with this, the Company continues to engage at length with the South Burnett Community to develop its Social License to Operate, having broad engagement with a variety of landholders, community groups, stakeholder groups and relevant Government services. This includes the intention to launch in early 2016, a South Burnett Project Development Interest Group for the Project, that is designed to work through and promote the issues, concerns and advance dialog between all parties within the South Burnett. This will ensure an avenue for all opinions to be heard and considered.

The above timelines are variable, and highly dependent upon commitment from the local Community and receiving Government support and project resources to assist in advancing the Project.

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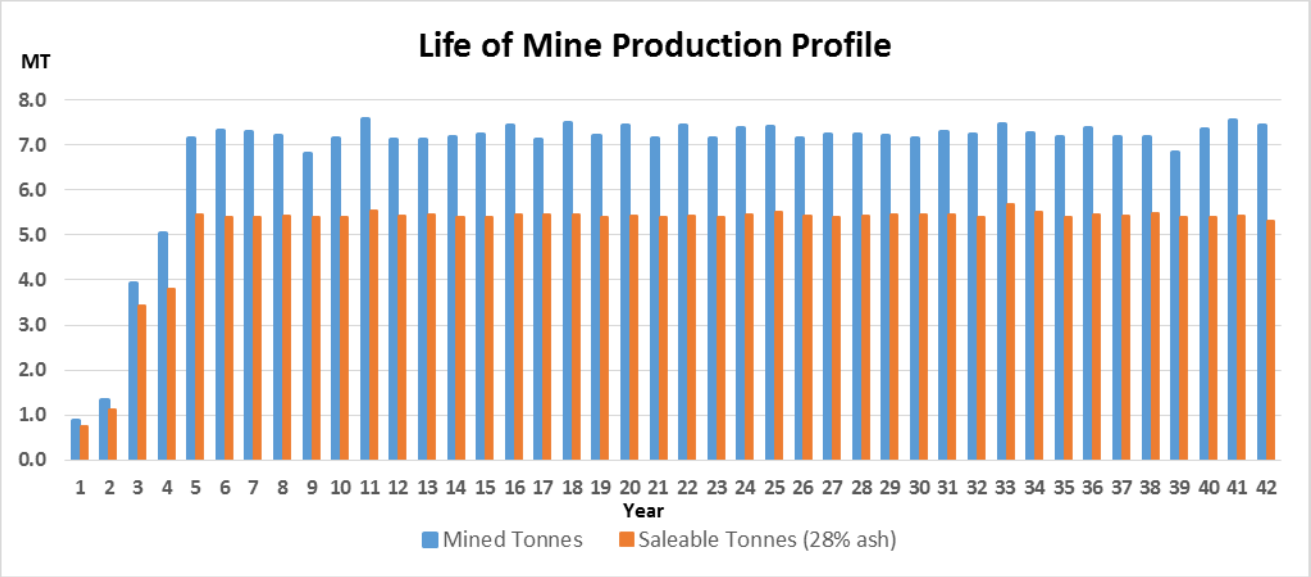
IMMEDIATE NEXT STEPS

While the results of the PFS support the Company's view that the Project has the capacity to produce a high energy thermal coal product at a reduced input cost to power producers, the Company is continuing to work on a number of options for off-take agreements and potential partnerships, cooperation arrangements, alliance agreements or joint venture outcomes. The Company has been in consultation and talks with a variety of parties in the last several months that are ongoing.

A key focus for all of MRV Tarong Basin Coal's recent announcements is our primary aim of providing ***Queensland coal*** into a ***Queensland owned power generator***, to benefit the ultimate owners, the ***Queensland rate payers***. Should this not be attainable, the Company will move its focus to alternate Queensland domestic and export opportunities.

KEY OPERATIONAL OUTCOMES OF THE PFS

A key outcome of the PFS, is the understanding of the operational pit profile and optimal mining outcomes, these are displayed below. The production profile shows first coal being available for sale in late 2019. Based on the optimised mine plan, operations will ramp up within the first 4 years to produce 5.5Mt of product by early 2023. The LOM production profile of 28% (ar) ash thermal coal product is shown in the graph below and is based upon a truck and shovel mining operation, seeking to bulk mine.



Taking into account totally bypass and untreated blend, and expected 75-76% yield is targeted ***for the 42 years****.*

COAL RESERVES AND COAL RESOURCES

As per the recent Coal Resource statement announced by the Company, the following are now the declared estimates by way of a Coal Resource and maiden Coal Reserve within the Company's South Burnett Assets. The PFS was developed by taking into account the following outcomes, however it should be noted that these Coal Reserves have been limited to the potential of mining a domestic product and do not consider the potential for a broader export operation.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
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Australia

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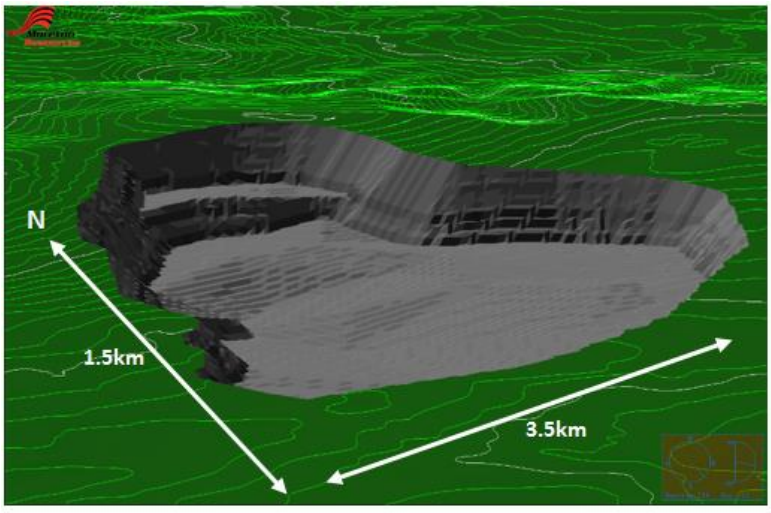
Tenement / Seam		JORC Cat.	Mt	ST m	RD (is) g/cc	AS (ad) %	CV (ad) kcal	TS (ad) %	YLD %	AS (ad) %	CV (ad) kcal	TS (ad) %	MO (ad) %
					RAW Proximate Analysis					Washed F2.00 Analysis			
EPC882	GD	I	8.4	5.10	1.83	54.5	2910	0.69	46.5	26.4	5407	0.28	4.6
		F	1.4	4.36	1.65	44.1	3809	0.69	44.5	26.6	5372	0.28	4.5
	KN	M	33.3	13.13	1.61	37.4	4383	0.32	78.2	22.2	5731	0.27	5.1
		I	98.3	10.91	1.63	40.0	4172	0.28	71.8	23.5	5541	0.31	5.0
		F	2.9	6.70	1.60	38.2	4305	0.27	70.5	24.5	5422	0.35	5.1
	SW	M	1.6	2.84	1.78	51.6	3007	0.62	69.8	24.3	5632	0.25	3.7
		I	26.4	3.92	1.74	49.2	3355	0.39	65.0	25.7	5495	0.25	3.7
		F	6.9	4.44	1.74	48.6	3417	0.41	63.3	25.9	5471	0.25	3.7
	GG	M	14.9	13.84	1.63	37.9	4712	0.23	78.9	25.3	5558	0.17	4.4
		I	182.2	12.70	1.60	37.9	4610	0.25	72.9	22.9	5770	0.18	4.4
		F	1.43	8.79	1.62	38.4	4759	0.24	74.6	24.2	5655	0.17	4.4
Subtotal EPC 882		***M I***	*365.1*		*1.63*	*39.7*	*4339*	*0.29*	*72.1*	*23.4*	*5667*	*0.23*	*4.6*
		F	*12.7*		*1.68*	*44.6*	*3817*	*0.39*	*64.1*	*25.5*	*5469*	*0.27*	*4.2*
		M I F	***377.8***		***1.63***	***39.8***	***4321***	***0.29***	***71.9***	***23.4***	***5661***	***0.23***	***4.6***
MDL385	GD	I	50.2	9.44	1.92	60.4	2393	0.69	38.5	27.3	5269	0.28	4.4
		F	17.3	11.83	1.87	57.3	2668	0.69	40.4	27.1	5302	0.28	4.4
	KN	M	46.2	14.76	1.68	41.6	4109	0.26	76.1	21.4	5888	0.24	4.9
		I	124.9	14.44	1.67	41.2	4136	0.26	77.4	21.9	5834	0.24	4.9
	SW	M	4.8	6.09	1.62	38.2	4414	0.21	67.1	18.5	6160	0.25	3.7
		I	48.3	4.74	1.68	42.6	4020	0.23	75.9	21.8	5866	0.25	3.7
		F	3.1	3.75	1.67	41.8	4095	0.26	76.4	21.1	5934	0.25	3.7
	GG	M	65.4	21.70	1.71	44.7	3885	0.23	62.9	22.4	5824	0.16	4.8
		I	173.9	16.84	1.70	44.0	3963	0.23	65.1	21.8	5870	0.16	4.7
Subtotal MDL 385		***M I***	*513.8*		*1.71*	*44.6*	*3864*	*0.29*	*67.2*	*22.4*	*5801*	*0.21*	*4.7*
		F	*20.4*		*1.84*	*54.9*	*2885*	*0.62*	*45.9*	*26.2*	*5398*	*0.28*	*4.3*
		M I F	***534.2***		***1.72***	***45.0***	***3827***	***0.30***	***66.4***	***22.5***	***5785***	***0.21***	***4.6***
Total Coal Resource (inclusive of Reserve)		***M I***	*878.8*		*1.68*	*42.6*	*4061*	*0.29*	*69.3*	*22.8*	*5745*	*0.22*	*4.6*
		F	*33.2*		*1.78*	*50.9*	*3243*	*0.53*	*52.9*	*25.9*	*5425*	*0.27*	*4.3*
		M I F	***912.0***		***1.68***	***42.9***	***4032***	***0.30***	***68.7***	***22.9***	***5734***	***0.22***	***4.6***
Probable Coal Reserve			***290***			***41***	***4100***		***76***	***30***	***5200***		

Legend
SEAM: GD-Glider, KN-Kunioon, SW-Swain, GG-Goodger
JORC RESOURCE CATEGORY: M-Measured, I-Indicated, F-Inferred
VARIABLES: ST-Structure Thickness, RD- Relative Density, AS-Ash, CV-Calorific Value, TS- Total Sulphur, YLD- Yield, MO-Moisture

MINING OPERATIONS FINAL CONCEPT PIT DESIGN (Not inclusive of in pit dumping for rehabilitation)



The following is a pictorial outcome of the optimized pit shell, demonstrating the position and size of the potential final pit, (although further advancement work will be undertaken considering the remaining resources within the region in our next phase). However currently utilising the optimised mine plan designed to deliver 5.5 Mtpa of 28% (ar) ash product coal for 42 years this is the ideal outcome. Important to note that MRV will undertake in pit dumping, which will allow progressive rehabilitation as the pit advances.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
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Australia

T: +61 (7) 3831 6088
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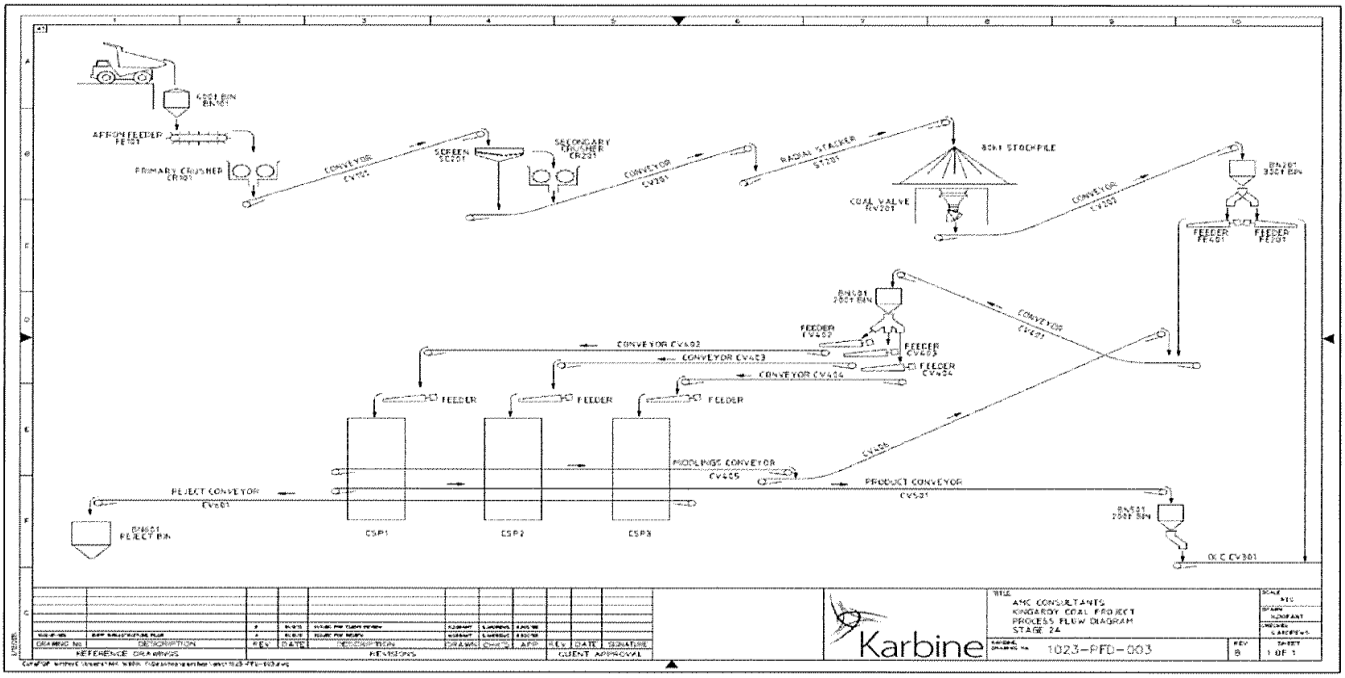
W: www.moretonresources.com.au

Whilst this design and optimization is largely driven by geological and coal characteristic outcomes, the optimal outcome has taken into account feedback received during Community and stakeholder discussions held to date. Some of the key issues raised to date include protecting the region's environmental aesthetic features, control of noise and dust, water supply / usage and concerns raised in relation to a tailings dam, sufficient to support a 42 year mine life. These have all been taken into consideration by the Company in the decisions made within this PFS and will continue to be developed throughout the project.

Process Flow Sheet

Below is a process flow sheet which identifies the key components of the Operation.



Mining Operation

The mine has been designed as an open cut large truck and shovel operation with an approx. maximum pit depth of 150m. Total strike length of the pit is approx. 1.5km by approx. 3.5km. The operation has been designed to have a continual back fill operation after years five, with progressive rehabilitation taking place upon completed areas of in pit and ex pit waste dumping.

Three major seams are being targeted throughout the life of mine ranging in average thickness upon EPC882 of 11.37M through to average thickness upon MDL385 of 14.5M for the upper seam being the Kunioon Seam. Following from this the secondary seam of the Swain within EPC 882 presents an average thickness of 3.97M through to 4.8M average within MDL385, leading to the lower seam of the Goodger at an average on EPC882 of 12.7M through to an average of 18.7M on MDL385. Due to contiguous and relative lateral nature across the mining area, advancement along a single seam can be achieved as an independent lateral mining operation, as well as a vertical dig through all seams. A large truck and shovel fleet has been determined as the most appropriate mining method for all seams. Full production of 5.5Mtpa of product is achievable for the LOM of 40 years, with an initial 2-3 year ramp up.

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Australia

T: +61 (7) 3831 6088
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W: www.moretonresources.com.au

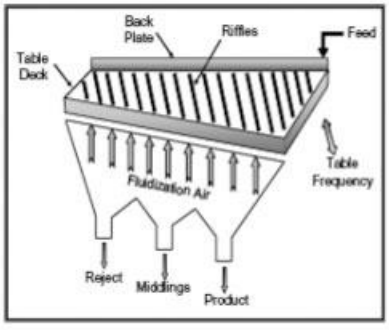
Coal Separation Plant

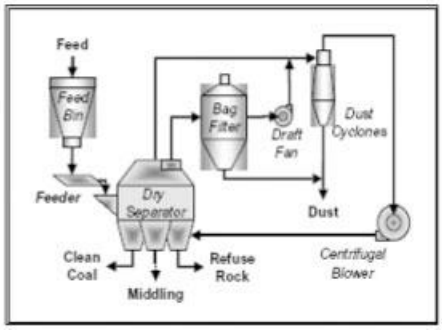
Traditionally the Coal Handling and Preparation Plant (CHPP) has a significant impact upon water consumption and requirement in a mining setting, however given the considerable concerns outlined by the Community with respect to the potential impacts of a coal mining operation, to the district's water resources the Company has selected an innovative and environmentally superior separation process from the options available.

In carrying out the PFS the Company considered both a CHPP and a dry coal separation plant. The modelling and investigations carried out by AMC and industry experts during the PFS showed that, due to the quality and characteristics of the Project's coal, a dry beneficiation process can be used, where required, to upgrade the in-situ coal to the required 28% (ar) ash product. The beneficiation process selected will, based on industry standard water consumption rates for a CHPP, save approximately 30 Gl of water over the life of mine which is up to a 90-95% reduction in the coal preparation process between direct bypass and dry processing for the proposed South Burnett Project.

As a result dry separation has been determined as the best outcome for the type of coal and also provides the environmental and social outcomes required by MRV. Dry separation uses vibration of the deck, fluidized bed of air and fines, and gravity separation techniques to exclude high density stone bands from product coal. It is originally a Russian technology that has been widely adopted in Chinese operations where water is in short supply. It is also likely to have superior benefits such as dust capture, noise and light reduction due to the potential design, for the process of dry separation.

Coal quality and preliminary process engineering work done to date indicates that cleaning raw coal with an FGX dry coal separation plant will provide a suitable coal quality specification of 28% (ar) ash. This process can be combined with a direct feed option to provide a more efficient, and cost effective option for the potential South Burnett operations.





Waste Rock Disposal

Waste rock will be produced from the initial pre-strip and from the mining operation on an ongoing basis. The waste rock and material from the initial pre-strip will be utilized, where its geochemical and physical properties are suitable, such as:

- To create noise and visual amenity barriers along the lower lying boundaries of the mine lease to reduce the impact of these aspects
- Basalt and other suitable material to be put aside for crushing and use as road base and for use in site development / infrastructure works and also potentially by the boarder community
- High value top soils and clay will be stockpiled for use in the construction of the protective barriers and for future rehabilitation activities as high quality sub soils and structures have been identified that when blended are likely to add to the total soils quality on rehabilitation of the areas

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Australia

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W: www.moretonresources.com.au

- Material that does not fall into the above will be placed in the initial waste rock dump.

Waste rock from ongoing operations will be "sorted" with the basalts and high value top soils and clay being put aside as described above. During the ongoing operations the bulk of the remaining waste rock will be placed as backfill in the pit and hence the above ground impacts will be minimized and the overall foot print reduced from a total operational point of view.

As waste rock is only required to be placed outside of the pit until sufficient pit void is available the external faces of waste rock dumps created during the initial pre-strip phase will be rehabilitated shortly after in-pit dumping of waste commences, and thus will begin the operational commitments of progressive rehabilitation.

In maintaining MRV Tarong Basin Coal's commitments, we recognise that any proposed mining operation must consider future land-use upon the completion of mining. It is evident in our review and exploration of the area that some land holdings have comparatively higher productivity soil profiles, whilst other adjacent properties appear fallow and likely perform poorer in their production outputs. The reason for this is clear.

The South Burnett has been mapped to depict the surface geology over the region (refer Geological Survey of QLD 1:500000 Moreton Geology Sheet). From this it is evident that on a broad scale a large portion of MDL 385 and the northern portion of EPC 882 have been interpreted to have Tertiary aged cover rocks. These rocks consist of basalt, agglomerate, shale and dolomite; grouped together as a rock unit termed the Main Range Volcanics (Tm). In areas were basalt cover has been exposed at surface we find expressed through the weathering process a typical rich, deep red, clayey soil. These volcanic derived soils, have on a comparative basis, opportunity to provide higher agricultural yields than other soil types in the region that have developed over sedimentary rocks such as sandstone, conglomerate, shale, etc.

It is our belief that not only can land holdings directly affected through the impact of mining be restored in a manner that enables that land to retain its current agricultural productiveness, but potentially land holdings that are presently containing poorly developed soils, either in any intended mining area or nearby the operation, can be potentially improved. Removal of both the basalt substrate and topsoil will be required prior to exposing the underlying Triassic aged Tarong Beds which host coal seams which we propose to mine.

The Company will continue to investigate the potential to provide the best environmental outcome for the area, amenable surface material to be stockpiled and later returned for rehabilitation of the sites directly affected by mining. However it is our belief that the amount of basaltic substrate and thickness of soil cover in some areas could actually allow for improvement of the soil profile in other areas of the South Burnett. Relocation of weathered substrate to poorly performing agricultural lands and covering with current topsoil should see long term improvement in the productiveness of farming land. Where it is possible to do this, we will seek to investigate and develop economic plans to contribute to such enhancement where possible.

INFRASTRUCTURE

Site Infrastructure

Being a long life project buildings and facilities will be built to a standard commensurate with a 42 year mine life. Semi-permanent construction will be required for the main administration building, with relocatable buildings proposed for facilities which are likely to be relocated during the life of the project. All buildings will be designed and constructed to meet the local council and State Government regulations. General area lighting will be provided around buildings where night time access is required.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

Site Infrastructure will include:

- Office Buildings – administration and mine building and carpark, crib rooms, ablution facilities and training room
- Mining facilities – mobile equipment workshop, fixed plant workshop, tyre bay, welding bay, equipment wash down bays, bulk explosives compound, magazines, go-line facilities, laydown pads, fuel and lube storage facility and warehouse
- Utilities – power and water connections and distribution, water supply dam, information, communication and telecommunication systems
- Civil – security gate and fencing, visual amenity bunds, noise bunds, drains and sediment dams

Truck Haulage versus Conveyor

Source: www.thiess.com/projects/yallourn-mine-alliance
(Enclosed Conveyer is the intent of MRV)

A coal haulage trade off study was undertaken as part of the PFS, with analysis between trucking versus conveyor to supply product to a potential local domestic customer. Based upon the transporting of large tonnages by truck along a haul road it was determined to have a significant impact on local noise and dust levels, and also likely to require a dedicated coal haulage road. On this basis a covered conveyor is likely to have a much lower impact. This is yet to be assessed in detail or discussed with stakeholders and the community. Therefore a definitive decision will be made through the next stage of advancement.

SOCIAL, ENVIRONMENTAL AND COMMUNITY

Social

Proceeding with the Project, as described in the PFS, will enhance the substantial contribution that industry in the South Burnett Region already makes towards maintaining a higher level of sustainable social and economic activity in the region. We believe that this will in turn raise the level of business confidence in the region and assist with halting the continuing reduction in people employed by small businesses in the region and the drain of young and qualified people from the South Burnett.

Major project capital expenditure is estimated to be in the order of $280+ million with the number of construction jobs planned to peak at 300-500 jobs over a period of approx. 18-24 months. Sustaining jobs directly with the operations would be approx. 300-500, with multiples of that number as a direct influence in business, services and community infrastructure throughout the South Burnett.

The period of construction activity to bring the mine up to full production is estimated to be in the order of 12 to 36 months from commencement of construction to full production.

It is expected the following personnel numbers (full time equivalents) as being required during the various stages of the project:

Project Stage	Personnel Numbers (FTE's)
Development	100-150
Infrastructure construction	250+
Operations	400+

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W: www.moretonresources.com.au

Environment

Key Environmental Outcomes and Objectives:

- Up to 90-95% less water consumption than other comparable operations using a Wash Plant
- No rejects tailings dam required allowing a reduced area of influence
- Continual rehabilitation program that will take place as the mine progresses
- Lowest quartile strip ratio and dumping of waste in pit, results in lower haul truck diesel consumption and therefore carbon emissions
- Process plant that lends itself to lower noise, dust and light emissions with careful design and selection

The dry coal separation plant (CSP) is identified in the PFS as being the ideal option to separate the ash from the coal to produce a 28% (ar) ash thermal coal product, although a conventional washery would also suit. It has several environmental benefits that stem from its low water usage when compared to traditional wet coal handling and preparation plants (CHPP). The CSP identified in the PFS is projected to consume approximately 10L of water per tonne of coal treated, as compared to a traditional CHPP which consumes approximately 130-150L of water per tonne treated. In this scenario it is important to note that not all coal will require processing, therefore the reduction in total water for product washing is likely to be up to 90-95% less water required compared to a traditional CHPP. This will remain a focus in further detailed studies.

The water consumed in the CSP proposed by the Company, is primarily used for dust suppression. The plant will produce a dry waste tail, thus eliminating the need to build a wet tailings disposal dam. As well reducing the footprint required for the operation, the ability to dispose of dry tailings directly back into the open cut when in pit dumping begins, enables a continuous rehabilitation regime to be introduced earlier, resulting in improved visual amenity, reduced fugitive dust emissions from the waste dump, and early trials to determine the best method of rehabilitating waste dumps to fit in with the local landscape.

The low strip ratio of this Project means there is less waste to move than required to be moved by mines that have a higher strip ratio. As well as reducing the operating costs the smaller truck fleet required will result in fewer carbon emissions and pollutants being dispersed into the environment. This positive impact is further enhanced by dry tailings possibly being returned to the pit on a backload system when in pit dumping begins, where the production trucks bringing the coal out of the open cut will, where possible, be loaded with dry tail for its return trip to the open cut. This will give rise to significant cost savings and environmental benefits.

Upon review of soils mapping for the areas potentially impacted, the Company's soil scientists have identified areas of Strategic Cropping Land (SCL) and these fall into three categories:

- Those that appear to be incorrectly classified due to slope and fall of the landscape
- Those that are of a soil composition and make up that does not meet the definition of SCL and
- Those that have a genuine make up and characteristics that fall within the definition of SCL.

Further and more detailed assessment of SCL will be carried out as part of the environmental impact assessment stages.

Community

A Cultural Heritage Management Plan is currently being prepared by the Company and we expect, given the mainly freehold status and prior reviews of this area, that this will be a process of collaboration and advancement between the parties. Historically, senior members of the Company have had high success in working with and advancing the technical, generic skills base and business opportunities for Indigenous groups and as such, a core ethos of the organization will be to support and progress the opportunities afforded to the region's Indigenous population.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

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South Burnett Community

The area of the South Burnett is a rural area located some 220km drive North West of Brisbane. On 30 June 2012 it was estimated there were 33,549 people residing within the South Burnett which represents approximately 1% of the estimated resident population of Queensland (4,565,529 people). The estimated number of children aged 0-17 years was 8,660 people (approximately 1% of the Queensland population of children aged 0-17 years).

The population of people who identified as Aboriginal and/or Torres Strait Islander in South Burnett at 30 June 2012 was 2,555 (7.9% of the total population in the catchment). The median total personal income for the South Burnett catchment is $20,409 (66% of the Queensland median total income of $30,566).

Against this backdrop is a regional community that is seeking to develop and increase its population base through projects, investment and opportunities that exploit its rich natural resources. The Company believes this project will be a significant opportunity for the co-existence of a supportive regional area, and a mining operation as has been the case for the last 30 years. Multiple community and stakeholder groups have been met with and a clear level of support and encouragement has been forthcoming to the Project and our company's staff since we focused upon this project in mid-2014.

Operating values of the organization, including its unique size lend to heavy reliance upon local infrastructure and support services, be it Government, Commercial or Community services, supply and services business groups etc. To this end the townships of Kingaroy and Nanango are both serviced by industrial areas to which the operation would rely upon, as to the broader communities of Cherbourg, through to Blackbutt are all seen as catchments for staff, goods and services supplies to the potential operation.

What has been identified in the PFS and certainly by the Company's prior relationship in the last 2 years and general understanding of the region, is that it is critical that the proposed mine has the South Burnett Community's support. The Company's ethos to buy local and employ local will continue within the South Burnett as it is a highly serviced region with good infrastructure.

To facilitate an open forum with the South Burnett Community, the Company is currently establishing the South Burnett Project Development Interest Group. This group will consist of 9 Community members and 3 members from the Company, which is expected to be in place March 2016. The Group's Charter will be to:

- Seek representation from various stakeholder groups within the South Burnett
- Assist in liaising with various Community and interest groups to seek out opinions and concerns
- Be a forum whereby issues, concerns and feedback can be discussed and addressed by all stakeholders
- Allow for a clear channel of communications into the Community about the progress, timelines and intentions of the Company in potential advancement of the project
- Allow a forum for those in the Community whom are supportive and concerned to voice an opinion and seek clarification or review of issues, and report back through this forum

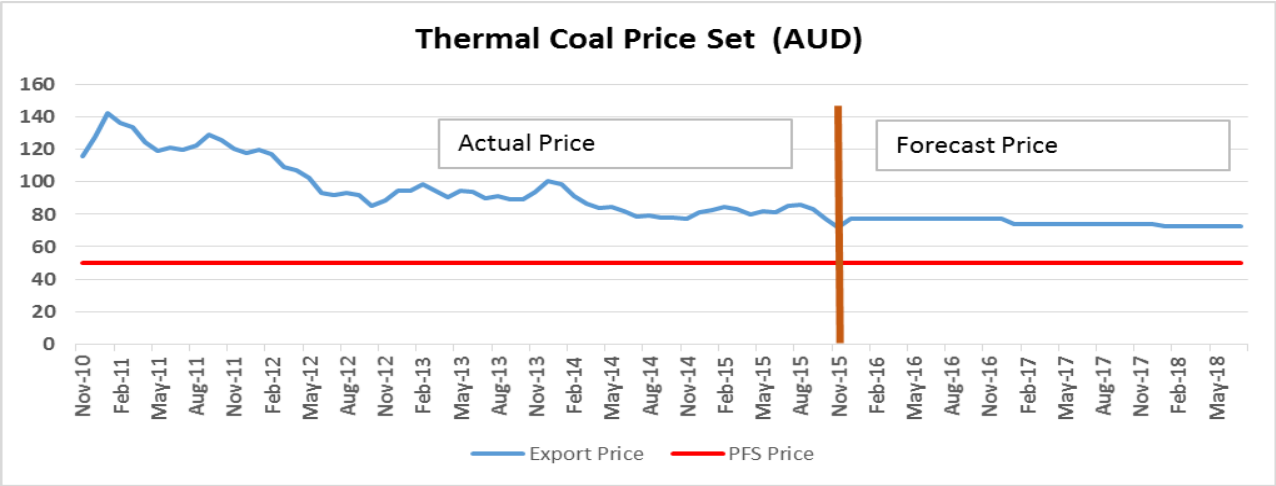
MARKETING LANDSCAPE

World Thermal Coal Market Overview

The export price of thermal coal over the past five years has dropped from a peak of AUD $142 per tonne in January 2011 to have traded at around AUD $80 per tonne since May 2014 (source : IndexMundi). Goldman in late 2015, set its forecast for Australian thermal coal at USD $54 per tonne for 2016, USD $52 for 2017, and USD $51 for 2018. However we believe a premium will become evident for quality Australian Coals based upon recent world events.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au



As can be seen in the above graph the thermal coal price assumed in the PFS of AUD $50 per tonne (19.6GJ) is well below historic prices and approximately 30 to 35% below the forecast thermal coal price.

South Burnett Thermal Coal Project Product Marketability

The PFS has identified that the Project has the capacity to deliver a thermal coal product that is superior to other thermal coal products, currently available in the Tarong Basin across a range of parameters.

Competitive Market Position

The South Burnett Project needs to be competitive across a number of different dimensions including price, energy content and sustainability. A comparative snap shot of some key metrics between the Project's product identified in this PFS and the other thermal coal currently being used in power generation in the Tarong Basin appears below :

Commercial Competitive Analysis Bench Marks on Comparable Operation **(Notes on page 20)**		
	MRV Project	**Current Tarong Basin Coal Operator**
Strip Ratio	Approx. 4:1	7:1 (as publically quoted) **note 1**
Total Yield	Approx 75% for LOM (40 years)	High 70% to low 80% - **note 2**
Energy per tonne	Target 21.7GJ	19.6GJ (as publically quoted) **note 3**
Price (Lower)	$50.00 (19.6GJ)	$63.43 –**note 4**
Price (Higher)	$50.00 (19.6GJ)	$72.99 – **note 5**
Price per GJ	$2.55 GJ	$3.24 - $3.72 GJ

This high level analysis highlights the potential opportunity at hand, outlining the closest regional coal producer who is supplying to the local power generator is approx. 27.5 - 45.9% more expensive (per GJ basis) than the proposal being put forward by the Company. A clear cost benefit is demonstrated by the following taking into account approx. 20 years of full production, noting an additional 2GJ of Energy is also targeted.

A further consideration of the marketability of this product and from a domestic supply sense the most compelling opportunity for the Company is to seek to market the product into the power generation industry which in Queensland is in the main, a State owned enterprise. To that end the following considerations and comparisons were made, in the determination of a marketable product by the Company.

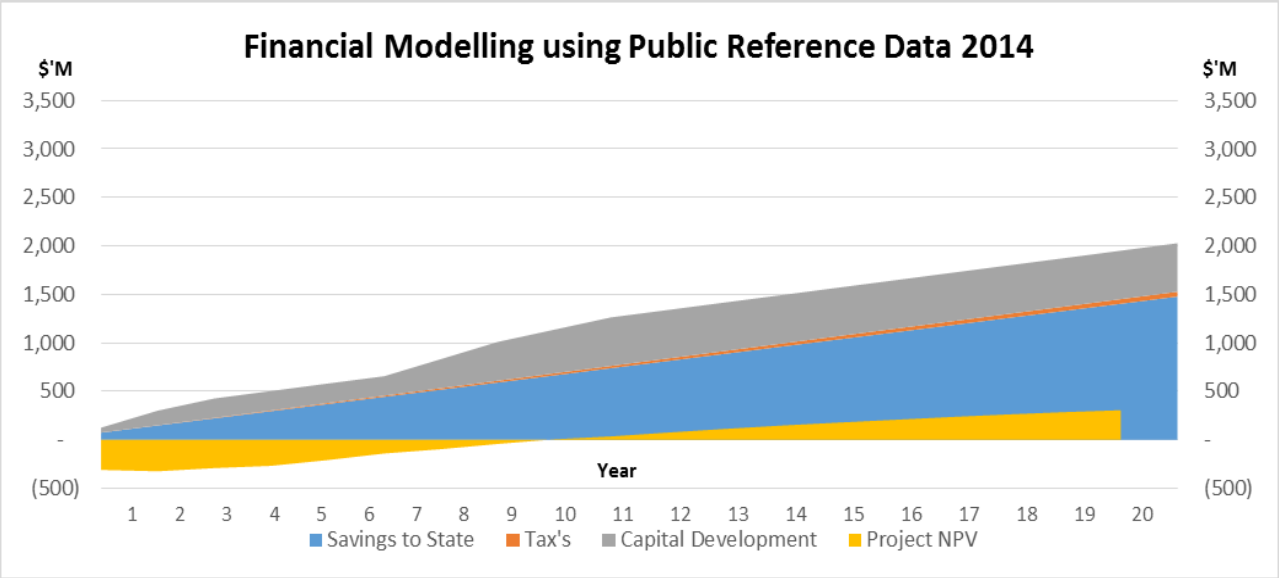
Two cost scenarios have been built up, one for each of the 2012 and 2014 financial years. Although the built up cost per saleable tonne for the comparable operation has recently decreased by approximately $10 per tonne, this analysis shows that the MRV product to still potentially be a clear differentiator, post these cost efficiency efforts. This indicates substantial opportunity for a MRV product to further reduce costs on

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

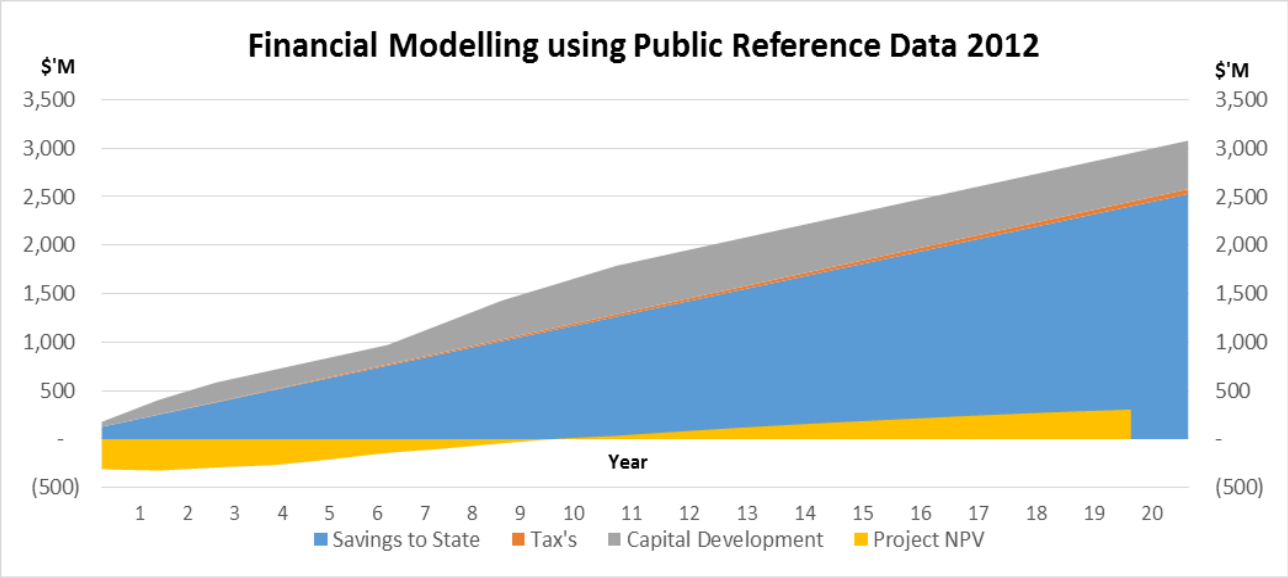
T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

an as is basis. The MRV price is based on a LOM basis it takes into account all current and future costs. As the cost of the comparable operator does not take the future costs of an ageing mine into account, the cost benefit to the State of a MRV product may be greater than depicted below.

Modelled Cost Benefits



Savings against comparable operations–based upon the PFS value of AUD $50 (19.6GJ) per tonne of coal for an alternate feedstock comparison the above graphs have taken into account the operating cost saving potential and attributed a capital cost dependent upon additional development to secure future coal supply, which is publically available information for 2012. See notes in back of document. (NPV includes $5.00 additional GJ)



Savings against comparable operations–based upon the PFS value of AUD $50 (19.6GJ) per tonne of coal for an alternate feedstock comparison the above graphs have taken into account the operating cost saving potential and attributed a capital cost dependent upon additional development to secure future coal supply, which is publically available information for 2012. See notes in back of document, (NPV includes $5.00 additional GJ)

Based upon the above analysis, the Company is extremely comfortable that a market could exist for such a feed stock offering a cost reduction of some 20-30% per GJ. The model also factors some $300-500 million additional capital that would be required for at least 2 additional major developments to open new coal opportunities and save the Government funding upgrades to capital items, such as the existing wash plant and tailings facilities that are currently being proposed for tender.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

EXPENDITURE ASSUMPTIONS AND FINANCIAL ANALYSIS

Development Capital Expenditure

Capital expenditure estimates have been undertaken to an accuracy of +/- 25% and are supported by historical industry costs. Taking this into account and the decline in market rates and works programs costs, given the tougher economic impacts it is anticipated costs are realistic within the +/- 25% range and therefore no further contingency is factored into the below figures.

Item	Amount ($M)
Site establishment and site infrastructure	45.8
Mining Infrastructure	3.0
Mining and ancillary equipment *	Nil
Coal Separation Plant	81.6
Overland Conveyor (product transport to market)	99.8
Other (Includes studies, approvals, permitting)	55.1
Contingency (the current PFS is built upon a +/- 25% order of magnitude)	N/A
Total	**285.2**

*As the assumed method of mining in the PFS is by way of appointment of a mining contractor the capital cost of mining and ancillary equipment is included in the operating (mining) costs below for the first 5-7 years.

Development Light Option

The above development capital for site establishment and infrastructure includes an estimate for facilities which typically include items that can be accessed from local service providers, such as:

- Site administration office
- Service bay for light vehicles
- Training and technical facilities on site
- Light fabrication and maintenance facilities

During the next stage of the Project's evaluation the Company will explore opportunities to remove any facilities that can be provided locally from project infrastructure. The intent is to access these services in the South Burnett Community at commercially competitive rates (e.g. light vehicle servicing to remove the cost of light vehicle workshop, basing administration staff in existing facilities in Kingaroy or Nanango and utilising local fabrication and maintenance business, including store items run on a in stock inventory by local vendors).

The Company has a clear mandate that where competitive to do so, to buy and employ locally, and support community capacity building by development of additional support services.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
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E: enquiries@moretonresources.com.au
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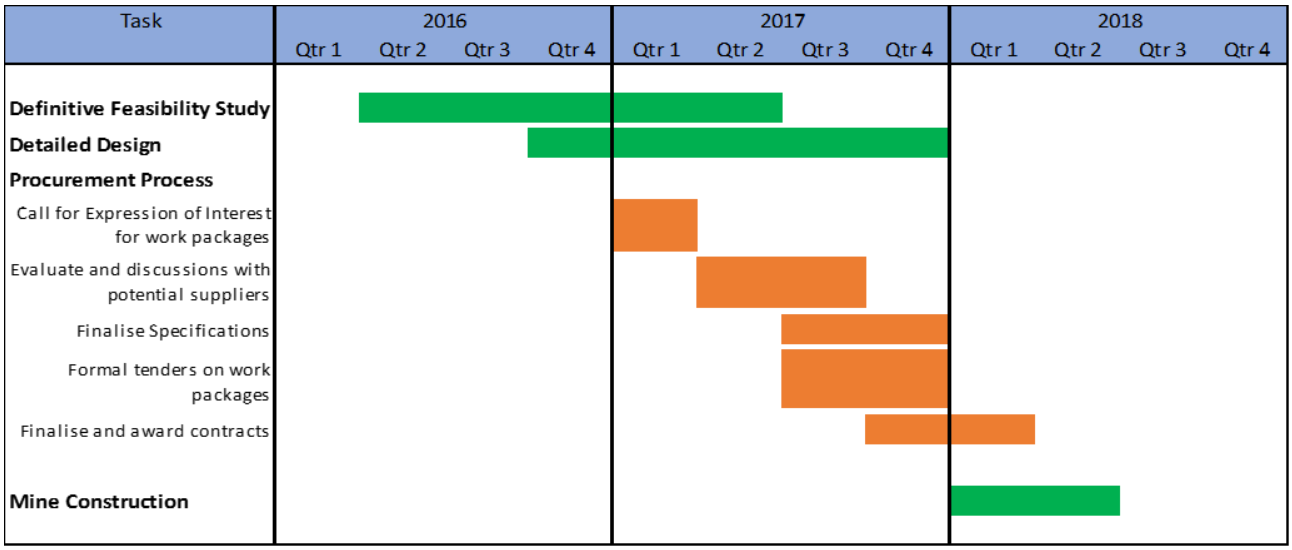
Procurement process to advance to construction, for example of potential, to rapidly ramp up.



Sustaining Capital Expenditure

Sustaining capital estimates have been made by applying industry benchmarks to initial development and construction costs. Sustaining capital requirements over the 42 year mine life are expected to average $1.5M per year.

Operating Cost Expenditure

The operating cost expenditure estimates have been undertaken to an accuracy of +/- 25% and are supported by first principle engineering estimates. The operating cost profile remains relatively constant over the LOM due to there being no additional exploration required to find further Coal Resources, or periods of future pre-strip that are materially above the LOM pre strip of approx. 4:1. Owner operator transition is planned to occur in years 6 to 8.

OTHER FINANCIAL INFORMATION

Project Financing Requirements

It is proposed to fund the upfront development capital and the working capital requirement in year 1 (predominantly required to fund the initial pre-strip) through an even split of debt and equity. As this Project will only progress if a long term Government contract is secured to supply our high energy thermal coal product to a state owned power generator for the first 20 years of mine life the Company believes that, should this happen, it will be in a good position to negotiate favorable debt and equity terms.

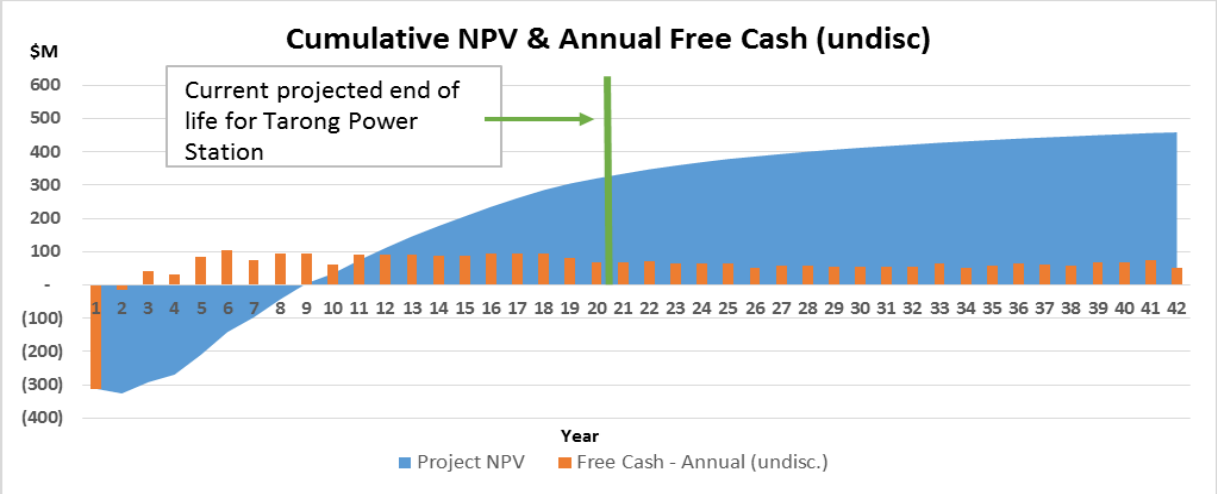
For the purpose of calculating the NPV for the Project, it has been done upon the basis that no financing, capital inflows other financial impacts have been accounted for, as any such consideration will have a dramatic positive impact to the NPV, and possibly could be misconstrued or misinterpreted.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

Cash Flow by Year

After the Project development, construction and ramp up to full production in year 3, the proposed operation is cash flow positive year on year until the end of mine life. This sees the Project being in an overall cash positive position in year five:



Sensitivity Analysis

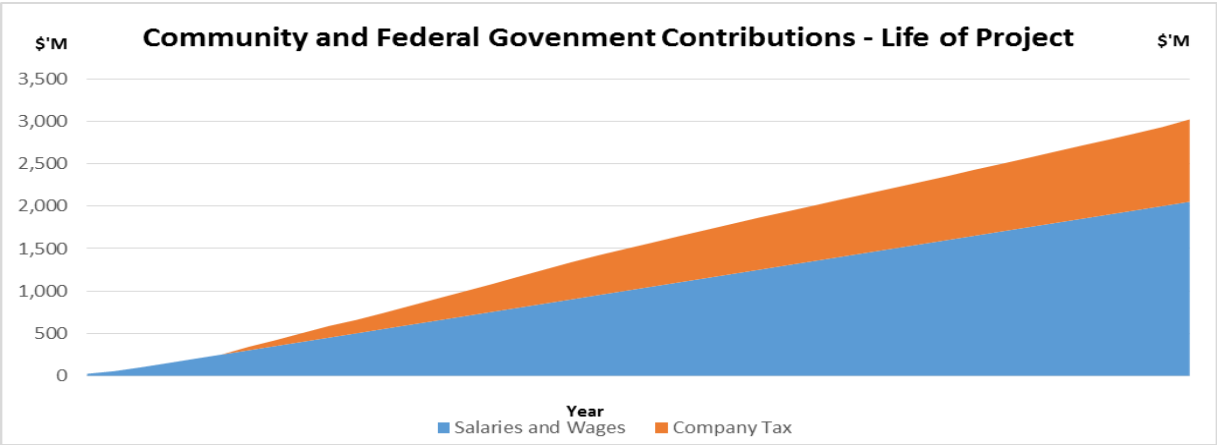
The Company's belief is that the revenue received from the advancement of this project will be upon fixed terms and therefore sensitives such as exchange rate and world coal pricing are not material.

Concepts of hedging for oil supply will be evaluated as the Project advances.

Other Contributions – South Burnett Community and Federal Government

The primary contribution to the economic wealth of the South Burnett Community will be salaries and wages paid to local based employees. The Project will operate under a 100% South Burnett residential policy for permanent and long term contract employment. **Wages over the life of the Project will average $50,000,000 per annum or $2.1 Billion over the life of the Project**.

Company tax has been modelled using a company tax rate of 30%. Based on the PFS data, modelling estimates **$1 Billion dollars will be paid in company tax** over the life of the Project of 42 years.



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PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
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W: www.moretonresources.com.au

IMPORTANT TECHNICAL INFORMATION AND CONSIDERATIONS

Cut-off parameters	No quality cut off parameter was applied to the Coal Resource model or the Coal Reserve. Final pit limits were defined using pit optimization software and estimates for operating costs, coal price, mine recovery and dilution, process plant yield, and process throughputs. The pit shell selected was the optimum pit shell at the assumed price and cost assumptions. Coal seams less than 30 cm thick were reassigned as waste, and waste partings less than 30 cm thick were reassigned as coal.
Mining factors or assumptions	PFS parameters were used to develop Modifying Factors, together with the Coal Resource model. No Inferred Coal Resource material was included in the Coal Reserve. All Inferred Coal Resource material was treated as waste in the mine planning process. Waste dilution was estimated by assuming roof dilution of 0.10 m, floor dilution of 0.05 m, and a global dilution of 1% to account for coal edge, geological, and other dilution. Coal loss was estimated by assuming an average roof loss of 0.03 m, floor loss of 0.05 m, and a global loss of 2% to account for coal edge, geological, and other losses. This resulted in an average coal loss of 2.9% and dilution of 2.7%. Mining costs were derived from estimates of machine operating costs, haulage distances, and labour requirements. Processing costs were derived from estimates of power usage and cost, labour requirements, equipment costs, and allowance for ancillary costs based on operating cost estimate from other similar operations. General and administration costs were derived from an organization chart developed for the Project.
Metallurgical factors or assumptions	AMC estimated bypass coal of 39% and coal separation plant yield of approximately 62%, based on coal quality analysis and coal separation plant simulation results, for an overall coal recovery of 75%. No allowance was made for penalties for deleterious elements or out of specification product.
Other	Mining lease, environmental, and Regional Interests Development approval have not been received from the Government. The area required for the mine development covers both MDL 385 and EPC 882. Although there do not appear to be any material barriers to project development, the potential exists for delays to the development approval process which could delay the Project's commencement date.

NOTES AND REFERANCES THROUGH DOCUMENT

***1**	Cummings Commentary April 2015 – Magazine	***4**	Note below data make up for total estimated price
***2**	Qld Department of Mines, production data FY2013/ FY2014	***5**	Note below data make up for total estimated price
***3**	Qld Coals 14th Edition		

		FY12	FY14	**Reference**
Mining Contractor cost	$/TN	44.67	33.50	2012 based on Announcement dated 15 December 2011 - Thiess awarded $185M one year extension to contract / average tonnes coal consumed financial years 2012 and 2013 as per 2013 Stanwell Annual Report. 2014 based on Downer contract value as stated in Downer ASX Announcement / tonnes saleable coal as stated by Queensland State Government's "Table 3 - Production by Individual Mines - Tonnes" .
Wash costs	$/TN	3.38	3.38	Assumed, based on unit cost of $5.63 / tonne washed with reference to industry knowledge and nd assumed 40% bypass material
Depreciation	$M	12.25	18.33	As per Stanwell Annual Report for 2012 and 2014 - Notes to the Consolidated Financial Statements. Depreciation charged for year for Operational Mining Assets
Exploration	$M	5.20	8.10	As per Queensland Government Annual Budget Papers - Capital Statement for respective year
Kunion coal project	$M	2.70	-	As per Queensland Government Annual Budget Papers - Capital Statement for respective year
Glen Wilga	$M	1.20	-	As per Queensland Government Annual Budget Papers - Capital Statement for respective year
Interest on Asset values	$M	29.98	26.12	Value of operational mining assets plus mine development assets plus mining leases and information as per Stanwell Annual Report for 2012 and 2014-Notes to the Consolidated Financial Statements multipled by the implicit interest rate paid by Stanwell Corporation on its borrowing as calculated by dividing "interest and finance charges paid/payable for financial liabilities not at fair value through profit and loss" as per Stanwell Annual Report - Notes to the Consolidated Financial Statements by the total value of current and non current finance lease liabilities and current and non current borrowings as per the Balance Sheet in the 2012 and 2014 Stanwell Annual Report.
Subtotal	$M	51.3	52.5	
Unit cost	$/TN	11.27	14.67	Unit cost calculation based on; FY12 - Tarong Power Station Fuel consumption coal (tonnes) as per 2013 Stanwell Annual Report ; FY14 - Saleable tonnes for Meandu Mine as reported in the Queensland Government "Table 3 Production by Individual Mines - Tonnes"
Subtotal Unit Cost	$/TN	59.32	51.55	
Other costs	15%	8.90	7.73	15% Allowance to cover other mine operating cost such as major consumables, water, fuels and other ancillaries provided by the Mine.
Royalty	7%	4.78	4.15	Royalty estimate based on applying the Queensland Governement royalty rate for coal (7%) to the total unit cost.
	$/TN	**72.99**	**63.43**	

These assumptions are not an indication of forward looking costs and have only been utalised as an estimated basis, therefore among other things the following considerations have not taken into account, which are: further costs impacts of major capital development per tonne; inefficiencies of increasing strip ratio; additional project costs for continued Coal development planning; additional mid to long term mine planning requirements; long term consultancy services costs, directly contracted to Stanwell; other than those listed above by way of exploration.

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

SUPPORT INFORMATION

The PFS or Company modelling does not factor in the introduction of any energy trading scheme or similar carbon emissions tax in the future. Any change in ETS requirements will likely similarly impact all coal operations. Depending on the mechanisms of any such scheme, based on the high average energy content of coal produced at this Project, the impact of any such scheme may be lower on our product as compared to other lower energy coal products.

Taxes – This includes payroll tax payable to the Queensland State Government at the rate of 4.75% of wages and salaries projected to be paid by the Project as per the PFS.

Project NPV – This is the net present value of free cash flow to the Company from the Project over the life of the Project as determined by this PFS.

Competent Persons Statement

The information pertaining to the reported Coal Resource in relation to the South Burnett Project (EPC 882 and MDL 385) is based on information compiled by Mr. David Arnott who is a full-time employee of Moreton Resources and holds the position of Geological Lead. David is a qualified Geologist and Member of the AusIMM and Chartered Professional (Geology). He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Resources included in this release as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

The information pertaining to the reported Coal Reserves in relation to EPC 882 and MDL 385 is based on information compiled by Mr. Glen Williamson who is a full-time employee of AMC Consultants and holds the position of Principal Mining Engineer. Glen is a qualified Engineer and Member of the AusIMM, Charted Professional (mining) and Registered Professional Engineer of Queensland. He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Reserves included in this release as defined in the JORC Code.

Messrs. Arnott and Williamson agree with the context and content of the reported Coal Resources and Coal Reserves in relation to this public statement made by MRV Tarong Basin Coal Ltd and consent to its release.

TABLE 1 REPORT

Suite 8, Level 2 l 113 Wickham Terrace | Spring Hill | Brisbane | Qld | 4000
PO Box 10684 | Adelaide Street | Brisbane |Qld | 4000
Australia

T: +61 (7) 3831 6088
E: enquiries@moretonresources.com.au
W: www.moretonresources.com.au

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	Direct sampling of coal seams for coal quality across the Project was achieved through the drilling of 63mm cored boreholes. Sampling theory was undertaken by a variety of methods over the exploration history; including individual full seam sampling, collection of multiple samples within seams, and selected sampling for characteristic working section designations. Sampling of the boundaries of coal seams and surrounding rocks was achieved through direct logging of chip and fully cored borehole sections. Indirect measurement through downhole wireline geophysical logging was undertaken on many boreholes to supplement and support lithological logging in both open and cored boreholes.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	All sample data used in this report has been taken from previous lease holders. Analysis of this data has been completed which has taken into account core losses throughout holes and individual seams to ensure the data utilized has not been skewed by poor sample recovery. Geophysical wireline logging largely incorporates gamma-gamma logging supported by gamma-density, calliper and to a lesser extent neutron, sonic, acoustic scanner, resistivity, verticality and spontaneous potential logs. Historical boreholes without supportable evidence of downhole wireline logging (e.g. LAS data or hardcopy profile) were treated as not having been corrected to geophysics. Historical lithological logs appear to be corrected to downhole wireline geophysical traces.
	Aspects of the determination of mineralization that are Material to the Public Report.	Coal intervals have been determined through a combination of lithological logging of chip and core samples combined with downhole geophysical wireline data. Where geophysical logs are available boreholes coal seams have been corrected to geophysics. Where chip data is only available without geophysics the data has only been used for referencing the seams approximate position.
	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 pulverized 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 mineralization types (e.g. submarine nodules) may warrant disclosure of detailed information.	Predominately analysis was undertaken on RAW samples to provide in-situ coal qualities. Analysis largely includes proximate analysis measurement of ASH, CV, RD, VM, and FC on an air dried basis. Additional test work has been carried on both a subset of the RAW analysed samples and other borehole intersections to provide WASH coal quality data at a variety of float density cut points ranging between F1.45 and F2.00. A smaller set of product analysis was undertaken in areas of the deposit targeting a 28% ash considered suitable for supplying domestic power generation. Some size distribution test work is available in the dataset compiled.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	Drilling over the Project area is a combination of open hole, core and partially cored drilling. All core samples are non-orientated, although some later drilling includes sonic logs.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	All samples have been collected from previous lease holder drilling programs. Where sample intervals are not obtained the corresponding interval has been logged as "KL". No direct measurement of recovery has been recorded in recovered intervals logged, however notations in logging indicates if instances of poor recovery occurred and the borehole was subsequently abandoned. This sample recovery data (through use of the KL lithology interval logged) been analysed along with sampling data. Core recoveries are above 95 percent in the majority of boreholes.
	Measures taken to maximize sample recovery and ensure representative nature of the samples.	No understanding exists of methodologies employed historically to maximize sample recoveries.
	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.	Coal seams sampled were composited to maximize the thickness of the seam. In instances where working sections had been defined the model limits were modified to reduce the seam thickness by a corresponding amount to avoid creation of a data bias.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Historical logging provides a mixture of detailed and rudimentary logging information. Logs generally consist of lithology, shade, hue, colour and grainsize information with a relative description of coal brightness in cored boreholes and to a lesser extent some chip holes. To a lesser extent information is also recorded on weathering; estimated strength; mechanical state; sedimentary features;

Criteria	JORC Code explanation	Commentary
		mineral and fossil types and their relative abundance; bedding dip angles; basal contacts; texture; core state; defect types, spacing and dip; and lithological interrelationships.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Boreholes have been logged lithologically via direct observation of chipped and cored intervals. Many boreholes have supportive information in the form of downhole wireline logging. Recent drilling includes photographic records of cored sections and some geotechnical test work data.
	The total length and percentage of the relevant intersections logged.	Some historical exploration programs undertaken as chip holes provide insufficient information in terms describing the internal makeup of the seam (i.e., description of the individual thickness of coal plies and parting bands) and rather report the entire interval as one with relative percentages of the constituent lithologies. This still provides sufficient detail to determine roof and floor position of the main seam group, however it will not allow in its own right to define possible working section intervals within the main seam, unless geophysical wireline logs are available also. Insufficient information in the some areas of the subcrop exists to establish the depth of weathering in some historical boreholes.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Coal samples have been derived from full core. Where seams were selectively sampled the data was either omitted from being used for quality calculations or a smaller working section defined to avoid data basis in the quantity to coal quality relationship.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Not applicable to this style of mineralization.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Historic borehole sampling in the field and storage cannot be verified. More recent drilling by MTM and CXY recorded sampling dates and analysis process times. These samples were double bagged to retain moisture.
	Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.	Historical samples was crushed and sized (largely -12.7 mm) prior to RAW analysis. Some historical WASH analysis records report screening at -12.7 mm and -31.5, +0.10 mm size fractions. Historical boreholes samples were analysed by ACIRL in their North Ryde laboratory. Testing was conducted to the relevant Australian Standards. Recent borehole samples were analysed by Bureau Veritas in their Mayfield West and Brendale laboratories using the relevant Australian Standards.
	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.	Borehole sampling has been undertaken throughout the Project area in order to achieve representative coal seam quality data. Entire coal seams have been sampled or the data has been omitted in order to prevent skewed quality results.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	A number of holes had samples crushed to -12.7 mm with analysis of Ash, Moisture and Specific Energy undertaken (AS1038). Relative density was determine using the ACIRL method (?). Other bore cores were crushed to -31.5 mm and screened at 25.4, 19.1, 12.7, 9.5, 6.35 and 3.18 mm (AS1016). The minus 6.35 mm fraction was analysed for moisture and ash. The plus 6.35 mm was wet tumbled (AS1661) and screened at 0.10 mm. The +0.10 mm fraction was float sink tested at 1.60, 1.70, 1.80, 1.90 and 2.00 relative densities (AS1038). Core samples all appear to be 63 mm in diameter with no large diameter test work available.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Historical coal analysis is largely fit for purpose. Some regression analysis was undertaken to develop CV data when only ASH and RD information was available from laboratory results in selected samples. A range of wash data exists and differing float densities to enable testing of the performance of coal seams to provide a variety of product specifications.
	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.	Not applicable to this style of mineralisation and test work undertaken.
	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.	Coal quality analysis undertaken at the time was carried out by reputable laboratories reportedly to relevant Australian Standards. No further information could be determined from historical reports on quality control procedures carried out.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Historical borehole intersections cannot be verified by independent personnel, however where boreholes did undertake downhole geophysical wireline logging the intersection position of coal seams can be verified.
	The use of twinned holes.	There are a large number of sites that included twinned drill holes, either drilled later by subsequent tenement holders or includes coring over or near too an original open hole site by the same explorer.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All primary data has been entered into a Microsoft Access database using the CoalLog (v2.0) template. Descriptive information was recoded using appropriate translations and English Logs reproduced then compared against original QDEX reports for consistency. Coal quality analysis results have been transcribed into the Access database. Validation tests have been carried out to access coding compliance with the template, along with measures such as increasing depth, borehole location and survey elevation comparison, location position to historic plans and parish map descriptions, summation of key analysis variables, regression analysis of test work results.
	Discuss any adjustment to assay data.	Correlation of ASH, RD and CV data on a RAW basis enabled development of a regression equation to compute CV values in samples only analysed for ASH (ad). The ACIRL in-situ moisture calculation was used to interpolate values into the database. Preston and Sanders formula was used to calculate an in-situ density value for samples.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Historical data is largely located by relative distance and direction to identifiable boundary positions on parish maps. The accuracy of surveying (X, Y) is expected to be ~10 m given most boreholes were drilled on public road access areas between adjacent land holdings. Recent drilling (T50?? Series) are surveyed X, Y and Z using certified surveyors with differential GPS.
	Specification of the grid system used.	All data has been converted into MGA Zone 55 with GDA94 datum.
	Quality and adequacy of topographic control.	Topographic surface across the Project area is predominantly derived from SRTM data with a average level of accuracy of ±7 m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Borehole location spacing for historical drilling over the Project area is largely confined to accessible public land (i.e. road reserves). More random spacing occurs within MDL385. Boreholes range in depth from approximately 30 m in the subcrop area on the western side of the deposit to almost 380 m where depth of cover is greatest in the eastern part of MDL 385.
	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.	Close spaced drilling is generally confined to east-west oriented roads allowing for testing of the down dip orientation of coal seams and the prior UCG area developed by CXY.
	Whether sample compositing has been applied.	Compositing of samples has been applied on both a seam and working section basis.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The Tarong Basin Coal measures have a gentle dip with a geological strike approximately NNW. Boreholes have been drilled in a variety of locations from surface vertically into the target seams. No downhole survey data exists for historical boreholes, with only recent drilling undertaking verticality surveys. Deep boreholes (> 200 m) show lateral displacement through strike swing, yet the high angle of dip in the boreholes appears to be maintained. Sample positions have used displacement vector data where downhole survey information was available.
	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.	No sample bias is expected with sample intersections expected to be approximately normal to the seams dip.
Sample security	*The measures taken to ensure sample security.*	No detailed understanding is available on the chain of custody for historical coal samples analysed. It is evident that some historical data is missing from the QDEX website and further work will be required to complete the retrieval of all available data over the Project area. Sampling and analysis of boreholes drilled by Metallica Minerals and Cougar Energy processed and dispatched field samples by a documented methodology. Follow-up was required to ensure all laboratory reports were issued as final.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	MRV has undertaken its own internal audit of both historical and recent drilling data and associated coal quality analysis. The purpose of this was to develop a robust data set from all available information that could be used in the development of the

Criteria	JORC Code explanation	Commentary
		geological model and Resource estimate. Where anomalous data or errors were identified this has been corrected at the base level or the data flagged for exclusion from the geological model were information could not be substantiated.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Tenements EPC 882 and MDL 385 are100% owned and held by MRV Tarong Basin Ltd. EPM 25992 is under application by Moreton Resources Ltd. Native title representative for Project is QLD Sth Native Title Services Ltd. Wakka Wakka people have regional area under application ref:QC2012/004. ILUA ref:QI2008/027 covers project area.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	The Project area comprises a mixture of agriculture (grazing and mixed cultivation), urban (residential and industrial) land use. Project area is largely classified as comprising non-remnant vegetation. Scattered areas of Category B endangered regional ecosystems and areas of concern regional ecosystems largely across western fringe and southern portions of EPC 882. 4 sub-blocks along northern margin of EPC 882 are covered by RA384. Part of the RA384 area also contains the Kingaroy Airport.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Historical exploration has been carried out by a number of parties including CRA Exploration, New Hope Collieries and Pacific Australia Coal. More recent drilling was completed by Metallica Minerals and Cougar Energy.
Geology	*Deposit type, geological setting and style of mineralization.*	The Project area is located with the Tarong Basin which has been described previously by others as a narrow, elongate structure, approximately 70 km long and 10 km wide. The basin trends in a NNW-SSE direction and stretches from Kingaroy in the north to a point 20km south-southwest of Yarraman in the south. The Tarong Coal Measures lie unconformably on the Palaeozoic basement of the Yarraman Block. The basin is bounded on the east by units of the Middle Palaeozoic Yarraman Block which consists mainly of the Devonian-Carboniferous aged Maronghi Beds comprising of weakly metamorphosed mudstone, shale, arenite, jasper and acid to basic metavolcanics. The western side of the basin is bounded predominately by the Late Permian-Early Triassic Boondoomba Igneous Complex. This unit is comprised of granodiorite, adamellite, granite, tonalite, diorite and gabbro. The Tarong basin is filled with Triassic aged sediments which have a preserved thickness of approximately 450 m and consist of sandstone, conglomerate, siltstone, mudstone, claystone and coal. The coarse clastic beds in the sequence consist of labile, arkosic to sub-arkosic, fine to very coarse grained, poorly sorted sandstones and generally matrix supported polymictic conglomerates (Pegrem, 1995 and Jell, 2012).
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	A proportion of the data used in the estimation of Coal Resources is freely available from the QDEX website from relinquishment reports. Other reports are not publically available and can only be accessed by the tenement holder. MRV have undertaken a deal of work converting both hardcopy lithological logs and analytical reports into an up to date electronic format of a consistent nature and form. This information is considered to now hold a greater commercial value than its previous format and is such is considered by the Competent Person to be commercial in confidence.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Density is weighted by length, with other analyses for RAW coal types composited by mass weighting. Washed coal quality composites are aggregated using a Yield/Mass weighting. No data cutting exists.

Criteria	JORC Code explanation	Commentary
	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.	Composited samples have been weighted by length for RD. Other proximate analyses were weighted use length and RD to derive a mass weighting for variable sample lengths. Wash quality analysis was composited using a mass and yield weighting. Washed samples were only composited if of the same float density (eg F2.00, F1.80, etc.).
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable to this style of mineralisation.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	Boreholes were sampled for both waste and coal within coal seams. If parts of coal seams were deemed to be of a quality insufficient to mine and not sampled these areas have not been calculated as part of the coal inventory and subsequent Resource. As such coal seam quality and tonnage results are mutually representative.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Seam dips are generally shallow and the expectation is that boreholes are largely normal in intersection orientation to the seam.
	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').	True width not known, although expected to be similar to down hole length based on interpreted seam orientation and borehole angle of drilling.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	The current reported Coal Resource is not considered a discovery but rather a refinement of information made available through the work undertaken by previous parties such as Cougar Energy, Metallica Minerals, Cockatoo Coal, New Hope, Pacific Australia Coal and CRA Exploration. Detailed plans and cross sections are included in the main body of the JORC report, however have not been included in this report due to their commercial nature.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Details of depth and thickness ranges for each seam is included in the main body of the JORC report. The following details provide a statistical summary of the Point of Observation (Quantity) data used.

Horizon : GD located in 23 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	382887.000	388757.270	385052.547	23
Northing	7043290.320	7057450.000	7054709.503	23
Collar	375.050	547.920	458.782	23
SR	314.390	424.500	385.577	23
SF	310.090	422.320	382.512	23
TK	0.100	10.000	2.777	23
DR	19.300	176.580	73.205	23
DF	23.200	176.890	76.270	23
MD	0.000	57.000	2.478	23
PT	0.000	2.570	0.287	23
OB	0.000	176.580	67.597	23
ST	0.100	10.000	3.065	23

Horizon : GDU located in 9 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	383243.280	386518.800	385466.253	9
Northing	7054590.800	7056521.600	7055610.387	9
Collar	446.330	524.500	484.457	9
SR	318.453	416.330	375.436	9
SF	313.883	415.330	373.294	9
TK	0.090	4.000	1.523	9
DR	30.000	159.000	109.021	9
DF	31.000	163.000	111.163	9
MD	0.000	0.000	0.000	9
PT	0.000	2.180	0.619	9
OB	30.000	159.000	109.023	9
ST	0.400	5.000	2.142	9

Criteria	JORC Code explanation	Commentary

Horizon: GDL located in 9 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	383243.280	386518.800	385466.253	9
Northing	7054590.800	7056521.600	7055610.387	9
Collar	446.330	524.500	484.457	9
SR	310.140	409.330	361.950	9
SF	309.260	408.330	360.868	9
TK	0.160	2.000	0.808	9
DR	37.000	169.610	122.506	9
DF	38.000	170.490	123.589	9
MD	0.810	31.310	11.343	9
PT	0.000	1.440	0.274	9
OB	0.000	0.000	0.000	9
ST	0.200	2.000	1.082	9

Horizon: KN located in 122 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	381501.000	389380.040	384497.493	122
Northing	7043290.320	7059019.640	7054728.570	122
Collar	368.960	547.920	462.116	122
SR	270.240	438.500	378.825	122
SF	251.740	427.230	367.817	122
TK	0.610	21.260	8.757	122
DR	14.400	209.500	83.291	122
DF	17.400	228.000	94.299	122
MD	0.000	62.700	4.936	122
PT	0.000	24.180	2.252	122
OB	0.000	209.500	62.594	122
ST	0.610	28.400	11.008	122

Horizon: KNU located in 18 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	382887.000	386574.610	384575.378	18
Northing	7054086.850	7058892.000	7055915.279	18
Collar	435.370	535.420	467.972	18
SR	297.880	418.430	376.966	18
SF	283.650	416.890	371.319	18
TK	0.380	13.950	4.642	18
DR	24.100	216.720	91.005	18
DF	28.160	222.980	96.652	18
MD	0.000	61.360	11.718	18
PT	0.000	2.500	1.005	18
OB	0.000	162.480	47.703	18
ST	0.590	16.450	5.647	18

Horizon: KNL located in 18 out of 412 holes

	Minimum	Maximum	Average	Samples
Easting	382887.000	386574.610	384575.378	18
Northing	7054086.850	7058892.000	7055915.279	18
Collar	435.370	535.420	467.972	18

Criteria	JORC Code explanation	Commentary

SR	:	282.680	413.490	368.618	18
SF	:	279.300	412.050	364.253	18
TK	:	0.110	10.670	3.373	18
DR	:	32.640	223.100	99.354	18
DF	:	32.840	227.000	103.718	18
MD	:	0.000	8.000	2.702	18
PT	:	0.000	4.260	0.991	18
OB	:	0.000	0.000	0.000	18
ST	:	0.180	14.750	4.364	18

Horizon: SW located in 58 out of 412 holes

	:	Minimum	Maximum	Average	Samples
Easting	:	381712.000	388927.370	384336.726	58
Northing	:	7043748.100	7059555.630	7054926.489	58
Collar	:	389.310	547.920	460.048	58
SR	:	229.050	432.500	362.728	58
SF	:	226.050	432.000	359.859	58
TK	:	0.150	12.700	2.559	58
DR	:	7.500	250.770	97.319	58
DF	:	8.000	253.700	100.188	58
MD	:	0.000	68.330	16.571	58
PT	:	0.000	4.140	0.310	58
OB	:	0.000	156.500	20.705	58
ST	:	0.150	12.700	2.869	58

Horizon : SWU located in 20 out of 412 holes

	:	Minimum	Maximum	Average	Samples
Easting	:	382664.000	386694.650	384558.884	20
Northing	:	7055109.960	7058892.000	7056569.260	20
Collar	:	435.370	530.350	466.642	20
SR	:	219.429	400.500	338.797	20
SF	:	217.439	396.500	336.647	20
TK	:	0.014	5.940	1.662	20
DR	:	44.960	256.871	127.845	20
DF	:	46.160	258.861	129.995	20
MD	:	3.300	59.530	21.931	20
PT	:	0.000	2.749	0.487	20
OB	:	0.000	0.000	0.000	20
ST	:	0.070	7.910	2.149	20

Horizon : SWL located in 20 out of 412 holes

	:	Minimum	Maximum	Average	Samples
Easting	:	382664.000	386694.650	384558.884	20
Northing	:	7055109.960	7058892.000	7056569.260	20
Collar	:	435.370	530.350	466.642	20
SR	:	217.439	394.500	334.664	20
SF	:	213.349	393.500	333.114	20
TK	:	0.060	4.900	1.205	20
DR	:	46.160	258.861	131.978	20
DF	:	51.060	262.951	133.528	20
MD	:	0.000	6.750	1.984	20

Criteria	JORC Code explanation	Commentary

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      PT      :          0.000          1.960          0.344             20
      OB      :          0.000          0.000          0.000             20
      ST      :          0.060          4.900          1.549             20

Horizon : GG located in 103 out of 412 holes
              :        Minimum        Maximum        Average        Samples
  Easting     :     380696.660     388634.900     383146.014            103
  Northing    :    7043982.570    7061232.000    7055217.138            103
  Collar      :        368.700        547.920        442.914            103
  SR          :        241.140        429.880        363.758            103
  SF          :        235.220        426.530        353.698            103
  TK          :          0.800         20.000          7.744            103
  DR          :         19.300        306.780         79.156            103
  DF          :         24.200        312.700         89.216            103
  MD          :          0.000        101.700         18.082            103
  PT          :          0.000         24.922          2.316            103
  OB          :          0.000         98.500         22.590            103
  ST          :          0.800         30.200         10.061            103

Horizon : GGU located in 27 out of 412 holes
              :        Minimum        Maximum        Average        Samples
  Easting     :     381462.000     386694.650     384790.974             27
  Northing    :    7054086.850    7058892.000    7056319.908             27
  Collar      :        435.370        530.350        479.156             27
  SR          :        166.521        411.860        297.211             27
  SF          :        164.291        409.110        292.992             27
  TK          :          0.240          7.790          2.982             27
  DR          :         61.870        309.779        181.945             27
  DF          :         64.620        312.009        186.164             27
  MD          :          0.000        133.500         41.117             27
  PT          :          0.000          7.000          1.237             27
  OB          :          0.000         65.890          4.732             27
  ST          :          0.310         11.497          4.219             27

Horizon : GGM located in 13 out of 412 holes
              :        Minimum        Maximum        Average        Samples
  Easting     :     381462.000     386694.650     384055.553             13
  Northing    :    7055109.960    7058892.000    7056764.841             13
  Collar      :        435.370        530.350        474.398             13
  SR          :        164.291        409.110        323.209             13
  SF          :        149.071        406.670        317.818             13
  TK          :          0.100          2.440          1.018             13
  DR          :         64.620        312.009        151.188             13
  DF          :         67.060        327.229        156.580             13
  MD          :          0.000         14.000          3.999             13
  PT          :          0.000         22.839          4.373             13
  OB          :          0.000          0.000          0.000             13
  ST          :          0.100         24.269          5.391             13

Horizon : GGL located in 23 out of 412 holes
              :        Minimum        Maximum        Average        Samples
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Criteria	JORC Code explanation	Commentary
		Easting : 381462.000 386694.650 384725.372 23 Northing: 7054086.850 7058892.000 7056345.737 23 Collar : 435.370 530.350 482.301 23 SR : 149.071 405.150 292.401 23 SF : 146.651 402.340 286.544 23 TK : 0.380 10.000 3.648 23 DR : 68.580 327.229 189.901 23 DF : 71.390 329.649 195.757 23 MD : 0.000 25.700 4.252 23 PT : 0.000 9.219 2.208 23 OB : 0.000 0.000 0.000 23 ST : 0.960 14.859 5.856 23
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Details of washability results (F1.6-F2.0) is included in the main body of the JORC report. Rock characteristics including weathering and tertiary zones as well as igneous (both basalt and basement) is also discussed. Structural data including faulting, dip and strike, basin limits have mainly been interpreted through seam correlations with the aid of historical reports.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Additional investigative work is required to ensure all available historical data is incorporated. Further work is required to establish the true limits of the western basement contact in EPC 882. Further work is required to adequately position the weathering profile in areas of the Project were seam placements are relatively shallow. The area that comprises the five sub-blocks at the southern margin of EPC 882 (namely BRIS2326 – P; BRIS2327 – Q, R, S and W) has been presently excluded from any Coal Resource estimate on the basis that further work is required to develop a more detailed understanding. Further work is required to establish the limits of coal seam extent in the northern portion of EPC 882. Large diameter test work is required to provide adequate information into practical sizing distributions and yield expectations from ROM coal.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Future exploration drilling is presently considered commercial in confidence.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	Data spanning the time period from the 1960's to near present was compiled in a Microsoft access database. The data from various previous companies was converted into CoalLog (vers2.0) to create a homogenous database free from conflicting coding practices. References to original reports have been maintained in the new database. Copies and extracts of all available historical reports have been incorporated into an electronic project filing system as well as hardcopy outputs to populate a physical library. Validation testing was carried out on survey, lithological and analytical data.
	Data validation procedures used.	Due to the data being sourced from previous companies the quality of data including lithological logging, sampling techniques, sample testing, collar surveys (and coordinate systems) is variable. A Point of Observation matrix has been created in order to grade holes and seam intersections based on their data quality. Collar surveys have been converted into GDA94. Descriptive survey positions were tested against historical maps and QDEX available plans of borehole locations. Collar survey elevations when available were tested against SRTM topographic model.

Criteria	JORC Code explanation	Commentary
		Lithological logs were recoded into CoalLog format and hardcopy logs produced and tested against previous English log listings for compatibility. Wireline profiles were compared when available against lithological logs. Regression analysis of sample analysis and statistical testing of key proximate and wash data was carried out.
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.*	David Arnott who is the Competent Person for reported Coal Resources has visited the Project site in May and September 2015. Visits involved an initial familiarization with the site and area on a localized basis, with a second visit to establish validity of historical borehole locations. No direct viewing of exploration drilling or samples generated to physically verify sampling methodology has been made by the Competent Person.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	A reliability matrix was developed for each borehole and associated seam intersections. This was then modelled to provide an indication of the robustness of data used in the geological interpretation over a defined area.
	Nature of the data used and of any assumptions made.	Seam intersections, wireline logs, coal quality.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	No alternative interpretation
	The use of geology in guiding and controlling Mineral Resource estimation.	Correlations based on seam intersections and wireline geophysics
	The factors affecting continuity both of grade and geology.	Sand channels, oxidation, and overlying unconformity
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The Coal Resources has been calculated within the confines of EPC 882 and MDL 385 extending over a polygonal area from 381500 E 7053500 N to 387500 E 7061500 N. The Resource is limited to reporting the following seams: • Glider • Kunioon • Swain • Goodger The Coal Resource is reported on an in-situ basis and is limited to the above seams that have an accumulated stripping ratio of less than 8:1 (bcm/t). Reporting divisions have been made in the JORC Report that breakdown the Coal Resource by tenement, road area (Bunya Highway and Kingaroy-Cooyar Road) as well as the Restricted area (RA384).
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	The geological model has been prepared using VULCAN geological software (vers 9.1.0). The estimation technique applied for coal quality used an IVD2 estimate with a maximum search radius between composite analysis points of 1,100m. Structural models were developed using FixDHD to determine interpolated seam positions in deeper sections only drilled to a shallow depth. The modelling technique employed a 1st order trending technique with a maximum search distance of 1,100m. Seams were limited to observed sections and only extended where geological interpretation allowed.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	No mine production records exist over the project area for comparison. Coal quality analysis for the project area compares with other historical data assembled for the wider Tarong Basin. Tabled Coal Resources completed by previous parties compare favourably when considered over similar areas. Classifications have been modified to reflect changes to the Coal Guidelines and greater rigour applied to dataset.
	The assumptions made regarding recovery of by-products.	Not applicable to mineralization style
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	Total sulphur has been estimated on a RAW and WASHED (F2.00) air dried basis and is reported with the Coal Resource.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Grid modelling method employed with a cell spacing of 50 x 50 m.
	Any assumptions behind modelling of selective mining units.	No SMU applied
	Any assumptions about correlation between variables.	Correlation exists between ASH, RD and CV

Criteria	JORC Code explanation	Commentary
	Description of how the geological interpretation was used to control the resource estimates.	Modelled on a seam basis
	Discussion of basis for using or not using grade cutting or capping.	Grade variability low – no cutting applied
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Direct visual checks applied
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages have been calculated on a natural moisture in-situ basis. This has been calculated through use of the ACARP C10041 formula (Fletcher I. et al 2003). In-situ relative density was calculated using Preston and Sanders (1993) formula. Refer to the main body of the report for a detailed explanation.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	The JORC report has been broken down by both accumulated overburden to coal stripping ratios and key areas with the tenement. Coal quality has been reported both on an in-situ RAW (ad) basis and with a theoretical WASH product of F2.00. Key parameters reported include RD, AS, CV, TS and YLD. Average values are reported (ad) with minimum and maximum values also tabled in main body of report.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	Mining methods expected for this Coal Resource would comprise “truck and shovel” and possible dragline for deeper overburden removal. Draglines are the lowest cost solution for gently dipping, shallow deposits which are not structurally complex. The minimum area for a potential mining area was 100 m2 although areas larger than this were excluded when considered isolated and located in areas where a high likelihood of potential extraction was considered unlikely given the larger areas of material that were more contiguous and would enable development of a large tonnage open cut mining operation. Minimum mining thickness of seams is defined as 0.1 m. Minimum interburden thickness were seam splitting occurs is 0.3 m.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	The Coal Resource is considered to be sold as a raw product blended with beneficiated material. . A variety of raw coal quality and density cut points have been tested, ranging between 1.40 and 2.00. By far the largest proportion of wash data has been collated around the F2.00 cut point and a target ash product of 28%. This would appear to provide a yield of approximately 75% with a target ash of around 20-25% and sufficient energy to be considered for suitable for domestic coal supply for thermal power generation.
Environmen-tal factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	Dry extraction with waste dumping back into the pit is the considered method of waste management.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc),*	Tonnages have been calculated on a natural moisture in-situ basis. This has been calculated through use of the ACARP C10041 formula (Fletcher I. et al 2003). In-situ relative density was calculated using Preston and Sanders (1993) formula. Refer to the main body of the report for a detailed explanation.

Criteria	JORC Code explanation	Commentary
	moisture and differences between rock and alteration zones within the deposit. *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The reliability of POB has been graded for each seam intersection within each individual borehole. Factors that have been considered in the application of data reliability include: • drilling method, • detail applied in logging observations, • proximity to nearby boreholes and variability between adjacent lithological logs, • collar location surveying methodology, • downhole geophysical wireline logging, • sampling regime and • coal quality analysis undertaken. Combined with this assessment additional aspects were then considered in determining the limits of Coal Resource classification boundaries for each of the coal seams over the project area. Measured Coal Resources were generally required to have a minimum of 3 POB for both Quantity and Quality within approximately 250 m of one POB to another. Variability in the quality values, both on a RAW and washed basis was expected to be low. Where insufficient Quality POB data existed yet sufficient existed on a data spacing basis for Quantity the Resource classification confidence category was reduced to Indicated. Indicated Coal Resources were generally required to have a minimum of 3 POB for Quantity and 2 POB for Quality within approximately 1000 m of one POB to another. Variability in the quality values, both on a RAW and washed basis was expected to be also be low. Moderate to high variability between Quality POB adjacent to each other would downgrade the classification if Indicated to Inferred. Where insufficient Quality POB data existed with the distribution of POB spacing for Quantity being sufficient the Resource classification confidence category was also reduced to Inferred. However where closely spaced (~250 m) quantity POB were observed extending beyond the bounds of the maximum quality POB defined distance (~1,000 m) the Indicated Resource classification areas was extended to incorporate these regions up to a maximum of approximately 2,000 m from a Quality POB. Inferred Coal Resources were required to have a minimum of 2 POB for Quantity and 1 POB for Quality within approximately 2000 m of one POB to another. Variability in the quality values, both on a RAW and washed basis was expected to be at least moderate. Where insufficient quality POB data existed the Resource classification confidence category was removed and the area considered as Inventory requiring further exploration. Coal seams less than 0.1 m structural thickness were excluded from being categorised as a Coal Resource. An overburden to stripping ratio (bcm/t) was determined for the main seam groups (GD, KN, SW and GG) accumulated over the Project focus area. Ratios of greater than 8 bcm/t were excluded from the Resource classification. It should be noted that the seams modelled are inclusive of parting material which would convert to reject material during beneficiation.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	No audits or review have been conducted
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The approach applied to estimate the confidence in the Coal Resource employed modelling of the confidence in POB data using a reliability matric tool developed specifically for this data set in conjunction with an assessment of the density spacing of available information for POB (Quantity and Quality).
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be	The estimate provided is local. The tonnages provided are reported on a seam basis with associated average physical and coal quality parameters. Detailed discussion is provided in the JORC report on the methodology employed in the estimation and calculation of the Coal Resource.

Criteria	JORC Code explanation	Commentary
	relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

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 Kingaroy coal project (the Project) is located in the South Burnett region of southern Queensland and is owned by MRV Tarong Basin Coal Ltd (the Company). The Project contains thermal Coal Resources in MDL 385 and EPC 882, which the Company propose to develop as a source of feed to the nearby Tarong power station complex, operated by the Queensland Government-owned Stanwell Corporation. The Coal Reserve estimate is based on the Coal Resource estimate for Kingaroy as at 9 December 2015. The Coal Resources are documented in the report "Tarong Basin Coal Project, Geological Model Information & JORC Coal Resource Estimate", December 2015. The Coal Resource model was supplied as a block model. The Coal Resources are inclusive of those resources converted to 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 is familiar with the area proposed for the mine, but as the Project is a greenfield project and comprehensive documentation exists relating to the site, no site visit specifically for the purpose of preparing the Coal Reserve estimate has been carried out as it would not add to the knowledge of the site.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	A pre-feasibility study (PFS) has been completed by AMC Consultants Pty Ltd (AMC) on the economics of providing coal from the Project as a replacement for the coal feed currently sourced from the adjacent Meandu mine, which has been in operation since 1985. The PFS found that extraction of the coal could be economically justified using the project parameters. The Project is proposed to comprise an open pit mine, waste dump, coal crushing and screening facilities, coal separation plant, overland product conveyor, and site infrastructure to support the supply of 5.5 Mtpa of product coal to the power station complex. Mining and coal preparation operations will initially be undertaken by an experienced mining contractor, overseen by Company personnel, before transitioning to an owner mining operation after six years of production. Mining will be undertaken using a conventional strip mining approach, with drilling and blasting of waste material followed by excavation in benches using hydraulic excavators and rear dump haul trucks. Initially, waste material will be used for constructing haulage roads, infrastructure construction activities, visual amenity bunds, and noise isolation bunds The remaining waste rock from box cut development and initial mining activities will be stored in ex-pit waste dumps to the east of the pit, sited away from potential future pit expansions. Once sufficient pit void has been exposed to allow in-pit dumping of waste rock, waste will be stored in the pit. ROM coal will be crushed and screened before it is either directed to: • The overland conveyor as direct feed for the power station, • The overland conveyor as feed for the existing coal handling and processing plant at Meandu, • The overland conveyor as product coal which bypasses the on-site coal separation plant, or • Directed to the on-site coal separation plant before the product is transported by overland conveyor as feed for the power station. The on-site coal separation plant will use dry separation to remove the stone from run-of-mine (ROM) coal to meet product quality specification, before being diverted to the overland conveyor as product coal. Modifying Factors for conversion of the Coal Resource to Coal Reserve were derived from the PFS.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	No quality cut off parameter was applied to the Coal Resource model or the Coal Reserve. Final pit limits were defined using pit optimization software and estimates for operating costs, coal price, mine recovery and dilution, process plant yield, and process throughputs. The pit shell selected was the optimum pit shell at the assumed price and cost assumptions. Coal seams less than 30 cm thick were reassigned as waste, and waste partings less than 30 cm thick were reassigned as coal.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	*The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* *The mining dilution factors used.* *The mining recovery factors used.* *Any minimum mining widths used.* *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* *The infrastructure requirements of the selected mining methods.*	PFS parameters were used to develop Modifying Factors, together with the Coal Resource model. No Inferred Coal Resource material was included in the Coal Reserve. All Inferred Coal Resource material was treated as waste in the mine planning process. The Competent person considers that the mining method selected, the mine development sequence, and the project parameters developed during the PFS are appropriate for the Project. Waste dilution was estimated by assuming roof dilution of 0.10 m, floor dilution of 0.05 m, and a global dilution of 1% to account for coal edge, geological, and other dilution. Coal loss was estimated by assuming an average roof loss of 0.03 m, floor loss of 0.05 m, and a global loss of 2% to account for coal edge, geological, and other losses. This resulted in an average coal loss of 2.9% and dilution of 2.7%. Mining costs were derived from estimates of machine operating costs, haulage distances, and labour requirements. Processing costs were derived from estimates of power usage and cost, labour requirements, equipment costs, and allowance for ancillary costs based on operating cost estimate from other similar operations. General and administration costs were derived from an organization chart developed for the Project. Geotechnical analysis was completed by AMC during the PFS using the geology model, test data from adjacent areas, and core photos to identify geotechnical domains, and by observations made using photos of the pit walls at the adjacent Meandu mine. The analysis indicates that the stability of the Kingaroy open pit will be within acceptable limits. Design slope parameters for the proposed pits included a 45° overall pit slope in the upper Tertiary zone, and 65° overall pit slope in the stronger Permian deposits. Recommended batter and berm configurations were used for pit designs. Infrastructure required for the Project was included in capital cost estimates.
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 proposed coal handling and preparation plant (CHPP) consists of a raw coal circuit, coal separation plant, and overland conveyor. The raw coal circuit consists of a ROM coal receiving point, primary and secondary sizers, screens, and associated conveyors and transfer points. ROM coal will be crushed and sized before diversion to the overland conveyor (bypass coal) or to the coal separation plant. The coal separation plant consists of a dry separation plant, middlings recycle conveyor, rejects conveyor, and product conveyor. Dry coal separation is not common in Australian coal mining operations, but is used widely in international coal operations where water use is restricted. Product coal will be transferred to the overland conveyor for dispatch to Tarong. Coal blending to product specification will be completed using existing stockpiling facilities at Tarong. The Project database has raw coal quality data, but coal washability data and product quality data is limited, and no large diameter core test work has been completed. No test work has been completed on dry coal separation, and no coal samples are currently available for testing. Simulation modelling by the manufacturer of the dry coal separation plant of a dataset that AMC believes to be representative of the Project's coal quality was used to confirm that coal from the Project is amenable to dry separation to achieve the product quality specification. AMC estimated bypass coal of 39% and coal separation plant yield of approximately 62%, based on coal quality analysis and coal separation plant simulation results, for an overall coal recovery of 75%. AMC has recommended coal quality and coal separation testing programmes to identify the product quality, product yield, and operating parameters for the CHPP to enable more detailed process flowsheets to be developed. No allowance was made for penalties for deleterious elements or out of specification product.
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.*	Mine development covers both MDL 385 and the eastern portion of EPC 882 adjacent to MDL 385. In addition, the Project will require a product transport corridor south to Tarong and a pipeline corridor west to the Stuart River. The real property title of the land underlying MDL 385 and EPC 882 is not owned by the Company and key environmental permits are not in place. The Company acknowledges the importance of environmental management for the Project and has stated its commitment to minimizing the impact of its operations on the environment. The area covered by the mine development has largely been cleared of natural vegetation. However, pockets of remnant vegetation and endangered regional ecosystems remain. A small part of EPC 882 is classified as a restricted area to protect urban development in Kingaroy. Parts of MDL 385 and EPC 882 are classified as strategic cropping land trigger area. These issues have been identified in the PFS, but their impact on the Project or the Company's strategy to minimize their impact has not been addressed. Waste rock and CHPP reject characterization sampling, test work, and analysis has not been completed to determine whether acid mine drainage will be an issue. This will be addressed during the Feasibility Study (FS). The impact on surrounding land holders of groundwater abstraction for pit dewatering and surface water run-off has not been completed and will be addressed during the FS.

Criteria	JORC Code explanation	Commentary
		The Competent Person considers that these are important issues for the Project to manage and present a serious risk for project development. However, if the issues are properly managed, the Competent Person considers that there are no material issues to prevent those approvals and permits being received in due course, and there are reasonable grounds to expect that the impact of the above issues should not be a barrier to the eventual extraction of the Coal Reserves.
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	The Project workforce is expected to be drawn from the surrounding area. The Company does not propose to construct accommodation for the workforce, either on site or in nearby towns. Local regional infrastructure will be used wherever possible, with specific infrastructure constructed on the site to support the operation. Turn-off and turn-in lanes from the mine to local roads will be constructed in accordance with Australian standards and local regulations. Infrastructure constructed on the site will include a mine office, mobile plant workshop complex, CHPP, overland conveyor, explosive storage facilities, water storage dam, pit dewatering facilities, surface water management facilities, and a security gate. Power will be provided from the local grid. Water will be drawn from the water storage dam, supplemented as required from the local water supply. Excess water will be treated before discharge to the local river system via a pipeline during periods of high flow. The Kingaroy airport is located immediately to the north of MDL 385 and the Project is within the footprint of the airports inner horizontal surface. Mine site operations, including infrastructure construction, dust management, lighting controls, and blasting operations will be conducted in accordance to local regulations and in conjunction with the airport authorities to prevent disruption.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.* *The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The source of exchange rates used in the study.* *Derivation of transportation charges.* *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	Capital costs for the Project were estimated as part of the PFS using a combination of estimates from similar operating sites and cost build-ups. AMC estimated the initial capital costs for the Project at $285 million plus a $65 million allowance for contingency. Sustaining capital costs were estimated as a percentage of the capital costs. Operating costs for the Project were estimated from cost build-ups drawn from supplier estimates and similar projects. The average cost of coal mining over the life of the Project was estimated at $3/t of ROM coal. The average cost of mining waste rock over the life of the Project was estimated at $4/bcm mined. The average cost of product coal was variable over the life of the mine. Product transport costs were derived from estimates of power consumption, labour costs, and allowances for maintenance. Costs and prices were estimated in Australian dollars and so no exchange rate was used. A Government royalty of 7% and effective taxation rate of 30% has been included in the economic valuation.
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	The coal price used to determine economic coal was derived by the Company from Queensland Government reports on the cost of producing power from Tarong power station at $2.50/GJ. A coal price of $50/t was used for the PFS (19.6 GJ product), with no allowance for increases in the coal price over time.
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.*	The target market for the Project's coal in the PFS is limited to a single buyer, the Stanwell Corporation (Stanwell) for use by the Tarong power station complex.. Based on the expected coal demand by the complex, a coal sales target of 5.5 Mtpa was used to estimate production requirements and costs. Fixed plant infrastructure was selected based on a possible peak demand for product of 6.0 Mtpa. The market price for the product coal in the PFS was the price at which the Company considered that it was economic for Stanwell to source coal from the Project rather than its own Meandu mine. The Company has not signed a contract for supply for the Project's products. There is no transparent market or pricing mechanism for the supply of coal to Tarong power station and coal is currently supplied by the Stanwell Meandu mine. A customer and competitor analysis was not completed.
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.*	Kingaroy is a greenfields project which requires significant capital to develop, and a significant land and environmental approval process. The estimated capital and operating costs, along with the Company's expected pricing mechanism were used to develop an economic model to assess the economic viability of the Project. The economic limits of mining were derived from pit optimization using estimates for operating costs and product coal prices. The resultant open pit was scheduled using a 5.5 Mtpa product average coal target and a strip mining approach to determine annual coal and waste rock quantities. Expected excavator productivities were used to assign the number and type of mobile equipment required to mine this volume, and along with machine operating costs, was used to develop a mining cost model. A mining contractor model

Criteria	JORC Code explanation	Commentary
		was used to develop mining costs, with the result that the capital cost of the mobile equipment fleet was included in the operating cost estimate. A process flow sheet was developed as the basis for the capital and operating cost of the CHPP. Capital and operating costs were assigned from the type and number of components within the CHPP and the expected manning levels. Infrastructure, earthworks, and ancillary capital and operating costs were estimated using projects of a similar size. General and administration costs were developed from an organisation chart developed for the project. The economic model of the proposed Project shows a positive cash flow and a positive NPV based on an 8% real discount rate. As a result, the Competent Person considers that this justifies the extraction of the coal reserves and supports this statement of coal reserves.
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	Agreements with key stakeholders have not been finalised. Matters leading to social licence to operate have commenced. A social impact assessment, an indigenous cultural heritage survey, and non-indigenous cultural heritage survey of the Project have not been completed. The Company plans to undertake this work as part of the FS and the environmental impact statement. The Company has been developing an active involvement in the community through local information sessions, although a formal stakeholder consultation programme has not yet been developed. The Competent Person considers that these are important issues for the Project and present a serious risk to the Project development. However, if the issues are properly managed, the Competent Person considers that there are no material issues to prevent necessary stakeholder agreements and consents being finalised in due course, and there are reasonable grounds to expect that the impact of the above issues should not be a barrier to the eventual extraction of the Coal Reserve.
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.*	Mining lease, environmental, and Regional Interests Development approval have not been received from the Government. The area required for the mine development covers both MDL 385 and EPC 882. Although there do not appear to be any material barriers to project development, the potential exists for delays to the development approval process which could delay the Project's commencement date. The Competent Person considers that these are important issues for the Project and present a serious risk to the Project development. However, if the issues are properly managed, the Competent Person considers that there are reasonable grounds to expect that the necessary licences and Government approvals for the Project will be will be granted.
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories.* *Whether the result appropriately reflects the Competent Person's view of the deposit.* *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	All coal reserves are reported as Probable Coal Reserves. All mineral resources classified at the Measured or Indicated level of confidence were classified as Probable Coal Reserves. No mineral resources classified at the inferred level of confidence are included in the estimated coal reserves, nor considered as other than waste in the PFS. The Competent Person considers that the classification of Probable Coal Reserve adequately reflects the level of risk and uncertainty associated with the Modifying Factors, in particular the factors relating to coal marketing, social and government approvals, and future coal prices. Approximately 20% of the Probable Coal Reserve is derived from Measured Coal Resources.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	No audit of the Kingaroy Mineral Resources or Coal Reserves has been completed. AMC completed a brief fatal flaws review on the resources block model provided by the Company as part of the Competent Person's due diligence before reporting coal reserves. The fatal flaws review found no material issues in using the model for reporting coal reserves.
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*	Coal Resources in the mine area are classified in the Measured and Indicated categories. Confidence levels expressed in the Indicated Coal Resources estimates were accepted in the Coal Reserve classification. However, Measured Coal Resources were also classified as Probable Coal Reserves due to a lower level of confidence in the Modifying Factors than would be the case for Proved Coal Reserves, due to the absence of specific coal washability and coal separation test work results, reliable product coal price and volume estimates, an established market, and environmental and social approvals. Coal Reserve estimates relate to global estimates in the conversion of Coal Resources to Coal Reserves, due largely to the spacing of the drill data on which the estimates are based, relative to the intended local selectivity of the mining operations.

Criteria	JORC Code explanation	Commentary
	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.*	AMC has recommended that additional data be collected to allow Modifying Factors to be established with greater confidence prior to completion of a detailed feasibility study. There is a risk in the confidence of the product coal quality, coal processing yield, requirements for acid mine drainage design of waste rock installations, and pit geotechnical parameters for design of Kingaroy due to lack of adequate test work.

Section 5 Estimation and Reporting of Diamonds and Other Gemstones

(Criteria listed in other relevant sections also apply to this section. Additional guidelines are available in the 'Guidelines for the Reporting of Diamond Exploration Results' issued by the Diamond Exploration Best Practices Committee established by the Canadian Institute of Mining, Metallurgy and Petroleum.)

Criteria	JORC Code explanation	Commentary
Indicator minerals	*Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.*	Not applicable to commodity type being reported
Source of diamonds	*Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.*	Not applicable to commodity type being reported
Sample collection	*Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (eg large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* *Sample size, distribution and representivity.*	Not applicable to commodity type being reported
Sample treatment	*Type of facility, treatment rate, and accreditation.* *Sample size reduction. Bottom screen size, top screen size and re-crush.* *Processes (dense media separation, grease, X-ray, hand-sorting, etc).* *Process efficiency, tailings auditing and granulometry.* *Laboratory used, type of process for micro diamonds and accreditation.*	Not applicable to commodity type being reported
Carat	*One fifth (0.2) of a gram (often defined as a metric carat or MC).*	Not applicable to commodity type being reported
Sample grade	*Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.* *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.* *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).*	Not applicable to commodity type being reported
Reporting of Exploration Results	*Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.* *Sample density determination.* *Per cent concentrate and undersize per sample.* *Sample grade with change in bottom cut-off screen size.* *Adjustments made to size distribution for sample plant performance and performance on a commercial scale.*	Not applicable to commodity type being reported

Criteria	JORC Code explanation	Commentary
	If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples. *The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.*	
Grade estimation for reporting Mineral Resources and Ore Reserves	*Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.* *The sample crush size and its relationship to that achievable in a commercial treatment plant.* *Total number of diamonds greater than the specified and reported lower cut-off sieve size.* *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.* *The sample grade above the specified lower cut-off sieve size.*	Not applicable to commodity type being reported
Value estimation	*Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.* *To the extent that such information is not deemed commercially sensitive, Public Reports should include:* • *diamonds quantities by appropriate screen size per facies or depth.* • *details of parcel valued.* • *number of stones, carats, lower size cut-off per facies or depth.* *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.* *The basis for the price (eg dealer buying price, dealer selling price, etc).* *An assessment of diamond breakage.*	Not applicable to commodity type being reported
Security and integrity	*Accredited process audit.* *Whether samples were sealed after excavation.* *Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.* *Core samples washed prior to treatment for micro diamonds.* *Audit samples treated at alternative facility.* *Results of tailings checks.* *Recovery of tracer monitors used in sampling and treatment.* *Geophysical (logged) density and particle density.* *Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.*	Not applicable to commodity type being reported
Classification	*In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.*	Not applicable to commodity type being reported