TERESA PROJECT

UNDERGROUND COAL RESERVES

QUALIFIED PERSON'S REPORT

NOVEMBER 2013

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1.0 Executive Summary

MineCraft Consulting Pty Ltd (MineCraft) has prepared this Independent Qualified Person's Report (QPR) on behalf of Linc Energy (Linc) in partial fulfilment of the requirements of Linc's intended listing on the Singapore Exchange (SGX).

New Emerald Coal Pty Ltd (NEC) is a wholly owned subsidiary of Linc. NEC is a mineral exploration, development, and production company that will operate in the state of Queensland, Australia.

This QPR has been compiled in accordance with the relevant SGX Mainboard Rules and requirements, in particular *Practice Note 6.3 Disclosure Requirements for Mineral, Oil and Gas Companies*[1].

This QPR describes the Teresa Project tenements and tenement applications, including the relevant Coal Reserve Statement provided by MineCraft.

2.0 Introduction

2.1 Full name, and if applicable, the partner/director in charge of the report; professional qualifications, years of relevant experience, Professional Society Affiliations and Membership (including details of a recognised professional association) of the qualified person and the address of the qualified person's firm/company

This QPR has been prepared by Mr Jeremy Busfield, Managing Director and Principal Consultant of MineCraft Consulting Pty Ltd. Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as Competent Person under the JORC Code.

MineCraft is a professional engineering consultancy that provides specialist services to the underground coal industry with its main office located at 18 Flinders Parade, North Lakes, QLD. MineCraft Consulting Pty Ltd has been operational since 1996 and employs approximately 50 professional and support personnel.

Refer to Section 3.0 Statement of Compliance of *Teresa Project, Underground Coal Reserves Report, November 2013.*

2.2 Statement of independence by the qualified person, if the report is prepared by an independent qualified person who meets the requirements in Rule 210(9)(b)

Refer to Section 3.0 Statement of Compliance of *Teresa Project, Underground Coal Reserves Report, November 2013.*

2.3 Aim of the report

NEC requested that MineCraft prepare an independent Qualified Persons Report (QPR) incorporating an independent Underground Coal Reserve Estimate for their Emerald area coal deposit known as the 'Teresa Project' in Queensland as at August 2013.

2.4 Scope of the report

This QPR, which forms part of the documentation required to list on the SGX Mainboard, has been completed in compliance with the requirements for 'Mineral, Oil and Gas Companies' as stipulated in Practice Note 6.3 in terms of Rule 624 of Chapter 6 of the SGX Mainboard Rules.

[1] http://rulebook.sgx.com/

2.5 Statement of the use of the report

MineCraft understands that this independent QPR is to be included as part of a prospectus to be issued by Linc as part of a listing on the Mainboard of the Singapore Exchange.

2.6 Basis of the report - including data sources, data validation and reliance on other experts

Refer to Section 6.0 Mine Plan of *Teresa Project, Underground Coal Reserves Report, November 2013.*

MineCraft have relied upon existing unpublished reports prepared by Wood MacKenzie relating to Marketing Assessments of the indicative Teresa product specification. Future exchange rate predictions were provided by Wilson HTM up to year 2018.

2.7 Standard used

Refer to Section 3.0 Statement of Compliance and Section 4.0 Coal Reserves Statement of *Teresa Project, Underground Coal Reserves Report, November 2013.*

2.8 Whether a site visit has been undertaken (if so, when the site visit was undertaken and by whom and if a site visit has not been undertaken a satisfactory reason as to why not)

The Qualified Person (Mr Busfield) undertook a site visit on 28 June 2011.

3.0 Property description, size, location, access, natural and cultural environment

3.1 Listing applicant's/issuer's assets and liabilities

The properties detailed in this QPR consist of six coal tenements located within the state of Queensland, Australia. The coal tenements and tenement applications have been issued by the Queensland Government's Department of Natural Resources and Mines (DNRM). The tenements are summarised in Table 3.1 and are illustrated in Appendix A, Figure.1 – Regional Plan in the *Teresa Project, Underground Coal Reserves Report, November 2013.*

Asset Name / Country / Lease	Type Of Mineral	Status	Sub-status	Issuer's Interest (%)	Lease Expiry Date	Development Status
Teresa Project / Australia / EPC 980	Coal	Granted	-	100	03-Nov-15	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 1226	Coal	Granted	Renewal Lodged	100	13-Jul-13	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 1267	Coal	Granted	Renewal Lodged	100	04-Dec-13	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 2841	Coal	Granted	-	100	27-Sep-17	Exploration only – no Resources
Teresa Project / Australia / MLA 70405	Coal	Application	COA Issued	100	-	Exploration with Resources Reserves Estimated
Teresa Project / Australia / MLA 70442	Coal	Application	COA Issued	100	-	Exploration with Resources Estimated

Table 3.1: Summary of Tenure – Current Leases and Applications – NEC August 2013

3.2 Nature and extent of listing applicant's/issuer's rights of exploration or extraction

Refer to Table 3.1 above.

Refer to Section 5.2 Project Status and Tenure of *Teresa Project, Underground Coal Reserves Report, November 2013.*

3.3 Description of the economic conditions for the working of the licenses, concessions or similar, with details of the duration & other principal terms & conditions of the concessions including fiscal conditions, environmental & rehabilitation requirements, abandonment costs and any necessary licenses & consents including planning permission[2]

The DNRM administers the right to explore for minerals in the state of Queensland, Australia. There are three types of mineral tenure relevant to coal in Queensland, Australia.

The mineral tenure types are:

- Exploration Permit for Coal (EPC);
- Mineral Development Licence (MDL); and
- Mining Lease (ML).

3.3.1 Exploration Permit for Coal

Under Queensland mineral legislation, an EPC:

- Allows the holder to take action to determine the existence, quality and quantity of minerals on, in or under land by methods which include prospecting, geophysical surveys, drilling, and sampling and testing of materials to determine mineral bearing capacity or properties of mineralisation;
- May eventually lead to an application for a mineral development licence or mining lease;
- Can be granted for a period of up to five years; and
- Can be renewed.

3.3.2 Mineral Development Licence

Under Queensland mineral legislation, an MDL:

- Allows the holder to undertake geo-scientific programs (e.g. drilling, seismic surveys), mining feasibility studies, metallurgical testing and marketing, environmental engineering and design studies to evaluate the development potential of the defined resource;
- Can be granted to the holder of an exploration permit for a period of up to five years where there is a significant mineral occurrence of possible economic potential; and
- Can be renewed.

3.3.3 Mining Lease

Under Queensland mineral legislation, an ML is granted for a mining operation and:

- Entitles the holder to machine-mine specified minerals and carry out activities associated with mining or promoting the activity of mining;
- Is not restricted to a maximum term - this is determined in accordance with the amount of reserves identified and the projected mine life; and
- Can be granted for those minerals specified in either the prospecting permit, exploration permit or mineral development licence held prior to the grant of the lease.

[2] DNRM website (www.mines.industry.qld.gov.au)

4.0 History of the property, including exploration history and any production history

The Project area has been the subject of various exploration programs since the 1970s by successive owners and some historical data exists from previous tenement holder exploration drilling campaigns. Three of these historic holes as well as four Geological Survey of Queensland (GSQ) and Department of Mines and Energy (DME) holes have been included in the current geological model.

5.0 Geological and geophysical setting, type and characteristics of the deposit/accumulation

Refer to Section 5.0 Project Description of *Teresa Project, Underground Coal Reserves Report, November 2013.*

6.0 Exploration data including drilling and sampling, sampling and analysis methods, sample preparation and security, quality assurance and quality control on the sample analyses

Refer to Section 4.0 Exploration Data and Evaluation of *Teresa Project, Resource Estimate Statement, August 2013.*

7.0 Mineral processing and metallurgical testing

The Underground Coal Reserves Report provides a raw product Reserve Estimate only in accordance with the JORC Code 2004, therefore Section 9 of SGX Rulebook is not applicable.

8.0 Resource and reserve estimates and exploration results, as applicable, in accordance with the relevant Standard, including a summary of reserves and resources in the form of Appendix 7.5

Category	Mineral Type	Gross Attribute to Licence		Net Attribute to Issuer			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from Previous Update (%)	
Reserves							
Proved	Coal						
Probable	Coal	49.6	Thermal	49.6	Thermal	Not Applicable	
Total	Coal	49.6	Thermal	49.6	Thermal	Not Applicable	
***Coal Reserves are a modified sub-set of the Indicated Coal Resources**							

Refer to Section 7.2 Coal Reserves of *Teresa Project, Underground Coal Reserves Report, November 2013.*

9.0 Planned extraction method, processing method, capital costs, operating costs, considerations including social, environmental, health and safety factors that may affect exploration and/or exploitation activities; and production schedule

Refer to Section 5.0 Project Description and Section 6.0 Mine Plan of *Teresa Project, Underground Coal Reserves Report, November 2013.*

10.0 Financial analysis of the operations, taxes, liabilities and marketing

Refer to Section 6.0 Mine Plan of *Teresa Project, Underground Coal Reserves Report, November 2013.*

11.0 Interpretation and conclusions

Refer to Section 6.0 Mine Plan of *Teresa Project, Underground Coal Reserves Report, November 2013.*

12.0 Recommendations

Not applicable.

13.0 References

Teresa Project, Resource Estimate Statement by Xenith Consulting Pty Ltd, 22 August 2013.

14.0 Illustrations of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram

Refer to Appendix A – Figures of *Teresa Project, Underground Coal Reserves Report, November 2013.*

15.0 Appendices and glossary of terms used

AusIMM – Australasian Institute of Mining and Metallurgy
DME - Department of Mines and Energy
DNRM – Department of Natural Resources and Mines
EPC – Exploration Permit for Coal
GSQ – Geological Survey of Queensland
JORC – Joint Ore Reserves Committee
MDL – Mineral Development Licence
ML – Mining Lease
NEC – New Emerald Coal Pty Ltd
QPR – Qualified Person's Report
RPEQ – Registered Professional Engineer of Queensland

16.0 Date and signature

Signed by Qualified Person

Jeremy Busfield BE(Min.), MAusIMM(CP), RPEQ
Statutory Director, MineCraft Consulting Pty Ltd
Date: 22 November 2013

TERESA PROJECT

UNDERGROUND COAL RESERVES REPORT

NOVEMBER 2013

REPORT TO:

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BRISBANE QLD 4000

REPORT ON:

Teresa Project
Underground Coal Reserves Report

DATE OF ISSUE:

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MINECRAFT PROJECT NO:

K1347

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A1	7 Dec 12	Internal Draft	CY	
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C2	22 Nov 13	Re-issue to Client Incorporating Comments from Third Party Review	JMB	J Busfield

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REFERENCES

The Australasian Code or Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 Edition.

Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves; 2003 Edition.

Teresa Coal Project JORC Coal Resource Estimate, Xenith Consulting Pty Ltd, November 2012.

New Emerald Coal Pty Ltd, JORC Resource Estimate Statement, Teresa Coal Project, Xenith Consulting Pty Ltd, August 2013

Initial Raw Coal Quality Review, M Resources Pty Ltd, December 2012.

Linc Energy Coal Asset Valuation, Wood Mackenzie, November 2012.

Market Assessment for Teresa Coal Project, Wood Mackenzie, December 2012.

1.0 RELEASE NOTES

This report was originally prepared in December 2012 for Linc Energy Ltd and has been re-issued to New Emerald Coal Pty Ltd, a wholly owned subsidiary of Linc Energy Ltd in August 2013. The report information, results and opinions contained in this issue remain unaltered from the December report except for company name change from Linc Energy Ltd to New Emerald Coal Pty Ltd (excluding in figures) and the insertion of these release notes.

Since December the project team has continued various studies and investigations which are of benefit to the overall project however are not of the nature to cause a change in the original reserve status or estimate. These studies relate to environmental studies (completion of the EIS and hydrology monitoring), port agreements, water supply options and alternate mining methods.

At the time of this issue, coal sale prices remain depressed however industry analysts (Wood Mackenzie) maintain their forecast of strengthening prices from approximately 2017 onwards and therefore the economic forecasts presented in this report remain unchanged.

In addition, the exchange rate to US dollars has reduced from 1.05 to 0.90 since December 2012 which is in line with industry forecasts presented in this report of 0.80 from approximately 2018 onwards.

For clarity, it is noted that this report conforms to the 2004 edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

2.0 PROJECT OVERVIEW

The Teresa project is the construction of a greenfield underground coal mine in Central Queensland. The target Corvus 2 seam will be extracted by high production longwall methods and conveyed to the surface. The coal will then be trucked to a nearby existing rail loop and railed to port for export as a raw thermal product.

The coal is described as a medium to high volatile, low rank bituminous coal with desirable ash fusion temperatures. Due to its high ash content, the coal is predicted to sell at up to a 30% discount price to industry standard thermal benchmark prices.

A mine plan and strategy has been developed to support a mine production rate of 6Mtpa ROM. Industry projections indicate a strengthening coal price over the next ten years, a steadily weakening Australian dollar and a growing market for high ash thermal coal as power station feed to the growing economies of eastern Asian countries including India and China. On this basis the project is forecast to be economically viable and hence justify the classification of Probable Reserves.

3.0 STATEMENT OF COMPLIANCE

This report has been prepared by Mr Jeremy Busfield, Principal Consultant of MineCraft Consulting Pty Ltd. Jeremy holds a Bachelor of Mining Engineering degree from the University of Queensland, is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Registered Professional Engineer of Queensland (Mining) (RPEQ 10285). Jeremy has worked in various planning, operational and consulting roles for the underground coal industry for 26 years and as such qualifies as Competent Person under the JORC Code. The relationship between the Competent Person and the Project owner is that of independent consultant. Remuneration for the preparation of this report is on a time and materials basis only.

4.0 COAL RESERVES STATEMENT

This report contains a description of the reserves contained within the Teresa Project, specific to underground mining methods. The report follows the guidelines set out in the publication "Australian Guidelines for the Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" which is a guideline to the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, commonly referred to as the JORC Code.

The Teresa project contains 50Mt of underground Probable Coal Reserves which would convert to 47Mt of Probable Marketable Coal Reserves on the basis that the coal will be exported as a raw product.

Jeremy Busfield

Managing Director

MineCraft Consulting Pty Ltd

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5.0 PROJECT DESCRIPTION

5.1 Project Name and Location

The Teresa Project is located within the Central Queensland Bowen Basin coalfields with the nearest operating mines being Crinum and Kestrel. The nearest town and regional centre is Emerald (refer Figure 1).

5.2 Project Status and Tenure

New Emerald Coal Pty Ltd (NEC) holds three Exploration Permits for Coal (EPC) in the Teresa Project area - EPC 980, EPC 1267 and EPC 1226 while Linc Energy Ltd (Linc) holds an adjacent tenement EPC 2841.

The Teresa Project is located within Exploration Permits for Coal EPC 980 and EPC 1267 held by NEC and current to November 2015 and December 2013 respectively. Mining Lease applications MLa 70442 and MLa 70405 have been lodged over parts of EPC 980 and EPC 1267, and an environmental impact study is underway.

The project is currently undergoing pre-feasibility studies, with several options for key aspects under consideration. An exploration program has recently been completed and a project team has been formed. Numerous sub studies have been undertaken to examine specific aspects aimed at reducing project risk including coal quality, marketing, coal transport logistics, power supply, water supply and environment.

5.3 Target Seam

A Resource Statement has been provided for the Teresa project by Xenith Consulting Pty Ltd (Xenith) which estimates the project contains 82Mt of Indicated Resource and 216Mt of Inferred Resource (total 298Mt).

The target seam for underground extraction is the Corvus 2 seam for which the extent of the resource polygons as identified in the Xenith report are presented in Figure 2.

The seam varies in thickness from 3.0m to less than 2.0m in the east and is typically 2.7m as shown in Figure 3. Recent exploration has targeted the north east part of the project area resulting in additional geological and coal quality data which has allowed an increased definition of the resource.

The depth of cover to the Corvus 2 seam ranges from 111m to 345m. Between the ranges of 2.2m to 3.0m, the Corvus 2 seam is considered amenable to conventional longwall extraction. Exploration to date has reportedly detected low quantities of seam gas such that gas emissions may be manageable by ventilation alone (no requirement for gas drainage).

5.3.1 Seam Structure

The seam structure, as modelled from the exploration, is shown in Figure 4. The seam dips to the south south-east at a gradient of approximately three degrees. Two large displacement regional faults, trending north–south have been detected towards the west of the project area. No other faults have been detected.

5.3.2 Coal Quality

The Corvus 2 seam is described as a medium to high volatile, low rank bituminous coal with the following characteristics:

- Moderate to high raw ash content;
- Reasonably high total moisture level, relative to Australian export coals;
- Moderate to low calorific value;
- Very good ash fusion properties;
- Desirable Hardgrove Grindability Index (HGI);
- Low trace element concentrations.

The average raw coal quality on an air dried basis is shown in Table 5.1.

Table 5.1
Average Raw Coal Quality

Parameter	Units	Value
Moisture	% adb	6.7
Ash	% adb	18.7
Volatile Matter	% adb	31.3
Total Sulphur	% adb	0.78
CSN		2
Relative Density	t/m^3	1.47

Source: Xenith Consulting Pty Ltd

The raw ash content ranges from 12 to 24%, and averages 19% across the mineable area. Out of seam dilution will be added to the ROM coal through normal mining activities. It is assumed dilution will be able to be limited to an equivalent 75mm of stone from roof and floor on average which will increase the ROM ash level to an average of 21.7% (approximately).

5.3.3 Product Specification

NEC has advised the coal is intended to be exported as a raw product with only crushing and screening applied to reduce the coal to product specification size (50mm). An average product yield of 95% has therefore been applied to account for losses during the crushing and screening process. An indicative product specification is shown in Table 5.2.

Table 5.2
Indicative Product Specification

Parameter	Units	Value
Total Moisture	% adb	13.0
Inherent Moisture	% adb	6.5
Ash	% adb	20.5
Volatile Matter	% adb	30.4
Fixed Carbon	% adb	42.6
Fuel Ratio		1.4
Total Sulphur	% adb	0.85
Phosphorous	% adb	0.006
Chlorine	% adb	0.03
Calorific Value GAR	Kcal/kg	5,280
Calorific Value NAR	Kcal/kg	5,010
AFT Initial Deformation	°C	>1,560
HGI		50

Source: M Resources Pty Ltd

6.0 MINE PLAN

6.1 Mining Method

The mining method proposed for Teresa is conventional retreat, full seam longwall extraction.

Longwall mining generally achieves the highest productivity and lowest cost of any underground coal mining technique currently in use in Australia. The majority of new mines currently being developed will almost exclusively use retreat longwall techniques to maximise both productivity and resource recovery unless geological or capital constraints dictate otherwise.

In retreat longwall mining, a dual set of roadways is driven out from the main entries down each side of the longwall panel to block out a portion of reserves and then mechanised longwall equipment is installed and retreated from the end of the panel back towards the main entries to extract the entire panel of coal. The roads used for travelling and coal clearance during panel extraction are termed the maingate entries whilst the tailgate entries are generally used for return air. Where possible, a set of parallel adjacent panels is retreated sequentially to allow reuse of one gateroad, i.e. the maingate for the first panel becomes the tailgate for the next panel etc. Working in this way maximises coal recovery, whilst keeping the quantity of roadway drivage to a minimum.

Longwall mining is undertaken in many countries throughout the world including USA, China, Poland, Russia and South Africa. There are approximately 30 longwall operations in Australia. The two closest operations to Teresa are Kestrel (Rio Tinto) and Crinum (BHP Billiton) which have operated successfully for over fifteen years.

6.2 Mine Layout Plan

The underground longwall mine layout in the Corvus 2 seam is shown in Figure 5. The following mine design guidelines were adopted in creating this layout:

- Panel width of 300m;
- Maximum panel length of 5,000m;
- Assumed principal horizontal stress direction of NE;
- Two heading gateroads;
- Single installation road;
- Maingate chain pillar dimensions of 30m by 100m;
- Tailgate chain pillar dimensions of 25m by 100m;
- Roadway dimensions of 5.2m (W) by 2.5m (H);
- Barrier pillar dimension of 80m;
- Minimum mining height of 2.2m;
- Minimum height of fresh Permian roof for development of 10m;
- Minimum height of fresh Permian roof for longwall extraction of 40m.

An east-west panel orientation has been selected at present. As further geotechnical information comes available in regard to joint, cleat and stress orientation, the panel orientation may require adjustment by up to 20° to better align the working face to these geotechnical features and thus mitigate against unfavourable ground stability problems.

The main headings have been designed under the railway line so as to prevent subsidence impacts upon this feature.

6.2.1 Mine Access

The mine will be accessed via surface to seam drifts. The nominated surface access point is in the north of MLa 70442, to the west of the Gregory Highway. This location is on elevated ground and is outside of the seam subcrop. Two drifts are proposed at gradients of 1:8 for rubber tyred vehicles and 1:6 for a high capacity conveyor system which will intersect the seam at a depth of approximately 180m. Two ventilation shafts will be required in close proximity to the drift bottom, one for upcast (exhaust) and one for intake air.

6.2.2 Mining Conditions

Notwithstanding the current low level of geotechnical information, the data generally suggests that ground conditions will be typical to that encountered in the neighbouring mines. Roof and floor strengths are generally expected to be moderate with occasional localised weak zones.

Measured gas contents are low (below 1.25m^3/t) hence gas emissions are anticipated to be manageable by ventilation alone. The propensity to spontaneous combustion, based on regional experience is anticipated to be low.

The Tertiary overburden contains two basalt layers and a basal layer of sand. There are two potential impacts from this, hydraulic connection and goaf instability from mining too close to the sand layer.

Subject to further detailed testing it is assumed each of these Tertiary layers are aquifers and that mining induced fracturing from longwall extraction will form hydraulic connection to these aquifers. Depending upon the interburden distance between the seam and the aquifers, water will be expected to flow into the mine following longwall extraction. This is a similar feature to that experienced at the nearby Crinum South mine where longwall induced fractures intersected the overlying basalt layers causing water inflow into the mine (at interburden distances of approximately 120m or less). At this mine, this was a planned event therefore measures were put in place to cater for these inflows, including construction of underground sumps, installation of a sufficient capacity pumping system and construction of significant capacity surface water storage facilities.

Water inflow rates at steady state of 20L/sec (1.7ML/day), with peak initial flows up to 80L/sec could be experienced at Teresa (subject to further study). A detailed water balance model will be required to determine the surface storage capacity and water treatment infrastructure requirements. One or two surface storage facilities with capacities of 500ML could be required.

Sufficient interburden distance will be required between the top of the coal seam and the base of the sand layer to prevent roof instability upon mining. For standard roadway development, a minimum distance of 10m is anticipated. For longwall extraction, whereby goaf caving could be expected to extend 30m above the seam, a minimum distance of 40m is suggested. Future detailed studies may increase this distance.

6.2.3 Mine Production

The mine is scheduled to commence construction in early 2015 with first development coal production in mid 2016, and first longwall coal production in 2019. A longwall production rate of 135,000t/wk has been forecast based upon experiences at nearby similar mines and assuming a seven day roster. On an annual basis and including coal from development, annual ROM tonnages of 6Mtpa are anticipated.

6.3 Coal Handling and Transport

Several options are currently under consideration for coal transport from mine to port. In all options, coal will be conveyed from the underground mine via a drift conveyor and placed on a conical ROM coal stockpile on the surface. Reclaim valves under the stockpile will transfer the coal onto an overland conveyor which will convey the coal to a truck loading bin system. The coal will then be

hauled along a dedicated haul road to a rail loop at an existing mine site of which two options are available. Discussions with the preferred operator are at an advanced stage, however a preferred option has not been established at this stage.

Coal will then be hauled by train to the RG Tanna coal port at Gladstone with whom NEC have advised they have established port capacity up to 5.5Mtpa for the life of the project.

6.4 Market Conditions

A marketing appraisal for the Teresa coal has been conducted by Wood Mackenzie which indicates the demand for lower energy, high ash coal is growing rapidly driven primarily by growing import demand from the emerging economies of Asia. China and India in particular are becoming major consumers of thermal coal as their domestic supply fails to keep pace with demand.

6.5 Economics

Based upon prior experience, project economics for Greenfield coal projects are heavily influenced by (in order):

- Sale price;
- Exchange rate;
- Cost of production;
- Sales volume;
- Time to production;
- Initial capital cost.

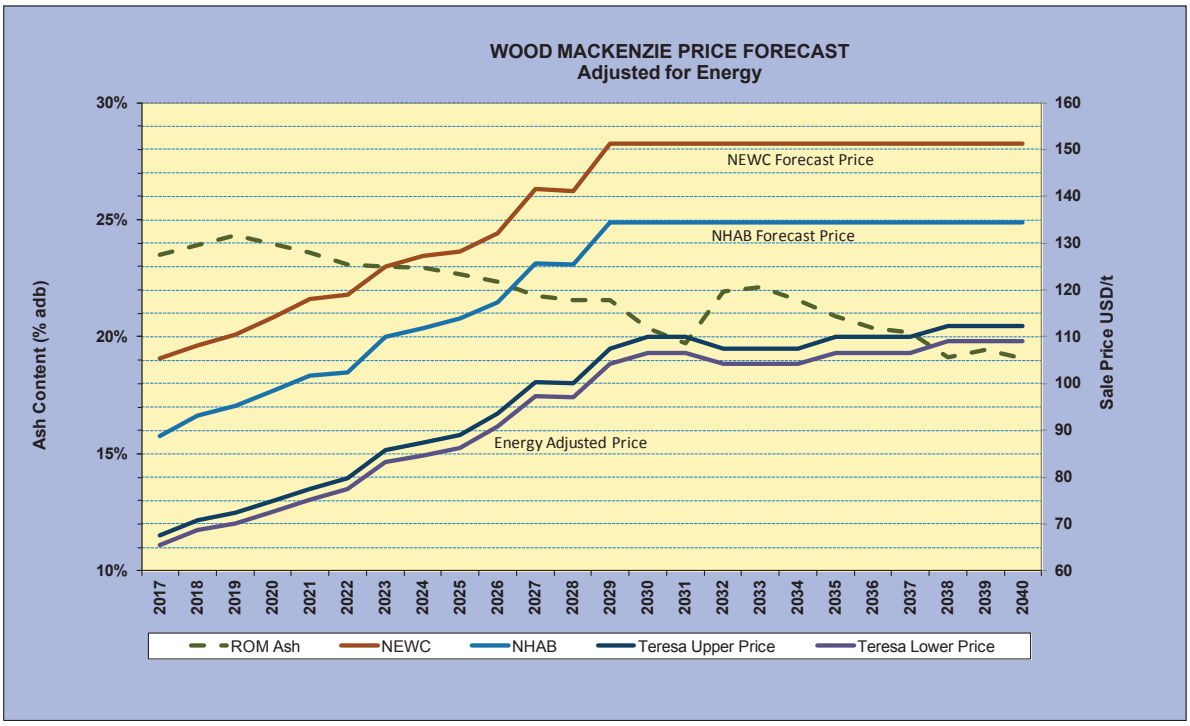
6.5.1 Sale Price

The traditional benchmark price index for Australian export thermal coal is the Newcastle benchmark (NEWC) which is for high energy, low ash coal (6,322kcal/kg GAR). A secondary benchmark is the Newcastle High Ash benchmark (NHAB) which is for low energy, high ash coal (5,500kcal/kg). The NHAB has historically been at 91% of the NEWC. The actual price for high ash coal is generally adjusted on an energy basis from the NHAB.

A long term prediction on forward sale pricing for export thermal coal has been provided by Wood McKenzie and a shorter term forecast has been provided by Wilson HTM. A sale price discounting mechanism in relation to the Teresa product has been provided by M Resources Pty Ltd and this mechanism has been applied to the Wood Mackenzie forecast to provide an indicative forward sale price as shown on the attached graph. The Teresa Lower price reflects a further 3% reduction in sales price which may be relevant in the early project years in order to gain market acceptance for this “new brand”.

This information indicates that the Teresa product will be sold at a price discount somewhere between 66% and 75% of the NEWC, or 75% to 84% of the NHAB.

As shown, the sales price for Teresa coal is predicted to increase from USD70/t when longwall production commences in 2019, up to USD110/t in the future.



6.5.2 Exchange Rate

Future exchange rate predictions have been provided by Wilson HTM up to year 2018. This prediction indicates the AUD/USD exchange rate will steadily reduce to 0.80 from its current rate of approximately 1.05. There is no forecast past this date hence for economic evaluation purposes the exchange rate is held constant from 2018.

6.5.3 Operating Cost

Mine operating costs have been estimated from first principles by MineCraft. Additionally an industry comparison was conducted by Wood McKenzie. A mining cost in the range $27/ROM t to $30/ROM t is anticipated.

Offsite distribution costs include truck haulage, rail freight and port costs. Other operating costs include royalties, carbon tax and marketing costs. Total FOB cost is estimated at approximately $75/t. Some of the coal transport options may afford the opportunity to reduce this to approximately $65/t.

6.5.4 Production

The duration between commencement of capital expenditure and the commencement of longwall production (full revenue) is leveraging on economics hence a minimum duration is desirable. The Teresa mine design has taken this into account by placing the drift bottom as close to the first longwall panel as possible. The duration between commencement of construction and commencement of the longwall is estimated at four years, based on industry standard construction rates. This may be able to be reduced by either faster construction methods or reducing the size of the first longwall panel and this would be investigated in ongoing studies.

6.5.5 Capital Cost

The capital cost has been estimated from first principles by MineCraft using specific in-house knowledge and experience, and reference to other projects. The base estimate for Teresa is $850M with a possible range of $720M to $1,100M.

A review by Wood Mackenzie indicates the median capital cost for Queensland underground projects is $144 per peak ROM tonne. This would equate to a capital cost of approximately $860M for Teresa.

6.5.6 Economic Evaluation

Applying the assumed economic parameters and the mine production schedule into a discounted cash flow model indicates the project base case could meet a hurdle rate of 10%. Various sensitivities including reduced port costs, increased capital expenditure by 30%, increased cost of production by 15% and decreased production by 15% could (individually) vary the project internal rate of return to between 7% and 13%. Overall the project is most sensitive to sales price.

7.0 COAL RESERVES

7.1 Reserve Calculation Factors

The following calculation factors were used to estimate the reserves:

- Coal seam thickness. Derived from contour plans provided by Linc;
- Extent of indicated and inferred resources. Derived from plans provided by Xenith Consulting Pty Ltd;
- Relative Density of insitu coal. 1.47 (adb);
- Relative Density of stone. 2.3;

- Relative Density of ROM coal. Calculated to include coal losses and added dilution. Ranges from 1.49 to 1.50 depending upon seam height;
- Raw Ash Content. Derived from plans provided by Linc;
- ROM Ash Content. Calculated from raw ash content and seam height;
- Inherent Moisture Content. 6.7% (adb);
- ROM Moisture. Assumed at 9% (i.e. moisture is added to coal during mining process);
- Mining Losses. Assumed 3% of seam height (approximately 75mm);
- Out of Seam Dilution. Assumed 75mm;
- Product Coal Yield. Assumed 95.0%.

7.2 Coal Reserves

The calculated coal reserves for the Teresa longwall mine are shown in Table 7.1. These reserves are classified as Probable Reserves under the JORC Classification. Probable Marketable Reserves are then calculated by applying the product yield.

In preparing the reserve statement, recognition is taken of the current stage of mine planning and account is made for the possibility of future changes to the mine design which could result in loss of reserves, including:

- Undetected faults posing future mining constraints;
- Re-orientation of panels to mitigate geotechnical risk;
- Refinement of geological model causing adjustment to seam cut-off boundaries.

Therefore, a loss factor of 20% is applied to the calculated longwall reserves. That is, 20% of the calculated longwall reserve has been omitted from this reserve statement to account for potential future losses due to unforseen events. This factor is based on industry experience.

Table 7.1
Teresa – Probable Reserves

Attribute	Value
Number of LW Panels	12
Longwall	46Mt ROM
Development	3.6Mt ROM
Total Probable Reserve	49.6Mt ROM
Yield *	95%
Total Probable Marketable Reserve	47Mt

Note:* Coal is sold raw and subject to minor beneficiation only

The current extent of probable reserves would support a mine life of approximately ten years for a single longwall operation at the anticipated production rates. Further resources are shown to exist within the project area which are currently at Inferred status. It would be expected that following

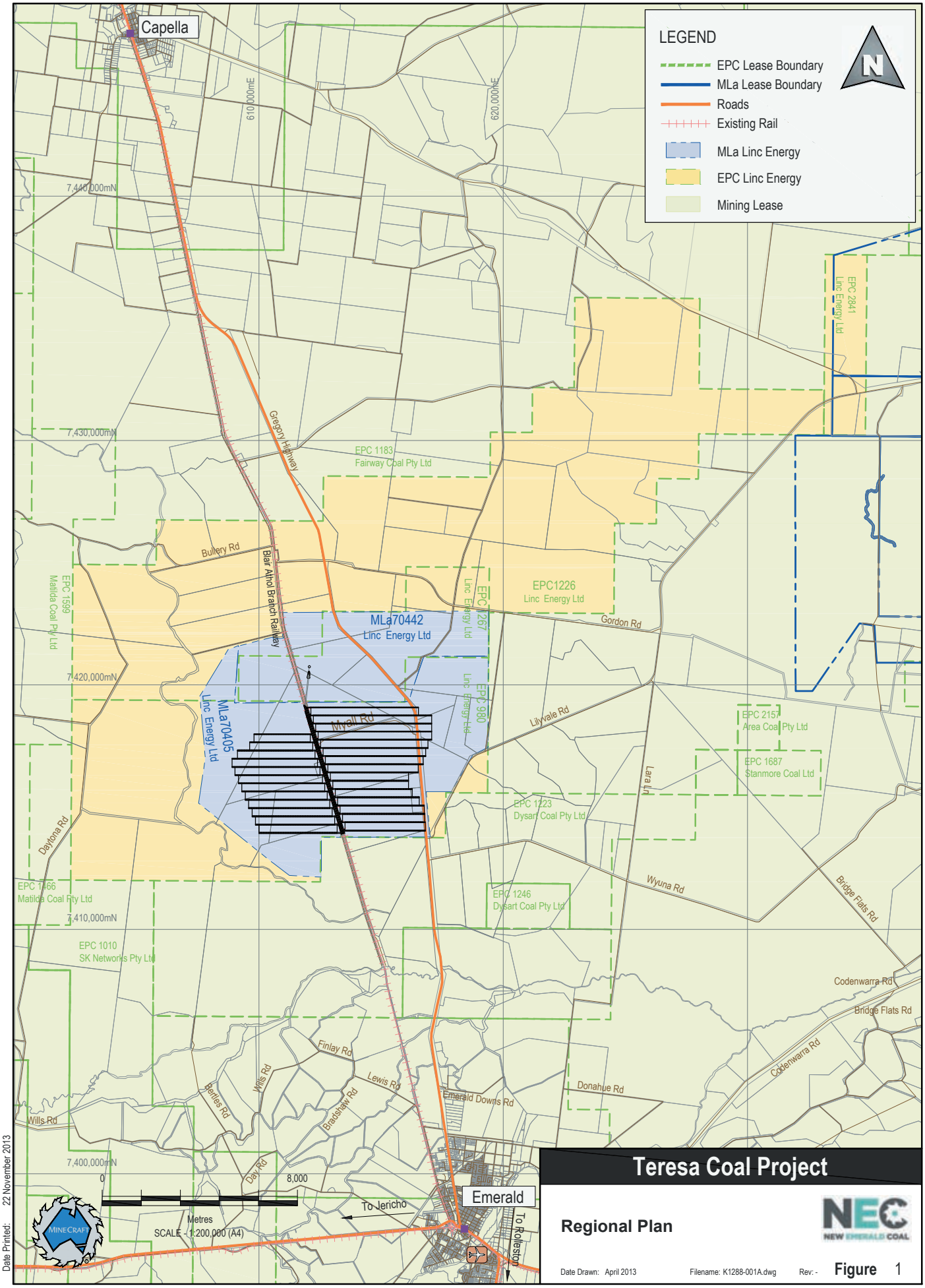
additional exploration, these resources would be added to the Indicated resource status and hence may be included in future reserve calculations. This may have the potential to add an additional 50Mt ROM to the reserve and hence support a mine life of approximately twenty years.

APPENDICES

Appendix A

Figures

Figure No.	Title
1	Regional Plan
2	Resource Polygons
3	Corvus Seam Thickness
4	Corvus Seam Structure
5	Mine Layout



Teresa Coal Project

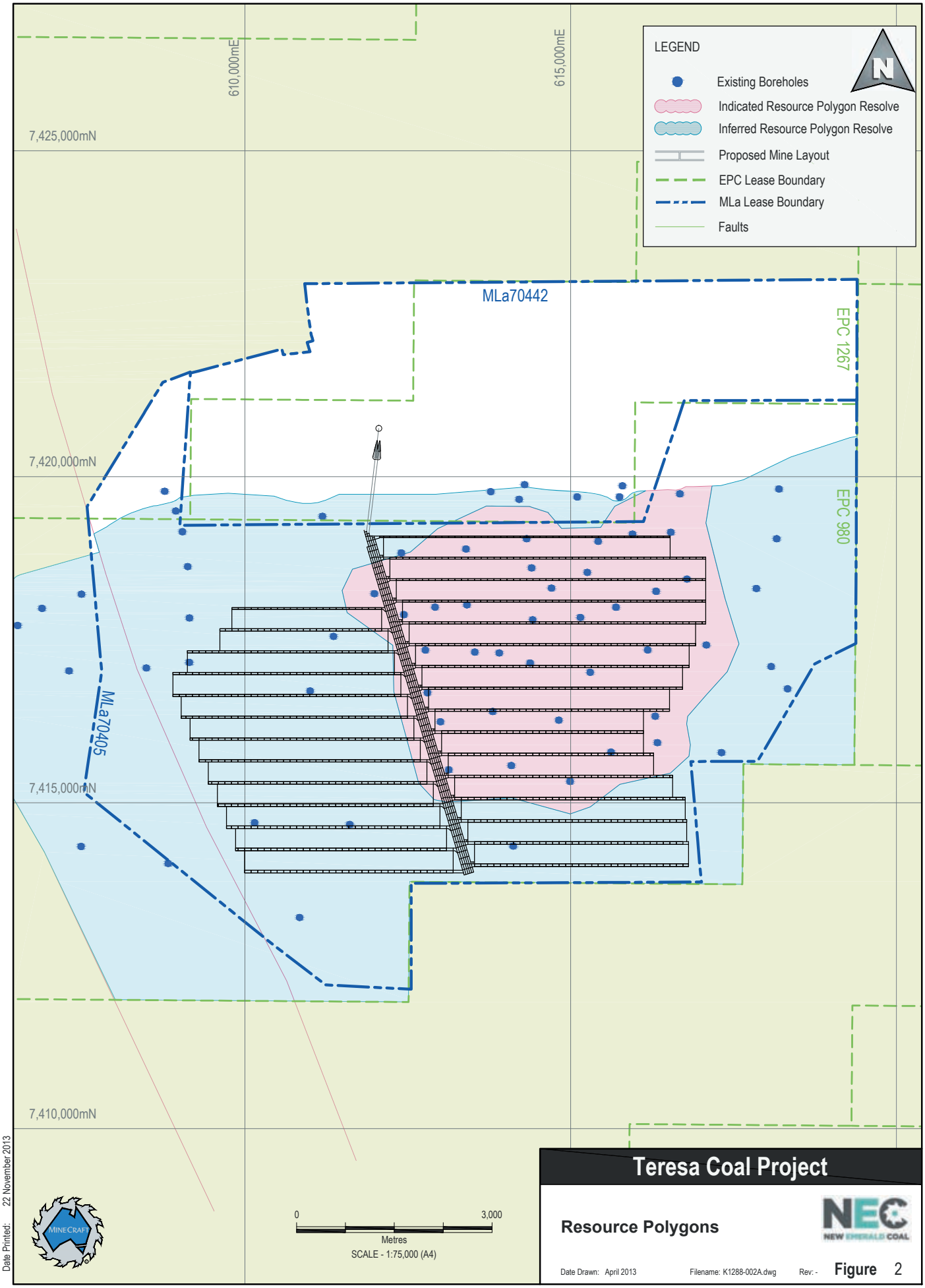
Regional Plan

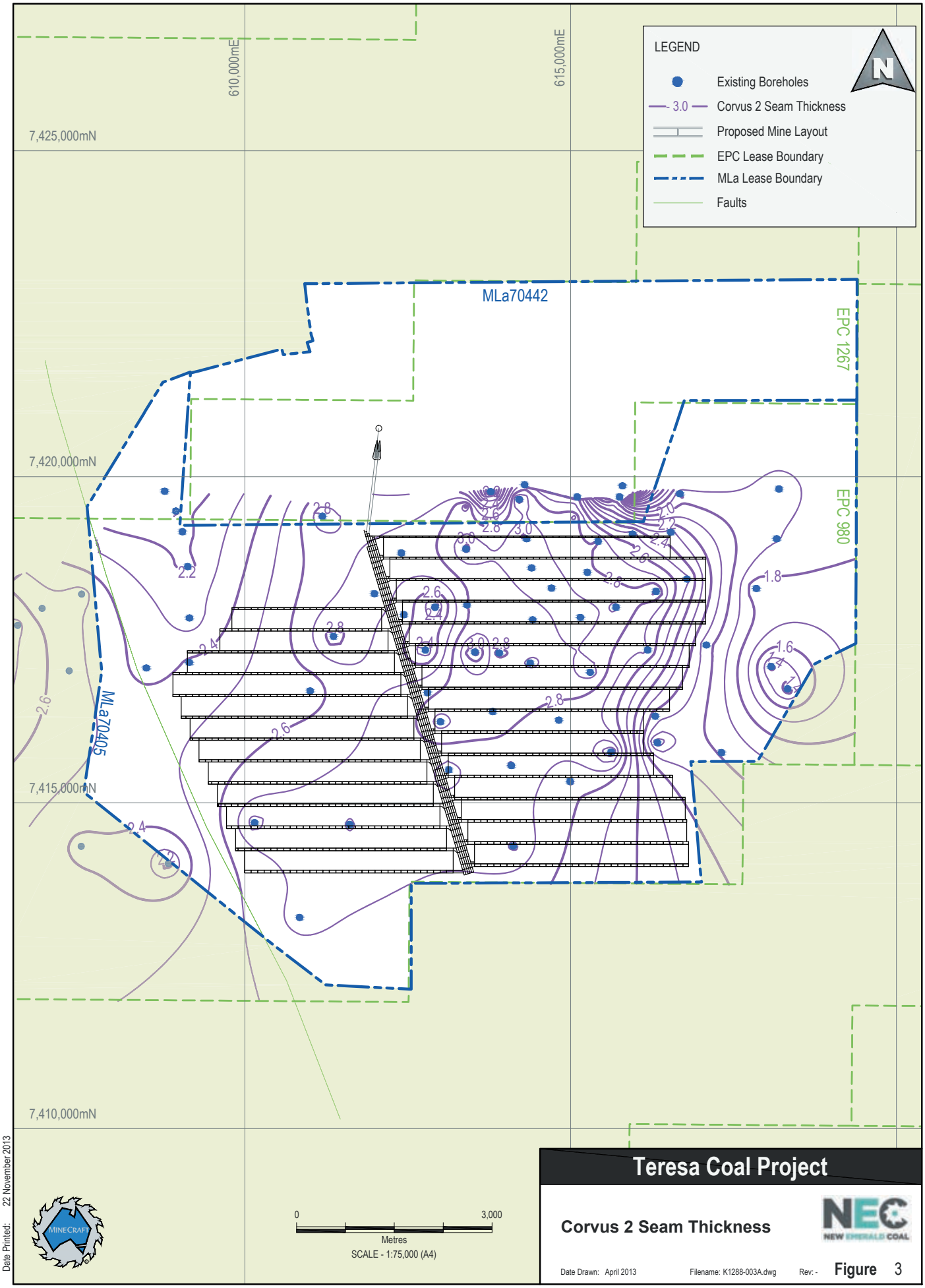
NEC NEW EMERALD COAL

Date Printed: 22 November 2013

Date Drawn: April 2013 Filename: K1288-001A.dwg Rev: -

Figure 1


LEGEND
Existing Boreholes
Indicated Resource Polygon Resolve
Inferred Resource Polygon Resolve
Proposed Mine Layout
EPC Lease Boundary
MLa Lease Boundary
Faults
N
610,000mE
615,000mE
7,425,000mN
7,420,000mN
7,415,000mN
7,410,000mN
MLa70442
EPC 1267
EPC 980
MLa70405
0
3,000
Metres
SCALE - 1:75,000 (A4)
Teresa Coal Project
Resource Polygons
NEC
NEW EMERALD COAL
Date Drawn: April 2013
Filename: K1288-002A.dwg
Rev: -
Figure 2
Date Printed: 22 November 2013



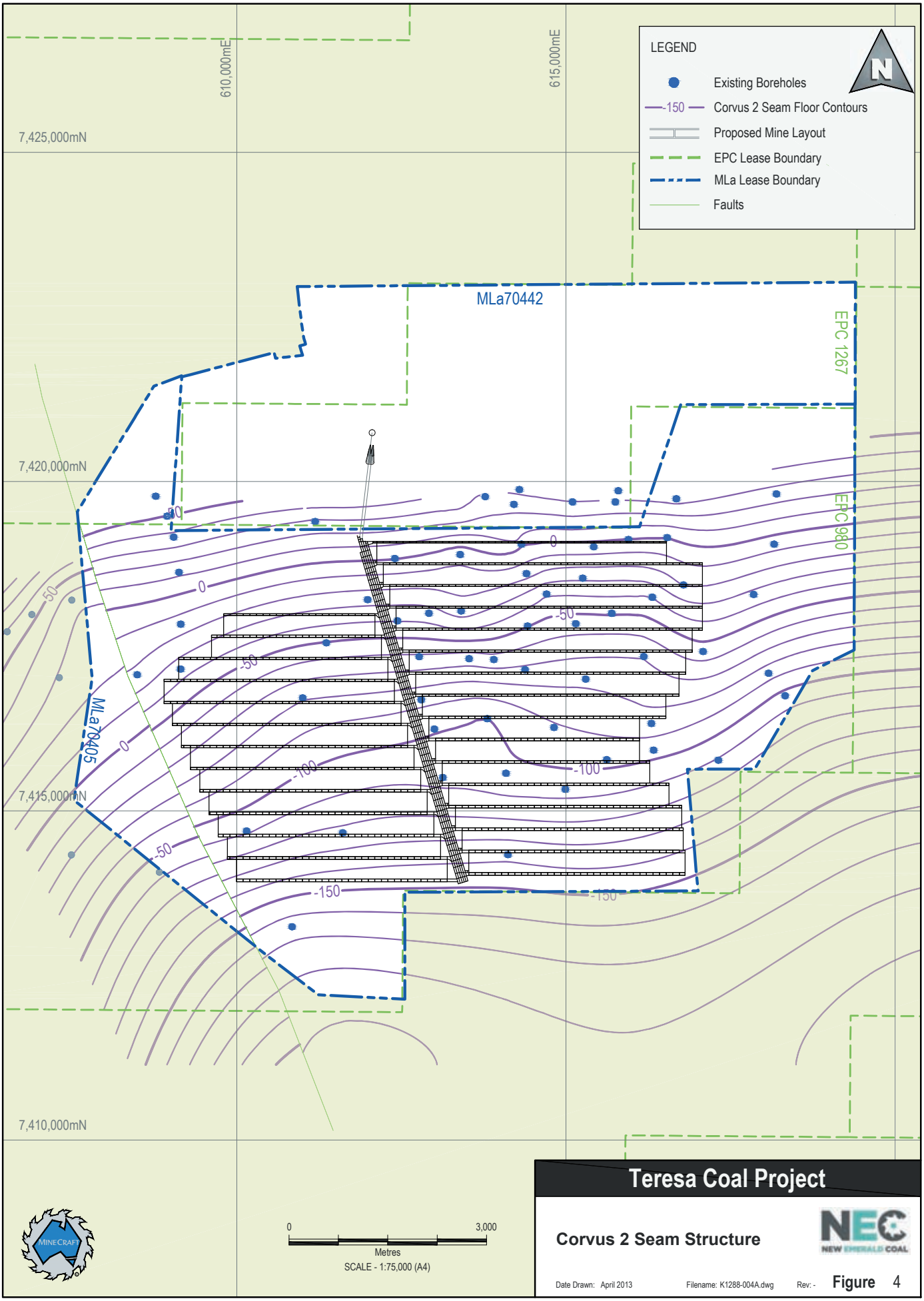
Date Printed: 22 November 2013

Teresa Coal Project

Corvus 2 Seam Thickness

Date Drawn: April 2013 Filename: K1288-003A.dwg Rev: -

Figure 3



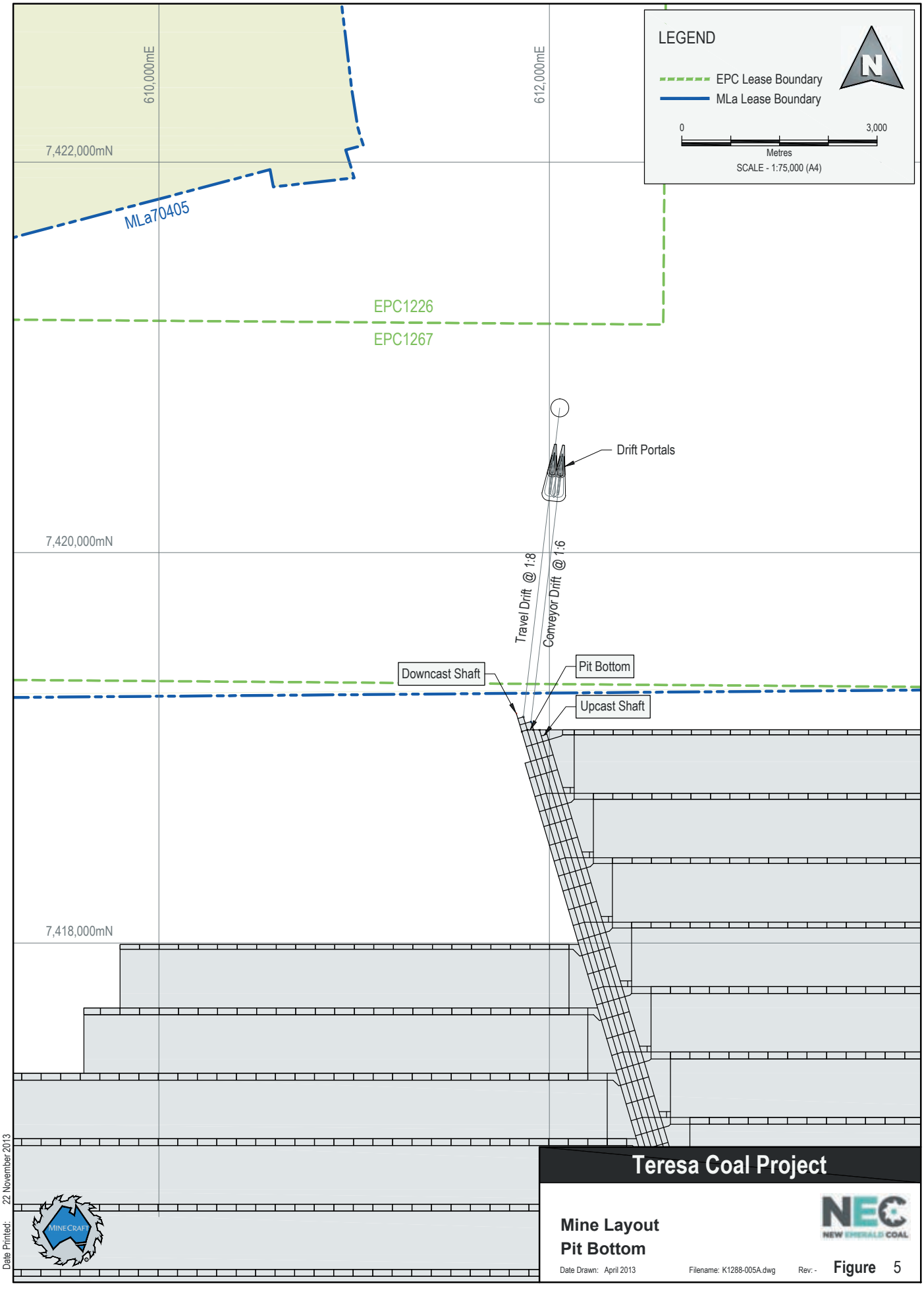
Date Printed: 22 November 2013

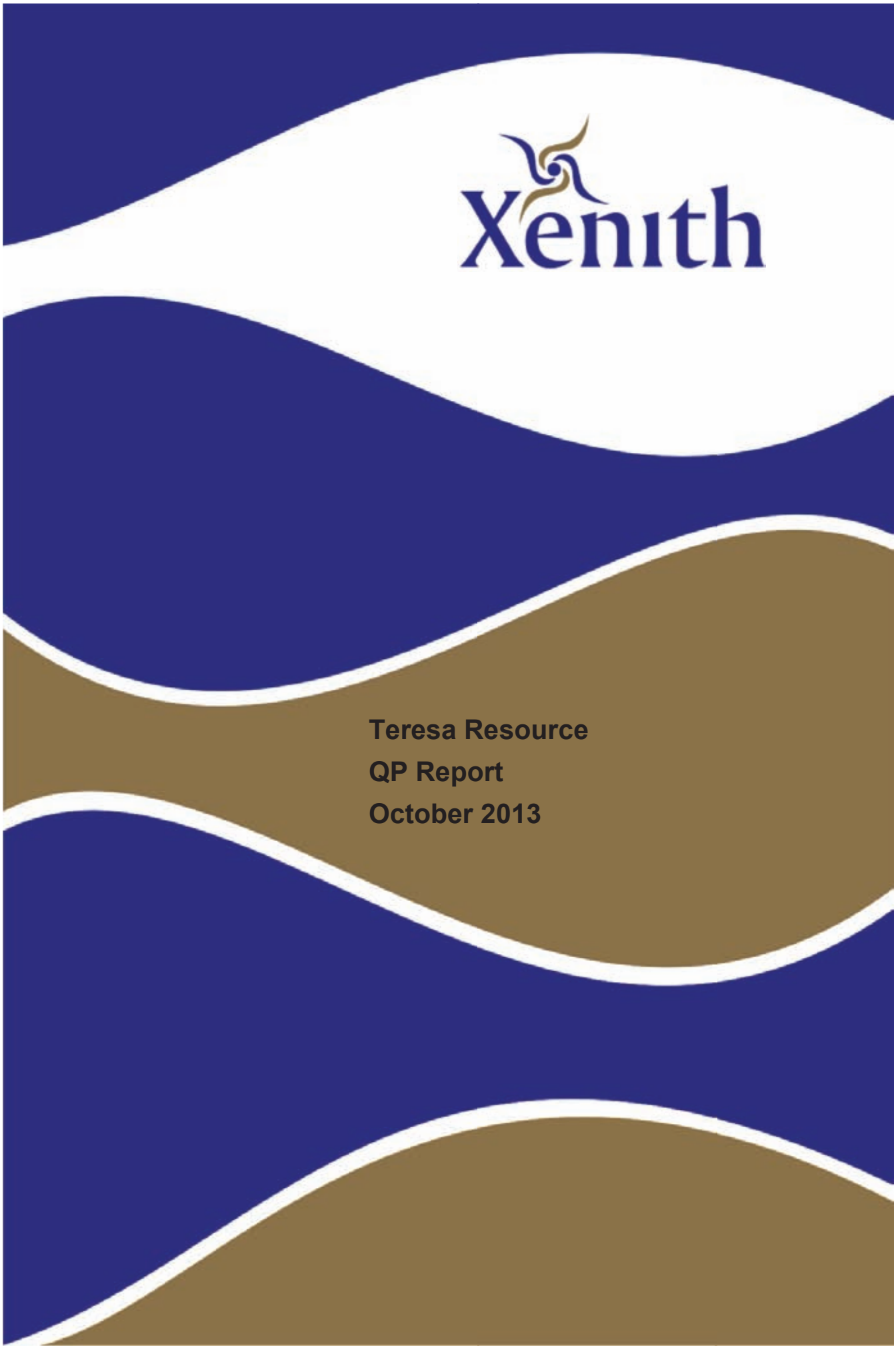
Teresa Coal Project

Corvus 2 Seam Structure

Date Drawn: April 2013 Filename: K1288-004A.dwg Rev: -

Figure 4


LEGEND
EPC Lease Boundary
MLa Lease Boundary
0
3,000
Metres
SCALE - 1:75,000 (A4)
610,000mE
612,000mE
7,422,000mN
7,420,000mN
7,418,000mN
MLa70405
EPC1226
EPC1267
Drift Portals
Travel Drift @ 1:8
Conveyor Drift @ 1:6
Downcast Shaft
Pit Bottom
Upcast Shaft
Teresa Coal Project
Mine Layout
Pit Bottom
Date Drawn: April 2013
Filename: K1288-005A.dwg
Rev: -
Figure 5
Date Printed: 22 November 2013



Teresa Resource
QP Report
October 2013

Table of Contents

1.0 Executive Summary

Xenith Consulting Pty Ltd ('Xenith") has prepared this Independent Qualified Persons' Report ("QPR) on behalf of Linc Energy ("Linc") in partial fulfilment of the requirements of Linc's intended listing on the Singapore Exchange ("SGX").

New Emerald Coal Pty Ltd ("NEC") is a wholly owned subsidiary of Linc. NEC is a mineral exploration, development, and production company that will operate in the state of Queensland, Australia.

This QPR has been compiled in accordance with the relevant SGX Mainboard Rules and requirements, in particular *Practice Note 6.3 Disclosure Requirements for Mineral, Oil and Gas Companies*[1].

This QPR describes the Teresa Project tenements and tenement applications, inclusive of relevant Coal Resource Statements.

2.0 Introduction

2.1 Full name, and if applicable, the partner/director in charge of the report; professional qualifications, years of relevant experience, Professional Society Affiliations and Membership (including details of a recognised professional association) of the qualified person and the address of the qualified person's firm/company

This QPR has been prepared by Mr Troy Turner, Manager Resource Development of Xenith Consulting Pty Ltd. Troy holds a Bachelor of Applied Science (Geology) degree from the University of Southern Queensland, and is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM). Troy has worked in various planning, operational and consulting roles in the coal industry for 18 years and as such qualifies as a Competent Person under the JORC Code.
Xenith is a professional geological and engineering consultancy that provides specialist services to the resources industry with its main office located at Level 6, 40 Creek St Brisbane, Qld. Xenith has been operating since 2005 and employs a work force of approximately 50 professional and support staff.
Refer to Section 8 JORC Statements of *New Emerald Coal Ltd JORC Resource Estimate Statement Teresa Project.*

2.2 Statement of independence by the qualified person, if the report is prepared by an independent qualified person who meets the requirements in Rule 210(9)(b)

Refer to Section 8 JORC Statements of New Emerald Coal Ltd JORC Resource Estimate Teresa Project.

2.3 Aim of the report

NEC requested that Xenith prepare an independent Qualified Persons Report (QPR) incorporating an independent JORC Coal Resource Estimate for their Emerald area coal deposit known as 'Teresa' in Queensland as at September 2013.

2.4 Scope of the report

This QPR, which forms part of the documentation required to list on the SGX Mainboard, has been completed in compliance with the requirements for 'Mineral, Oil and Gas Companies' as stipulated in Practice Note 6.3 in terms of Rule 624 of Chapter 6 of the SGX Mainboard Rules.

2.5 Statement of the use of the report

Xenith understands that this independent QPR is to be included as part of a prospectus to be issued by Linc as part of a listing on the mainboard of the Singapore Exchange.

2.6 Basis of the report - including data sources, data validation and reliance on other experts

Refer to Section 4 Exploration Data and Evaluation of New Emerald Coal Ltd JORC Resource Estimate Teresa Project.

[1] http://rulebook.sgx.com/

No reliance on other experts were required to publish the New Emerald Coal Ltd JORC Resource Estimate Teresa Project.

2.7 Standard Used

Refer to Section 8 JORC Statement of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

2.8 Whether a site visit has been undertaken (if so, when the site visit was undertaken and by whom and if a site visit has not been undertaken a satisfactory reason as to why not)

Numerous site visits were undertaken by Mr Troy Turner on the project since 2009. The most recent visit was 15th June 2012 while exploration was occurring.

3.0 Property Description, size, location, access, natural and cultural environment

3.1 Listing applicant's/issuer's assets and liabilities

The properties detailed in this QPR consist of six (6) coal tenements located within the state of Queensland, Australia. The coal tenements and tenement applications have been issued by the Queensland Government's Departments of Natural Resources and Mines. The tenements are summarised in Table 3.1 and are illustrated in Figure 2.1 – Teresa Project Tenement Location Plan in the New Emerald Coal Ltd JORC Resource Estimate Statement Teresa Project.

Asset Name / Country / Lease	Type Of Mineral	Status	Sub-status	Issuer's Interest	Lease Expiry Date	Development Status
Teresa Project / Australia / EPC 980	Coal	Granted	-	100	03-Nov-15	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 1226	Coal	Granted	Renewal Lodged	100	13-Jul-13	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 1267	Coal	Granted	Renewal Lodged	100	04-Dec-13	Exploration with Resources Reserves Estimated
Teresa Project / Australia / EPC 2841	Coal	Granted	-	100	27-Sep-17	Exploration only – no Resources
Teresa Project / Australia / MLA 70405	Coal	Application	COA Issued	100	-	Exploration with Resources Reserves Estimated
Teresa Project / Australia / MLA 70442	Coal	Application	COA Issued	100	-	Exploration with Resources Estimated

Table 3.1: Summary of Tenure – Current Leases and Applications (Tenement validity confirmed by NEC)

3.2 Nature and extent of listing applicant's/issuer's rights of exploration or extraction

Refer to Table 3.1 above.

Refer to Table 2.1 – Tenements Summary as of October 2012 in the *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

3.3 Description of the economic conditions for the working of the licenses, concessions or similar, with details of the duration & other principal terms & conditions of the concessions including fiscal conditions, environmental & rehabilitation requirements, abandonment costs and any necessary licenses & consents including planning permission[2]

The DNRM administers the right to explore for minerals in the state of Queensland, Australia. There are three (3) types of mineral tenure relevant to coal in Queensland, Australia.

The mineral tenure types are:

- Exploration Permit for Coal (EPC);
- Mineral Development Licence (MDL); and
- Mining Lease (ML).

3.3.1 Exploration Permit for Coal

Under Queensland mineral legislation, an EPC:

- Allows the holder to take action to determine the existence, quality and quantity of minerals on, in or under land by methods which include prospecting, geophysical surveys, drilling, and sampling and testing of materials to determine mineral bearing capacity or properties of mineralisation;
- May eventually lead to an application for a mineral development licence or mining lease;
- Can be granted for a period of up to five years; and
- Can be renewed.

3.3.2 Mineral Development Licence

Under Queensland mineral legislation, an MDL:

- Allows the holder to undertake geo-scientific programs (e.g. drilling, seismic surveys), mining feasibility studies, metallurgical testing and marketing, environmental engineering and design studies to evaluate the development potential of the defined resource;
- Can be granted to the holder of an exploration permit for a period of up to five years where there is a significant mineral occurrence of possible economic potential; and
- Can be renewed.

3.3.3 Mining Lease

Under Queensland mineral legislation, an ML is granted for mining operation and:

- Entitles the holder to machine-mine specified minerals and carry out activities associated with mining or promoting the activity of mining;
- Is not restricted to a maximum term - this is determined in accordance with the amount of reserves identified and the projected mine life; and
- Can be granted for those minerals specified in either the prospecting permit, exploration permit or mineral development licence held prior to the grant of the lease.

4.0 History of the property, including exploration history and any production history

The Project area has been the subject of various exploration programs since the 1970s by successive owners and some historical data exists from previous tenement holder exploration drilling campaigns. Three of these historic holes as well as four GSQ and DME holes have been included in the current geological model. The location of the historical drill holes has been illustrated in Figure 1.1 – Project Area Photo in the *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

5.0 Geological and geophysical setting, type and characteristics of the deposit/accumulation

Refer to Section 3 Geology of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

[2] DNRM website (www.mines.industry.qld.gov.au)

6.0 Exploration data including drilling and sampling, sampling and analysis methods, sample preparation and security, quality assurance and quality control on the sample analyses

Refer to Section 4 Exploration Data and Evaluation of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

7.0 Mineral processing and metallurgical testing

The JORC Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 9 of SGX Rulebook is not applicable.

8.0 Resource and reserve estimates and exploration results, as applicable, in accordance with the relevant Standard, including a summary of reserves and resources in the form of Appendix 7.5

Category	Mineral Type	Gross Attribute to Licence		Net Attribute to Issuer			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from Previous Update (%)	
Resources*							
Measured	Coal						
Indicated	Coal	82	Thermal	82	Thermal	N/A	
Inferred	Coal	220	Thermal	220	Thermal	N/A	
Total	Coal	302	Thermal	302	Thermal	N/A	
***Coal Reserves are a modified sub-set of the Measured and Indicated Coal Resources**							

Table 8.0 – Coal Resources Summary

Refer to Section 4 Exploration Data and Evaluation, Section 5 Resource Classification and Section 6 Resource Estimation of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

9.0 Planned extraction method, processing method, capital costs, operating costs, considerations including social, environmental, health and safety factors that may affect exploration and/or exploitation activities; and production schedule

The JORC Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 9 of SGX Rulebook is not applicable.

10.0 Financial analysis of the operations, taxes, liabilities and marketing

The JORC Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 10 of SGX Rulebook is not applicable.

11.0 Interpretation and conclusions

Refer to Section 4.3 Coal Quality Results of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

12.0 Recommendations

Refer to Section 7 Recommendations for Future Work of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

13.0 References

Not applicable.

14.0 Date and signature page

Signed by Qualified Person

Troy Turner BAppSc (Geol), MAusIMM

Signed by Managing Director

Ken Hill

Date : 3rd October 2013

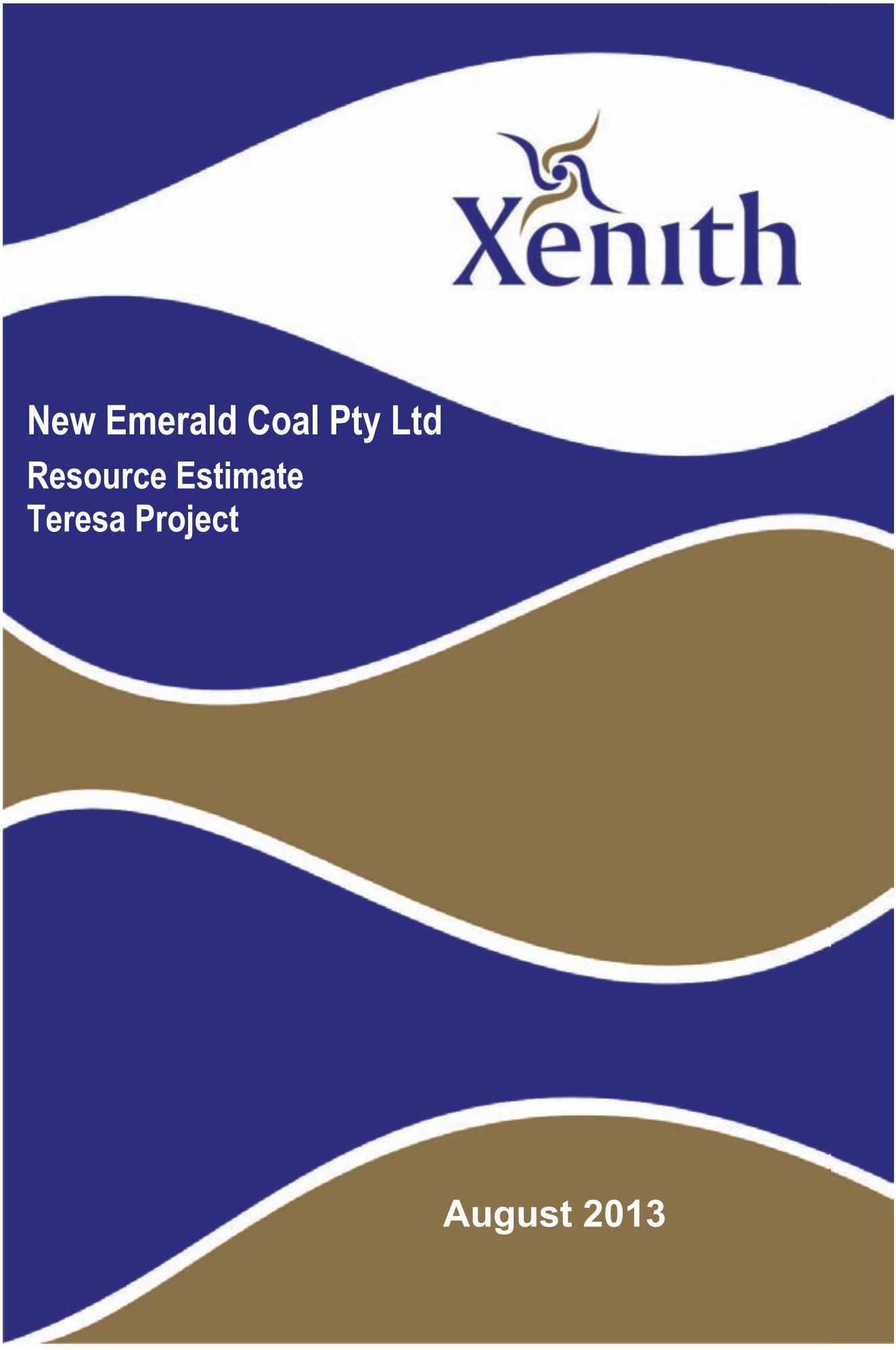
Refer to Section 8 JORC Statement of *New Emerald Coal Ltd JORC Resource Estimate Statement Teresa Project.*

15.0 Illustrations of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram

Refer to list of figures in the Table of Contents of *New Emerald Coal Ltd JORC Resource Estimate Teresa Project.*

16.0 Appendices and glossary of terms used

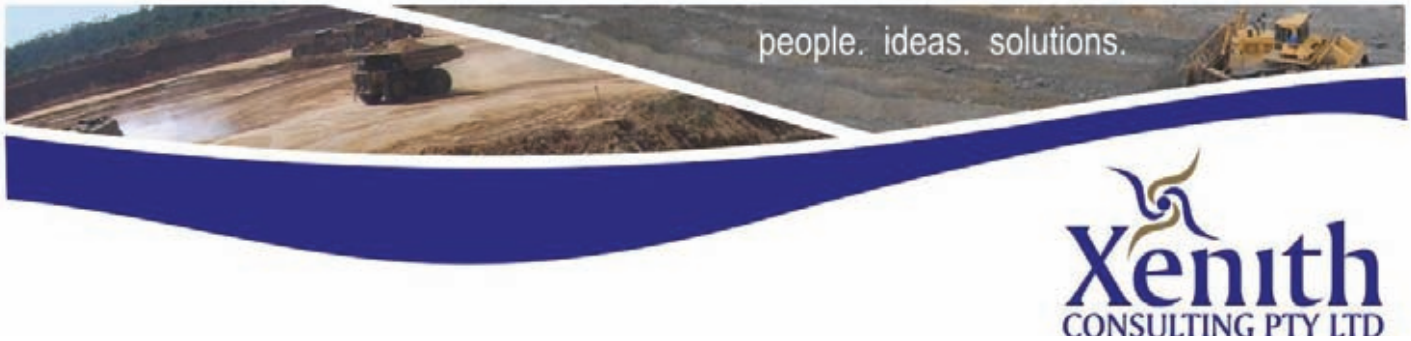
Not applicable.



New Emerald Coal Pty Ltd

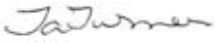
Resource Estimate
Teresa Project

August 2013



Document Issue Approval

Project & Document No:	Date:
New Emerald Coal Teresa Project	22/08/2013
Title:	**Revision No:**
Resource Estimate - Teresa Project	1
Client:	
New Emerald Coal Pty Ltd	

	Name	Position	Signature	Date
Prepared by:	Gregg Trapp	Senior Geologist	Not Required	22/08/2013
Reviewed by:	Oystein Naess	Senior Geologist	Not Required	22/08/2013
Approved by:	Troy Turner	Manager - Resource Development		22/08/2013

Distribution

Organisation	Attention	No of hard copies	No of electronic copies	Actioned[1]
New Emerald Coal Pty Ltd	Dave Carroll	1	1	

1 – To be initialed and dated by the person who actions the issue of the documents.

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1. EXECUTIVE SUMMARY

Xenith Consulting Pty Ltd ("Xenith") has been commissioned by Linc Energy Ltd ("Linc") to report an updated Resource Estimate for their Emerald area coal deposit known as "Teresa", which lies within MLa 70405 and MLa 70442, as shown in Figure 1.1.

This document was originally prepared by Xenith Consulting for Linc Energy Ltd in November 2012 and has been reissued to New Emerald Coal Pty Ltd, the wholly owned subsidiary of Linc Energy Ltd, on the 22nd of August 2013. The information and results contained within this document have not been altered except for applicable instances of company name change (from Linc Energy Ltd to New Emerald Coal Pty Ltd), excluding images and tables.'

With the update of this document there is no material change to the information included in the report nor is there any additional information available since the completion of the original report

Since the original November 2008 JORC report that was prepared by Linc, and the subsequent updated report prepared by Xenith dated November 2010, additional drill hole and laboratory results have been completed for the Corvus 2 seam within the Teresa deposit.

The Teresa project is estimated to contain a total coal resource of 302 Million Tonnes (Mt), with 82 Mt in the indicated category and 220 Mt in the inferred category.

The previous resource estimate for the Teresa Project that was conducted by Xenith in November 2010, estimated the project to contain 310 Million tonnes of coal, comprising 25 million tonnes in the indicated category and 285 million tonnes in the inferred category.

The 2012 exploration program has been aimed towards increasing the amount of tonnes within the indicated category, with a focus on the eastern domain of the project. In total, 25 cored holes and 13 chip holes have been completed during this program.

The geological model currently incorporates 97 drill holes, of which 58 were used as points of observation, to determine the indicated and inferred resource boundaries. Table 1.1 shows the Corvus 2 Seam resource comparison between 2010 and 2012. The overall resource tonnage has decreased by approximately 12 Mt, mainly due to a minor decrease in seam thickness and a smaller areal extent from the subcrop line moving in certain areas.

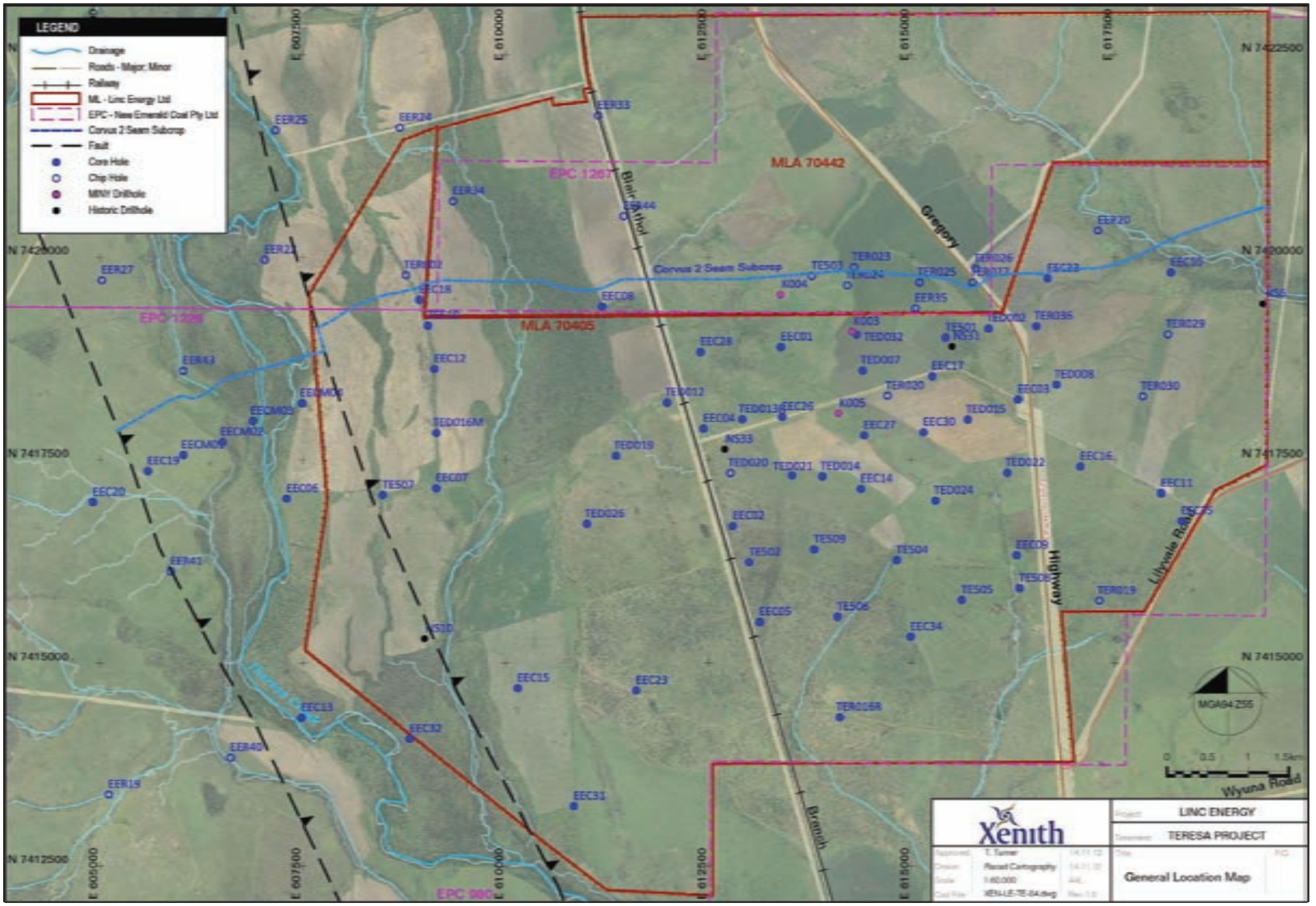
The average coal thickness of the Corvus 2 seam ranges from 2.66 m to 2.43 m within the indicated and inferred resource areas respectively. Two plies have been distinguished in the Corvus 2 seam based on a carbonaceous stone band, with the upper ply typically displaying higher raw ash contents compared to the lower ply.

Table 1.1 - Corvus 2 Seam Resource Comparison

2010 Resource					
Seam	Av. Coal Thickness (m)	Coal Volume Cu.m ($x10^6$)	Area (Ha)	Coal Mass Tonnes ($x10^6$)	Coal RD Insitu
Corvus 2 Seam					
Measured	-	-	-	-	-
Indicated	2.84	17.2	604	**25.1**	1.46
Inferred	2.49	198.4	7,926	**284.8**	1.44
TOTAL		216	8,530	**310**	
2012 Resource					
Seam	Av. Coal Thickness (m)	Coal Volume Cu.m ($x10^6$)	Area (Ha)	Coal Mass Tonnes ($x10^6$)	Coal RD Insitu
Corvus 2 Seam					
Measured	-	-	-	-	-
Indicated	2.66	57	2,140	**82**	1.45
Inferred	2.43	153	6,213	**220**	1.43
TOTAL		210	8,353	**302**	

Note – Rounding to significant figures as required.

Figure 1.1 – Project Area Photo



2. TENEMENT DETAILS

New Emerald Coal holds four Exploration Permits for Coal (EPC) within the Teresa project area – EPC 980, EPC 1267, EPC 1226 and further north-east EPC 2841. Part of EPC 980 and EPC 1267 are also covered with a Mining Lease Application (MLA) MLA 70405 and MLA 70442 . Table 2.1 summarises the status of the tenements within the Teresa project.

The project area lies within the Central Highlands Regional Council, an area with over 29,000 residents. Emerald is the main regional centre with a population of over 11,000 residents (Central Highlands Regional Council, 2011) and is approximately 17 km south of the Teresa project as shown in Figure 2.1.

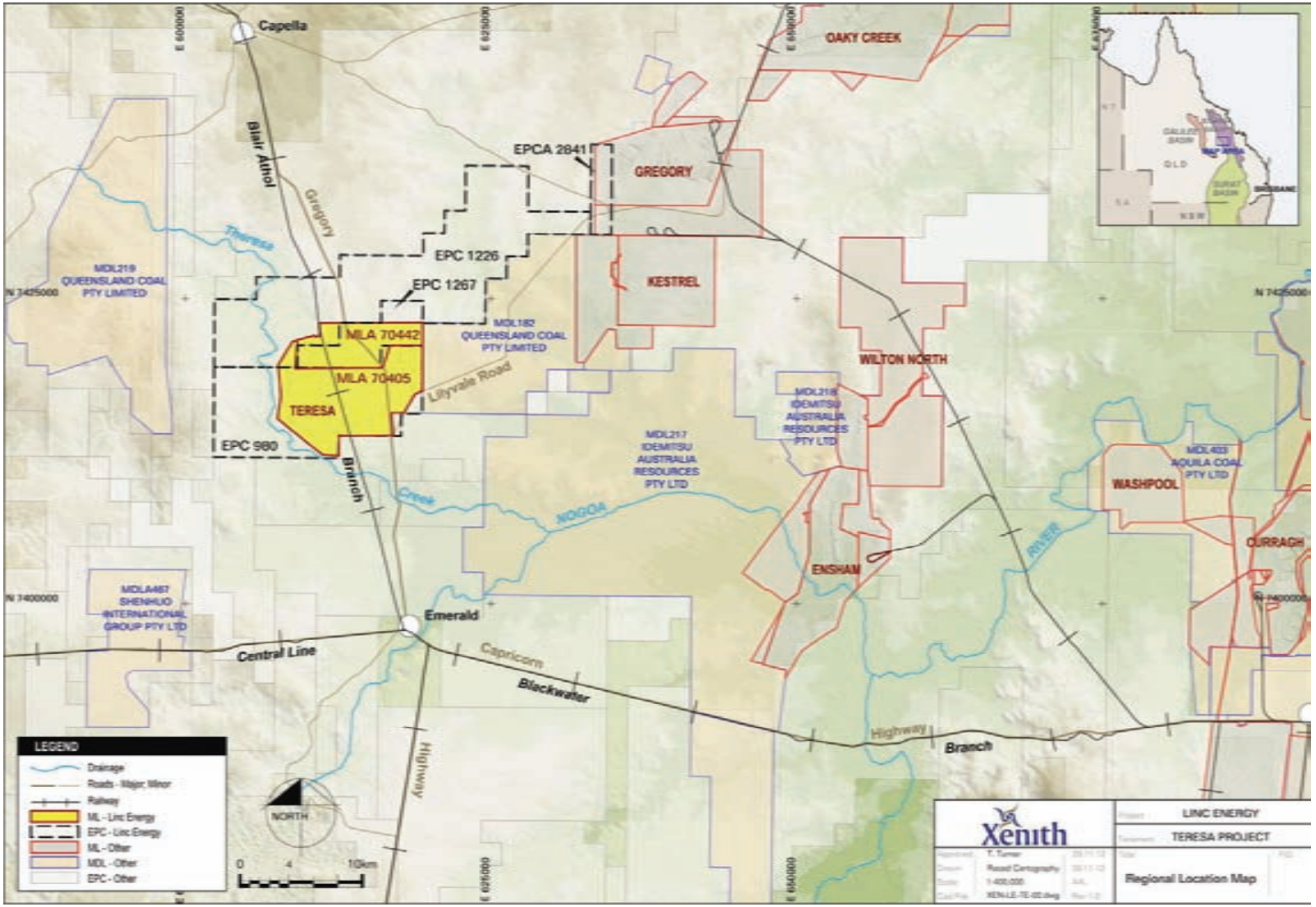
The project area is easily accessed via the Gregory Highway north from Emerald. The existing Emerald to Clermont rail line - the Blair Athol Branch Railway, and the Gregory Highway all traverse north-west to south-east across the tenements. The railway line has been used as a boundary for splitting the deposit into east and west “domains”.

The Resource estimate has focussed on EPC 980 and EPC 1267, and is contained within the boundaries defined under Mining Lease Applications MLA 70405 and MLA 70442.

Table 2.1 - Tenements Summary as of August 2013

Tenement ID	Tenement Name	Ownership	Granted	Expiry	Lodged	Area (sq. km)	Sub-blocks
EPC 1226	Teresa/ Lucknow	Linc Energy Ltd - 100%	14-Jul-08	13-Jul-13	-	197	58
EPC 1267	Teresa North	Linc Energy Ltd - 100%	5-Dec-08	4-Dec-13	-	34	10
EPC 980	Teresa	Linc Energy Ltd - 100%	4-Nov-05	3-Nov-15	-	126	37
EPC 2841	Teresa East	Linc Energy Ltd - 100%	28-Sep-12	27-Sep-17		4	4
PLa 286	Lucknow	Linc Energy Ltd - 100%	-	-	26-Nov-08	104	-
MLa 70405	Teresa	Linc Energy Ltd - 100%	-	-	24-Nov-08	69	-
MLa 70442	Teresa North	Linc Energy Ltd - 100%	-	-	1-Feb-11	30	-

Figure 2.1 - Teresa Project Tenements Location Plan



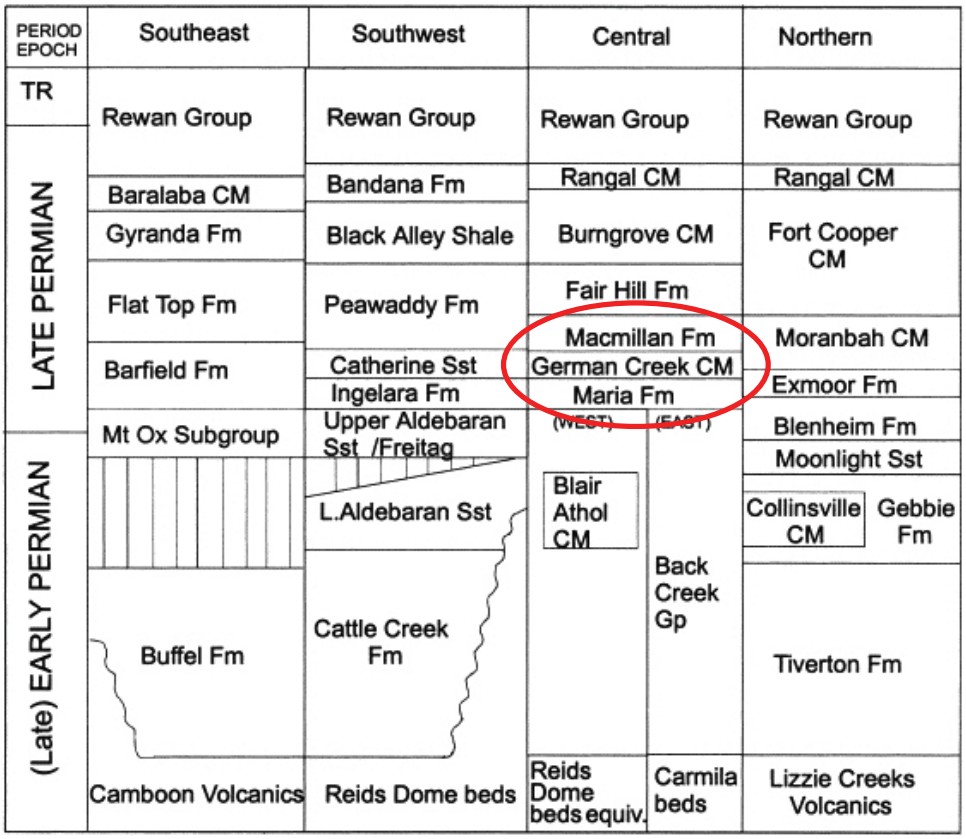
3. GEOLOGY

3.1 Regional Geology

The coal seams within the Teresa deposit are restricted to the German Creek Formation of the Blackwater Group. Regionally, the project area is located on the western limb of a syncline that is gently plunging to the south-west between the Capella Block and the Comet Ridge. The regional dip of the coal seams is to the south to south-east. The Permian strata is overlain unconformably by Canozoic sediments. Further east volcanics have also been intersected. Within the project area the western extent of the German Creek Formation is interpreted to be fault bounded against the north-west trending Reids Dome Beds. The actual location of this large regional fault structure has been determined from historical drilling but more accurate delineation will require further drilling or seismic.

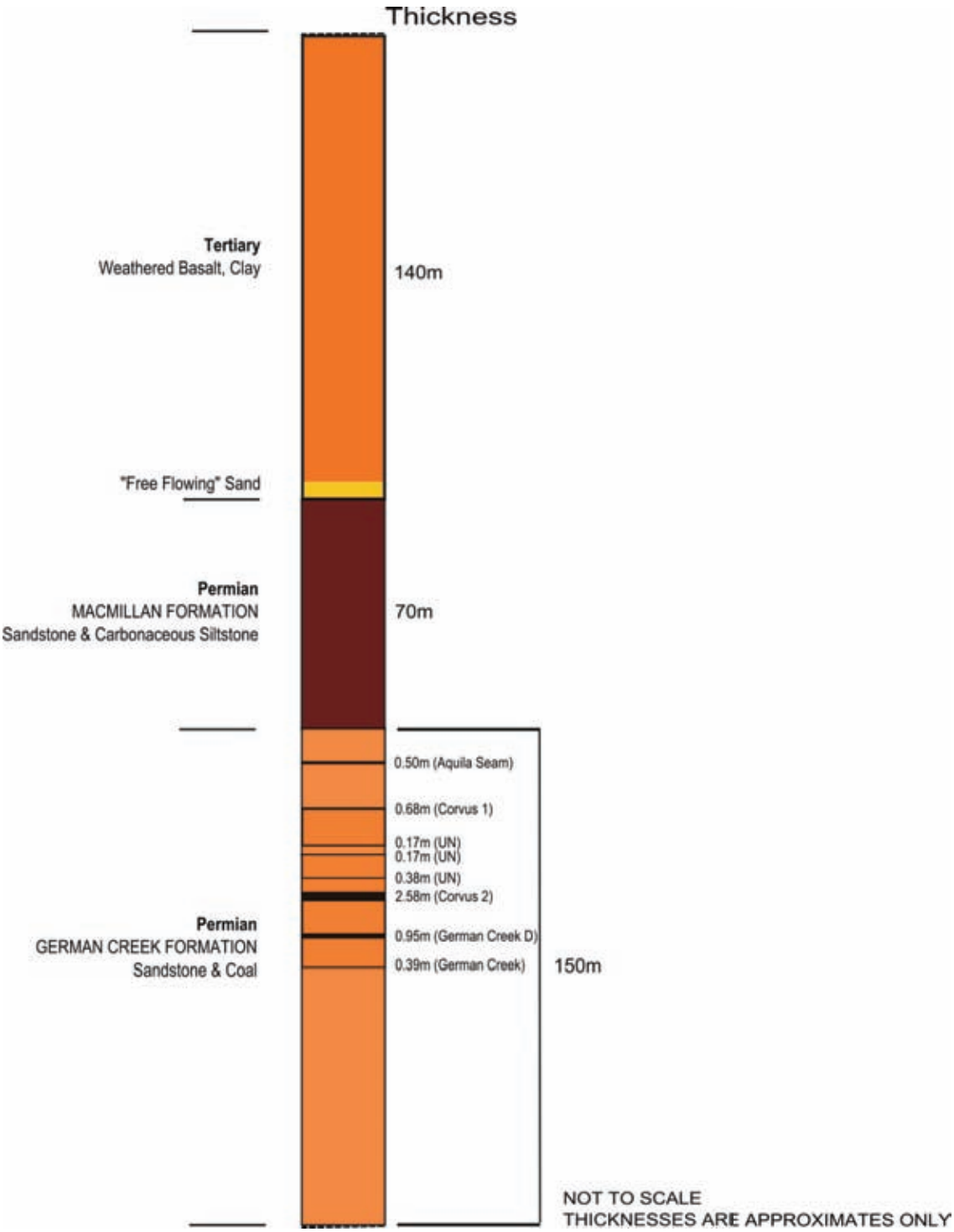
Figure 3.1 shows the general stratagraphic section of the Bowen Basin, while Figure 3.2 shows a general stratgraphic section of the Teresa project.

Figure 3.1 - General Stratigraphic Section of the Bowen Basin



Source : Lithostratigraphic correlations for the Bowen Basin (after Draper et al., 1990).

Figure 3.2 - Typical Stratigraphic Section



3.2 Deposit Geology

The German Creek Formation is known to exist across the majority of EPC 980 and the southern portion of EPC 1267. The northerly and westerly extent of the German Creek Formation was defined by historical drilling, and has been further delineated by the 2012 drilling programme.

The coal seams are found to occur in the uppermost 120 m – 150 m of the German Creek Formation. There are five seams present and these can be correlated between the Linc exploration holes, as well as previous company and Mines Department holes.

The seam nomenclature and correlation adopted for the modelling of the Teresa deposit originates from the original Department of Mines and Energy (DME) Geological Society of Queensland (GSQ) drilling campaign.

3.2.1 Structure and Faults

The strike of the Teresa deposit is approximately 13 km in a general East to West direction and the dip length is approximately 6 km. The Corvus 2 seam is interpreted to subcrop at an approximate depth range of 110 m to 150 m beneath the thick unconformable tertiary cover which blankets the area.

Apart from the large boundary fault on the western edge of the deposit, a second fault with a throw ranging from 30 m to 50 m has been interpreted to run parallel and to the east of it. The preliminary interpretation between holes TE506 and TE509 (on the southern side of the east domain), suggests another minor fault with throws ranging from 5 m to 8 m may be present. However, additional drilling will be required to confirm the presence of a fault, or if it is a sedimentary feature.

The Corvus 2 seam generally dips between 2°- 3° to the south.

3.2.2 Tertiary Horizon

The Tertiary deposits consist predominantly of thick layers of weathered basalt and “free flowing” sand. Some hard, fresh basalt has also been intersected in the east of the deposit. The chip samples showed that the thickness of the basalt to be in excess of 100 m in some parts of the deposit. The sand layer that exists is interpreted to range in thickness from 2 m to 20 m. This layer is thought to be banded with silts and clays in certain places, but this requires further refinement as drilling techniques and the use of casing has meant these layers are not easily distinguishable in geology or geophysical logs.

Due to the presence of this sand layer above the Corvus 2 seam, there may be a potential of ground water inflows into the mine workings, and possible roof control issues. Further hydrology and geotechnical studies are ongoing by other authors to review these geology model and the mine plan. Figure 3.3 shows the interburden between the structure floor of the sand, and the structure roof of the

Corvus 2. Figure 3.4 illustrates the relationship between the Corvus 2 Seam and the Teritary Units.

Figure 3.3 - Sand Floor to Corvus 2 Seam Roof Interburden Thickness

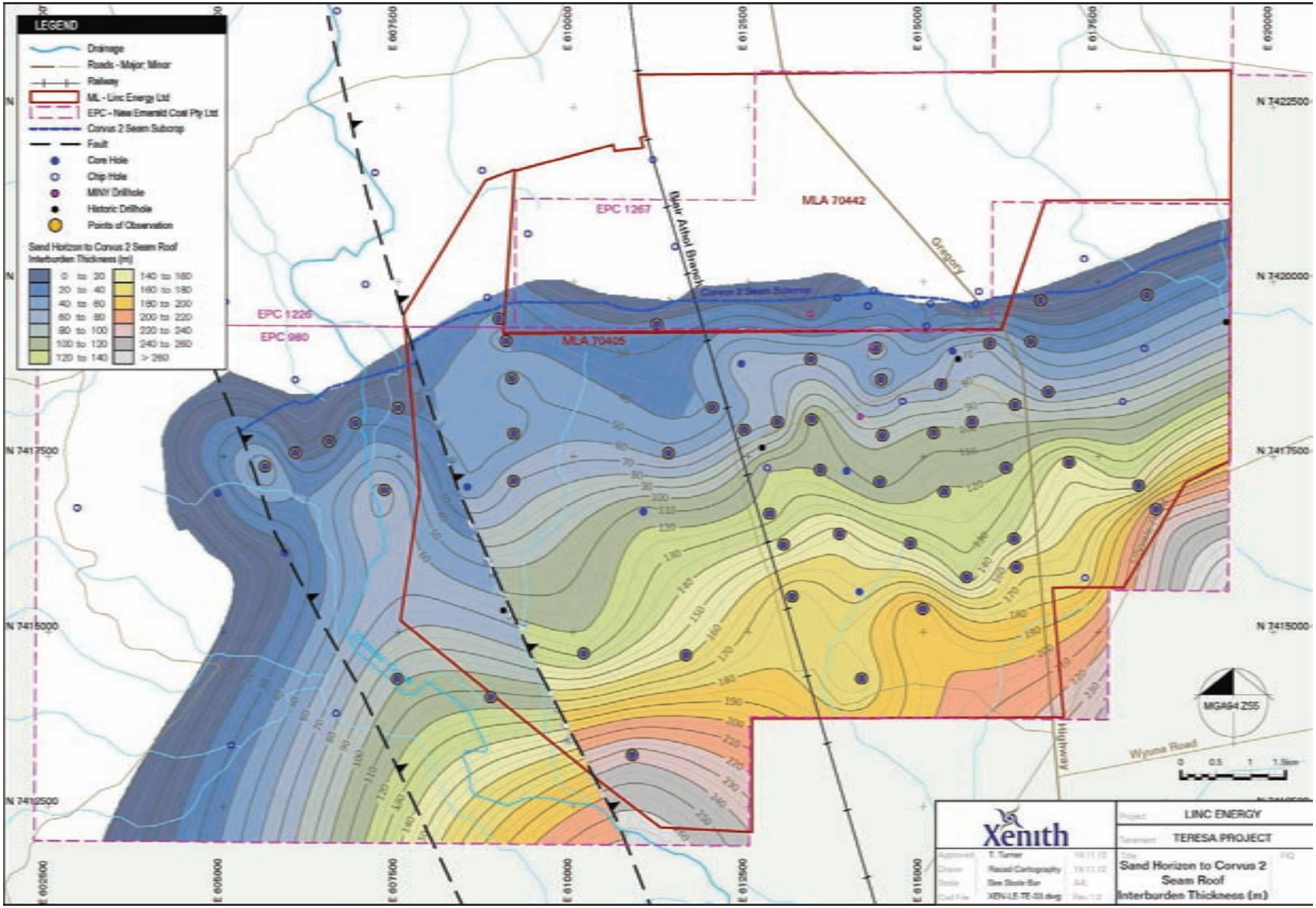
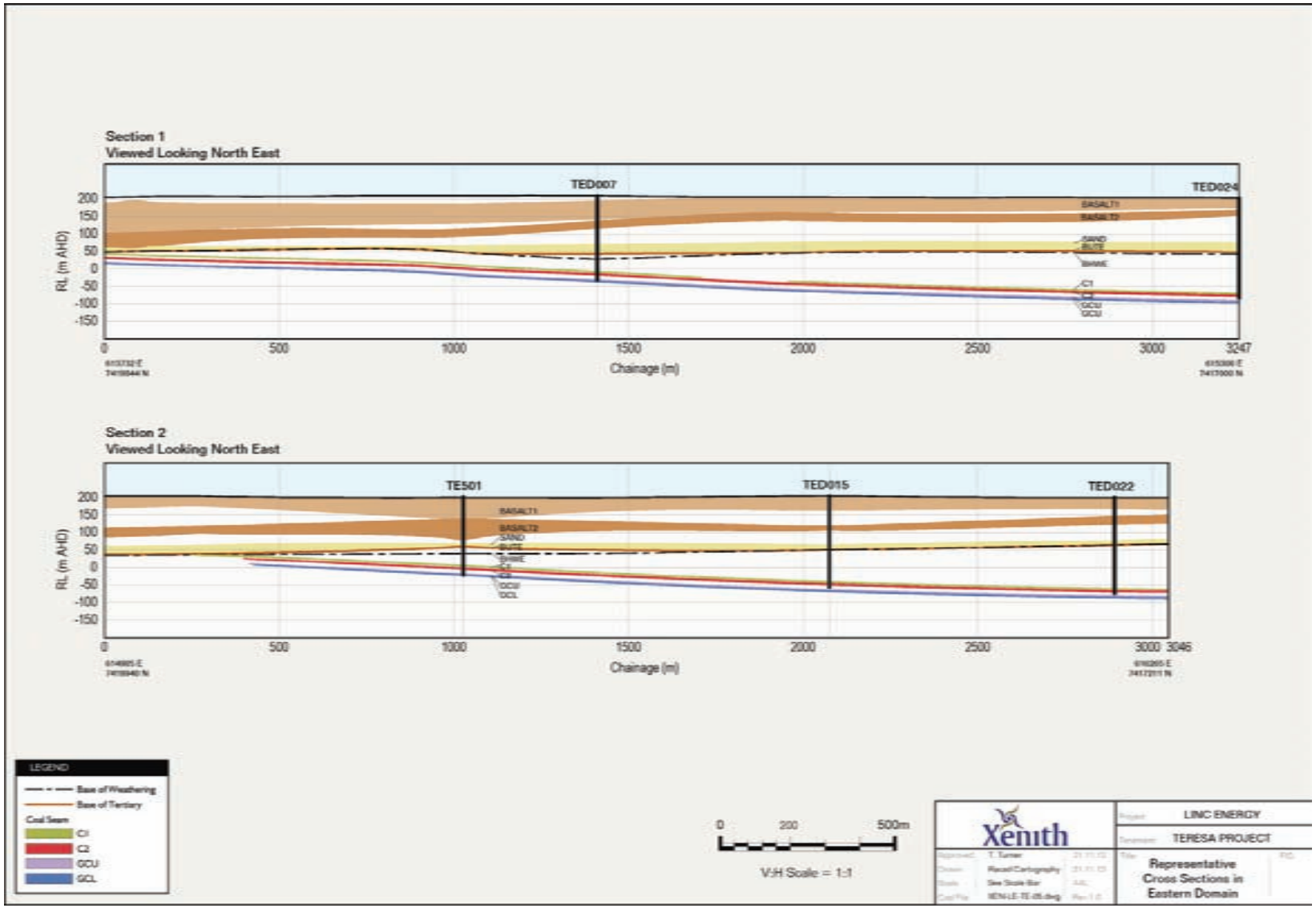


Figure 3.4 – Representative Cross-sections



3.2.3 Coal Seam Geology

The coal seams included in the Teresa geological model, in descending order, are as follows :

- Aquila
- Corvus 1
- Corvus 2
- German Creek Upper
- German Creek Lower

Both the Aquila and Corvus 1 seams are quite thin in nature (ranging from 0.5 m – 0.7 m), however they are found to be consistent and can be correlated quite well between holes.

The geometry of the Corvus 2 seam is the most consistent across the deposit with a thicknesses averaging 2.58 m across the toal resource and is considered the primary target in the Teresa deposit. The Corvus 2 seam typically occurs 5 m to 10 m below the Corvus 1 seam. The Corvus 2 seam has been intersected at depths ranging from 111 m in hole EEC19, to 345 m in hole EEC31.

The German Creek seam occurs as two splits (Upper and Lower) across the deposit, with the German Creek Upper typically occurring from 8 m to 18 m below the base of the Corvus 2 Seam. The German Creek seam splits are separated by a stone band ranging from 1 m to 5 m thick. The German Creek Upper seam averages 1.17 m thick and the German Creek Lower seam averages 0.64 m thick.

4. EXPLORATION DATA AND EVALUATION

4.1 Exploration Drilling

A total of 97 exploration drill holes have been reviewed by Xenith for inclusion into the Teresa project geological model. Of these 97 holes, 59 holes were slim core drill holes and the remaining 38 holes were either core pilot holes or rotary chip holes. Historical data does exist from the previous tenement holder's exploration drilling , and three of these holes are included in the geological model, as well as the four DME GSQ holes. The seven historical holes were used to determine structural features of the deposit, but were not used as points of observation. The core hole spacing is generally <2000 m, with an area in the middle of the deposit at a closer spacing of <1000 m.

All holes were geophysically logged, with Caliper, Gamma, Short Spaced Density, and Long Spaced density. A selection of holes have also been geophysically logged for Sonic and Acoustic Scanner in the 2012 program.

All core holes have been sampled and coal laboratory analysis performed on the samples. Analysis performed on all the samples includes proximate analysis, relative density, total sulphur,specific energy and raw crucible swelling number. Further laboratory analysis programs including basic sizing, fast coke (F1.40 float) and detailed pre-treatment, sizing and washability was undertaken on selected holes only.

4.2 Geological Modeling Parameters

Xenith has created a geological and coal quality model in the Ventyx *"Minescape"* software package. The model is based on all relevant drillholes as discussed previously.

The exploration drillhole data has been audited and correlated by the various geophysical logs to confirm the coal seams in each of the drill holes in the model.

4.2.1 Constraints

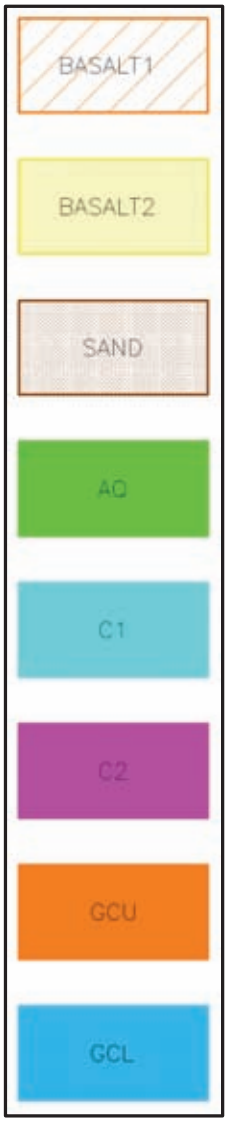
A 1.50 m seam thickness limit has been applied to the model to determine the Corvus 2 seam resource. The Corvus 2 is generally always thicker than 1.50 m, except in the south-east of the deposit around drill holes EEC11 and EEC35. This constraint has been applied in this resource statement due to the depth below ground of the Corvus 2 target seam. The Corvus 2 seam is in excess of current economic open cut mining depths and is therefore considered an underground coal resource at this time.

4.2.2 Stratmodel Schema

The seam and stratigraphic relationships are defined in the Stratmodel schema named “Linc_emer0812”. The Teresa project stratigraphic model contains five coal seams. The schema is set up to allow for the main coal seams to have associated upper and lower splits if splitting occurs.

Figure 4.1 illustrates the relationship between the main seams and the overburden units that have been modelled also.

Figure 4.1 - Model Schema



4.3 Coal Quality Results

4.3.1 Overall Coal Quality

Coal seams were sampled and analysed either on a ply basis or an entire seam basis. In the recent drilling campaigns the majority of holes were sampled on a full seam basis. If the Corvus 2 seam was sampled by plies, the ply samples were then combined to estimate full seam coal qualities. These plies are generally split on a carbonaceous stone band midway within the seam. The upper part of the seam is higher in raw ash, with the bottom part being a brighter, lower ash coal.

All coal quality data has been modelled on an air dried basis. Relative density and tonnages have been converted to an insitu basis, using the Preston Sanders formula. The insitu moisture value used for this conversion was 10.0%.

For the Corvus 2 seam, qualities modeled are –

- Inherent Moisture %
- Raw Coal Ash %,
- Volatile Matter %,
- Relative Density
- Raw CSN
- Total Sulphur %, and
- Specific Energy Mj/Kg

Total sulphur results for the Corvus 2 seam are showing some moderately high areas within the deposit with the average sulphur at 0.78% (adb).

Raw CSN values range from 0.5 to 4.5 (in hole EEC11), which is the hole where the C2 seam has thinned down to 1.30 m.

Average raw coal quality results over the entire resource, at air dried basis (adb) for the Corvus 2 seam are shown in Table 4.1

Table 4.1 - Average Quality of the Corvus 2 Seam

Raw Quality	Units	Value
Moisture	% adb	6.7
Ash	% adb	18.7
Volatile Matter	% adb	31.3
Total Sulphur	% adb	0.78
Specific Energy	Mj/Kg	24.2
CSN		2
Relative Density	t/m^3	1.47
PRD	t/m^3	1.44

PRD – refers to Preston Sanders Relative Density.

4.3.2 Raw Ash Trends

The data shows higher raw ash values in the north-east, trending to lower raw ash values towards the south and west. The interpretation for this trend is because of a thin dirty top ply above a thicker carbonaceous stone band, near the top of the seam in the north. Further to the south, the stone band thins until it is not distinguishable. One core hole in particular - EEC01, shows how this stone band increases the raw ash level. This hole was ply sampled and the overall raw ash for the entire seam is 24.8 % adb - if the top high ash coal and stone band plies are removed, the raw ash for the new selective seam is theoretically reduced to 16.0 % adb. Core hole TED019, which is located south and west of EEC01, does not have the stone band and the overall raw ash for the entire seam is 14.4 % adb.

4.3.3 Gas Sampling Results

In the latest drilling phase, five core holes were selected for gas desorption testing. Approximately 0.50 m to 1.0 m of the Corvus 2 seam was selected and removed from the core and into canisters, and sent to GeoGas laboratories for testing. At the conclusion of the desorption tests, the 0.50 m to 1.0 m cores were sent to Bureau Veritas International for the complete suite of coal quality testing. These samples were then combined with the rest of the original core and reported as a complete seam analysis.

The gas samples results from the five holes are very low within the range of 0.50 – 1.24 m^3/t, and the gas composition results show the gas to be approximately 80 % methane. The very low gas results will assist mine development and gas management during production.

5. RESOURCE CLASSIFICATION

5.1 General

Coal Resource Estimates have been made in accordance with "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2004 Edition" (the Code) and the associated 2003 edition of "Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" (the Guidelines)*.

The following definitions relating to the classification of Mineral Resources is provided for information:

- An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops,trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

- An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

- A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing Information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

The term 'Mineral' is equivalent to coal when considering coal resources.

5.2 Methodology

5.2.1 Points of Observation

Drill holes which were classified as valid points of observation (PoB) for determining resource status can be summarised as follows:

1. The entire seam was cored.

2. Core recovery as volumetric calculation for the particular ply was greater than 95%, unless the sample could be confirmed representative of the seam/ply by other methods including photo and geophysical log review.

3. The holes were geophysically logged, and

4. Raw proximate analysis and relative density results were available.

Three core holes had a less than 95% core recovery rate, all three were included in the model as PoB, due to the review of supporting data that proved no bias to the coal quality results of the complete seam.

5.3 Resource Boundary

Based on the observed complexity of the local geology and the variability of the stratigraphic and coal quality data, a set of maximum borehole distances were set for each of the resource categories. A resource polygon was drawn around the observation points based on the Guidelines, and then resources were calculated from the geological model.
It was established that the fault flanking the western perimeter of the exploration area was a limiting factor to the shape of the resource area.

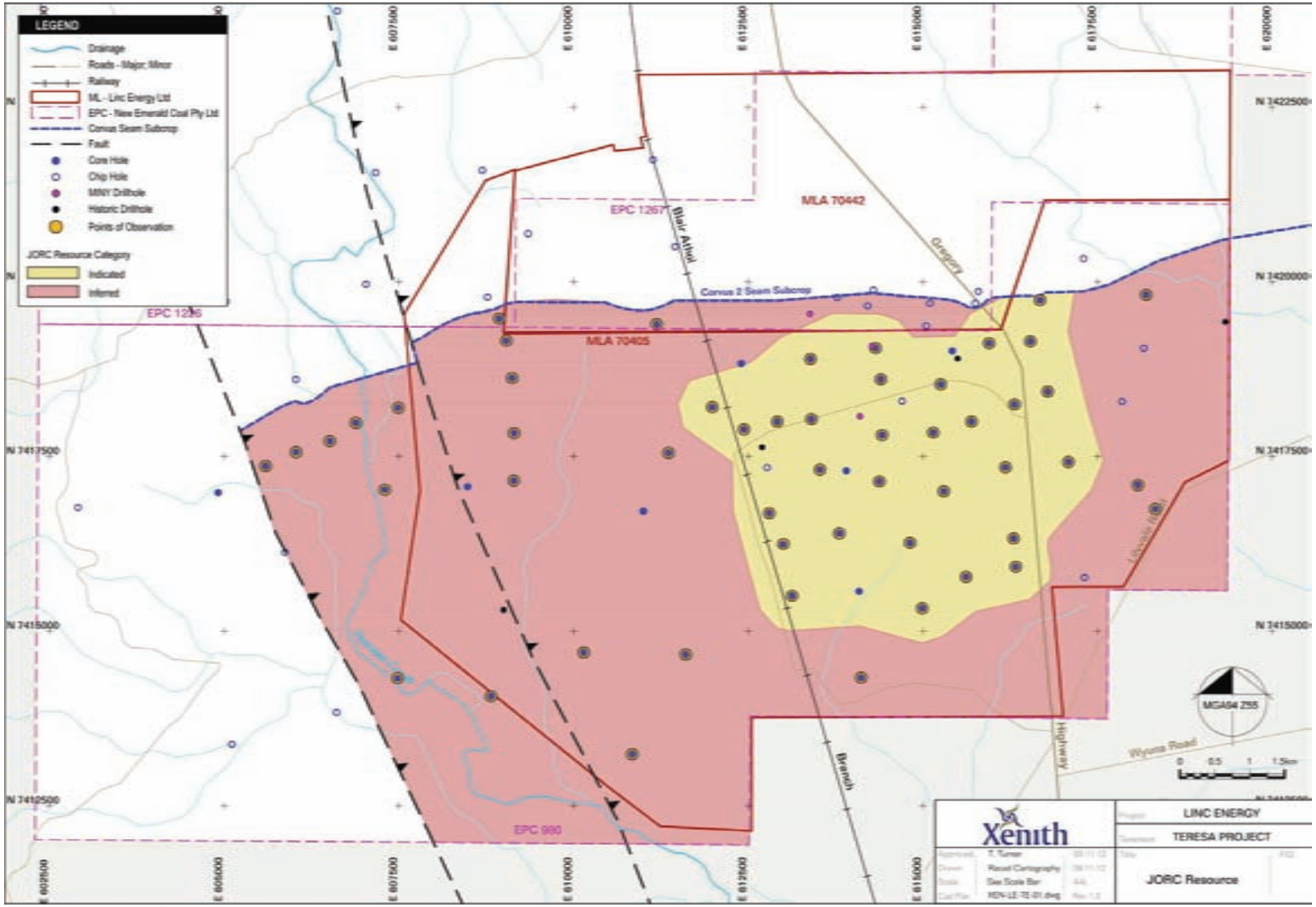
The coal resources qualified for indicated status where points of observation were no more than 1000 m apart, and there was 3 points overlapping each other.

The coal resources qualified for inferred status where points of observation were no more than 4000 m apart. Inferred resources were extrapolated a maximum of 2000 m beyond a point of observation.

The majority of the exploration drilling completed in 2012, was concentrated on the eastern domain. The Indicated resource boundary is predominantly within this eastern domain of the project.

The Corvus 2 seam resource areas are shown in Figure 5.1.

Figure 5.1 - Corvus 2 Seam Resource Areas



MINY Drillhole refers to historical exploration on the tenenent.

6. RESOURCE ESTIMATION

The Teresa deposit is estimated to contain a coal resource of 302 Mt. This resource is found within the Indicated and Inferred JORC categories.

A total of 82 Mt is in the indicated category, and the remaining 220 Mt is in the inferred category.

A summary of the coal resource is shown in Table 6.1.

Table 6.1 - Resource Estimate Summary

SEAM	Av. Coal Thickness (m)	Coal Volume Cu.m ($x10^6$)	Coal Area (Ha)	Coal Mass Tonnes ($x10^6$)	RD	PRD
C2 Seam						
Measured	-	-	-	-	-	-
Indicated	2.66	57	2,139	82	1.48	1.45
Inferred	2.43	153	6,192	220	1.46	1.43
Sub Total		210	8,331	302		
Summaries						
TOTAL MEASURED		-		-		
TOTAL INDICATED		57		82		
TOTAL INFERRED		153		220		
TOTAL		210		302		

Note – Rounding to significant figures as required.

7. RECOMMENDATIONS FOR FUTURE WORK

Further exploration should be considered from a geological persective as the project develops, with greater confidence deemed important in the following areas -

- Further conversion of inferred resource to indicated resource in the western domain of the project.

- Structural features have been interpreted to exist in the western part of the tenement, across an area 2-3 km wide. In addition, the present geological model indicates a slight change in the dip angle of the Rangal Coal Measures in this area. It is interpreted that this dip change may be associated to tectonic compression from the west generating faults across the depressed fault block.
  Since this structural framework may have an impact on the western area geology, it is recommended that further drilling is considered in the western tenement area.

- It is recommended that a potential seismic survey project is considered in order to obtain a better understanding of these structures (limitations on the seismic providing reasonable results given the thick tertiary cover needs to be reviewed with seismic survey providers).

- Variations in the thickness of the Corvus 2 seam in the south-east and eastern most areas of the tenement.

- The higher ash band in the upper part of the seam – further detailed ply sampling in the northern area, will allow a decision to be made on the mining height in these areas to potentially stay under this band during the mining process.

- Corvus 2 seam subcrop zone delineation, particulary in areas near the bottom of the drift.

- The separation distance between the base of tertiary and the target seam, with potential long wall mining interaction with the sand layer that could be a potential aquifer.

- Coal quality testing specific to the potential mining methods and coal product types that are being considered – no large diameter cores have yet been completed, which would be essential to provide technical data if

a wash plant process is required to wash the mined coal instead of a raw coal option.

8. JORC STATEMENT

The information in this report relating to coal resources is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*."

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Troy Turner

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Appendix A. CORVUS 2 SEAM ADDITIONAL CONTOUR PLANS

Figure 8.1 - Corvus 2 Seam Thickness

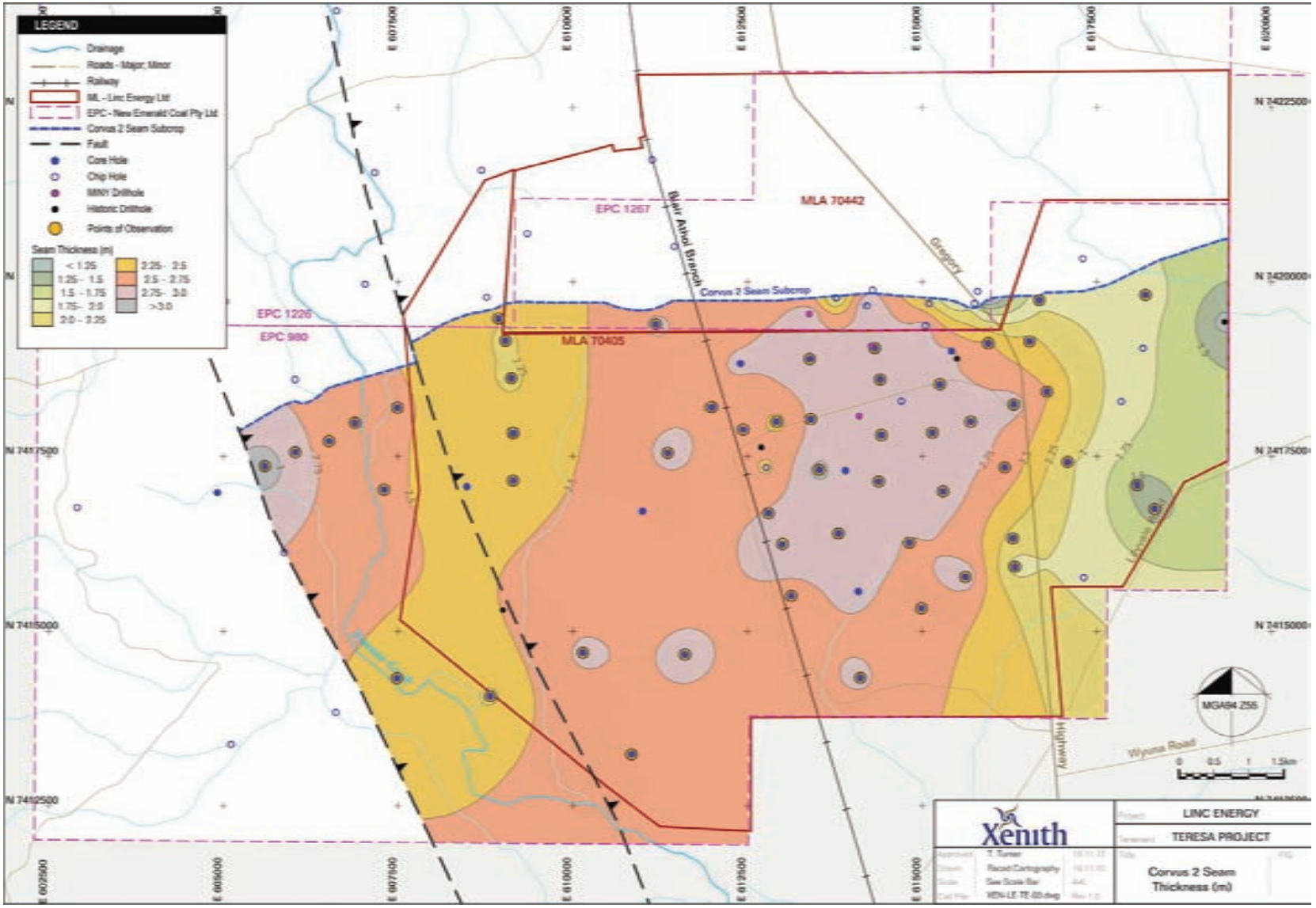


Figure 8.2 - Corvus 2 Seam Structure Roof

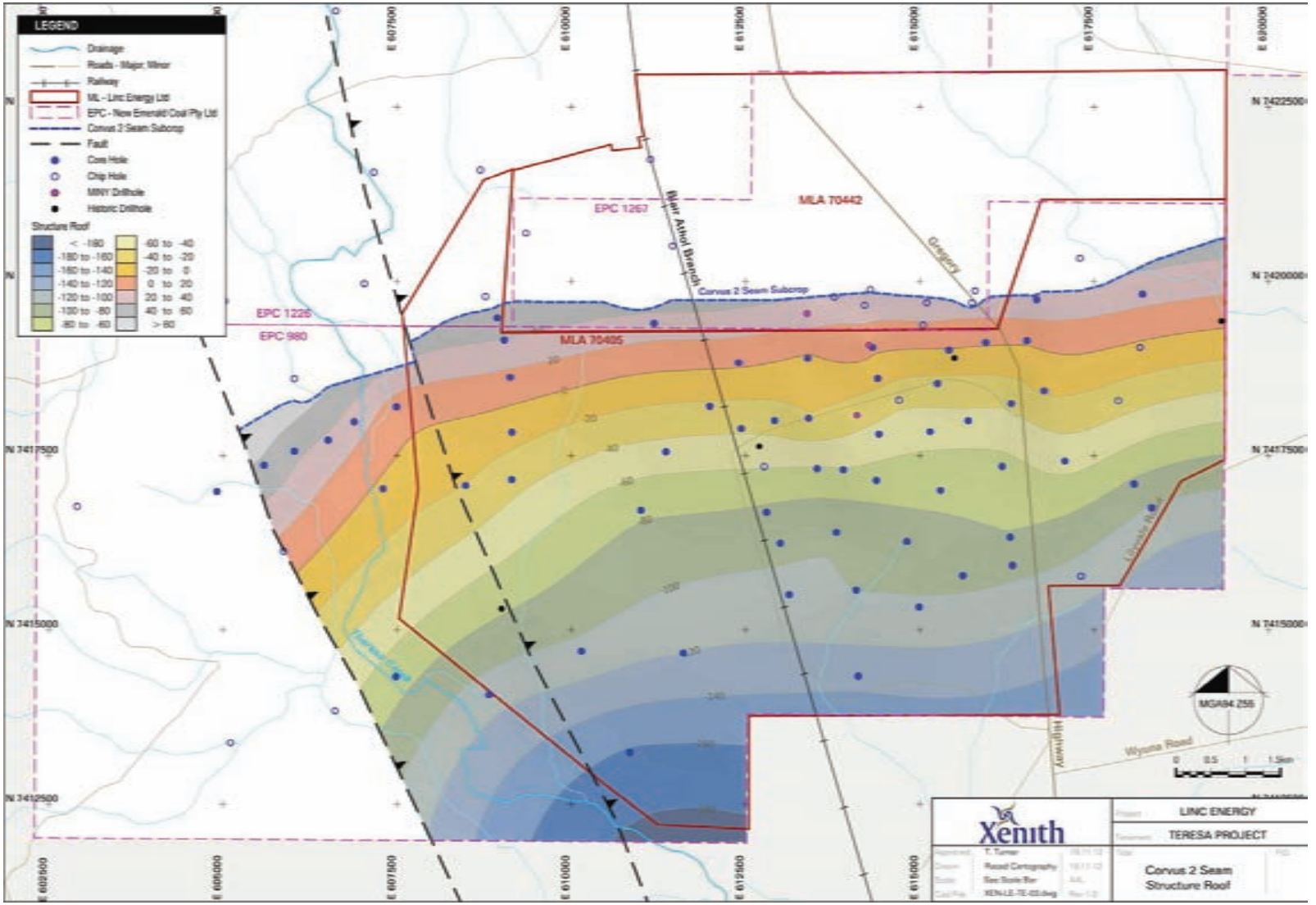


Figure 8.3 - Corvus 2 Seam Overburden Thickness

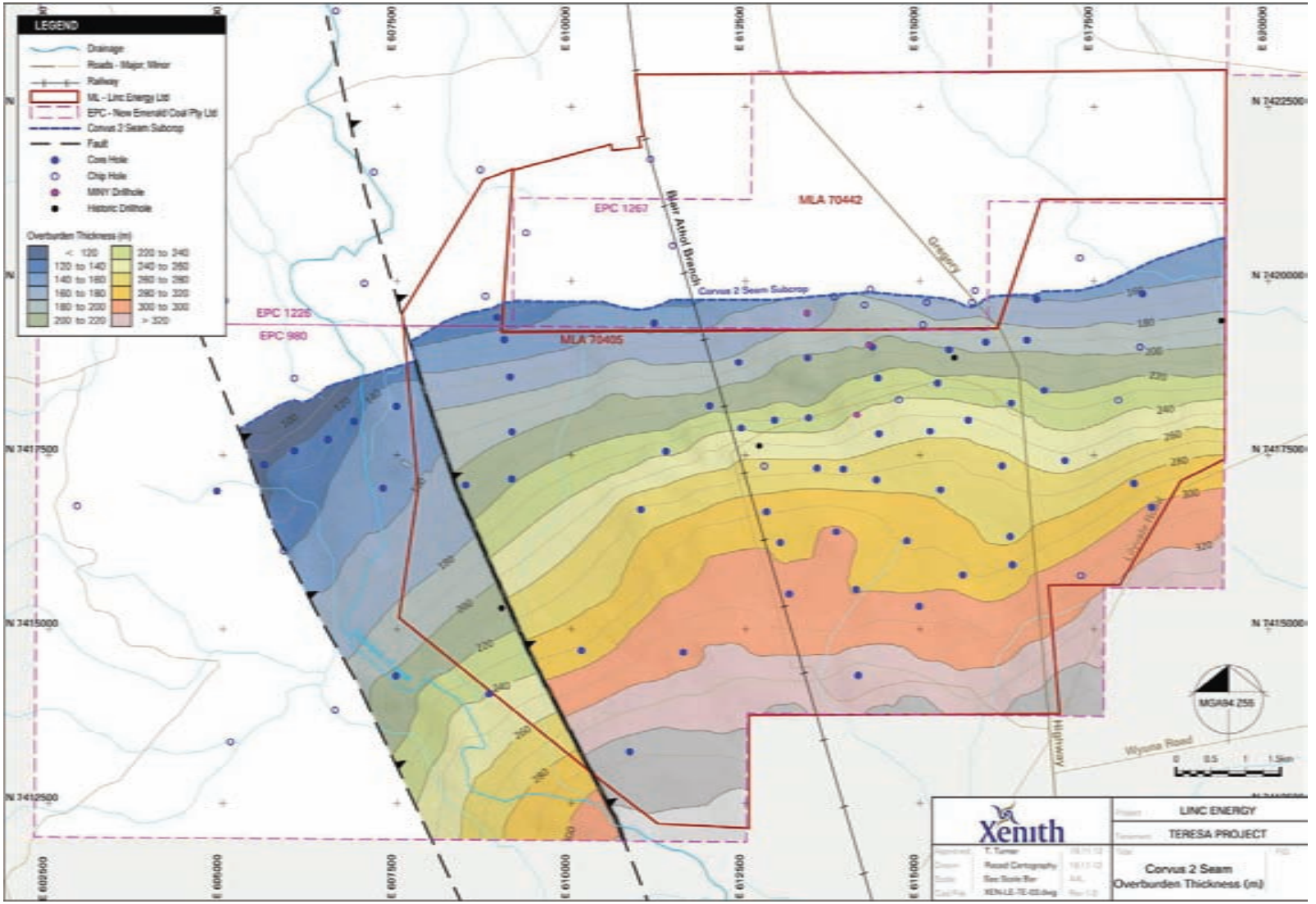


Figure 8.4 - Corvus 2 Seam Raw CSN

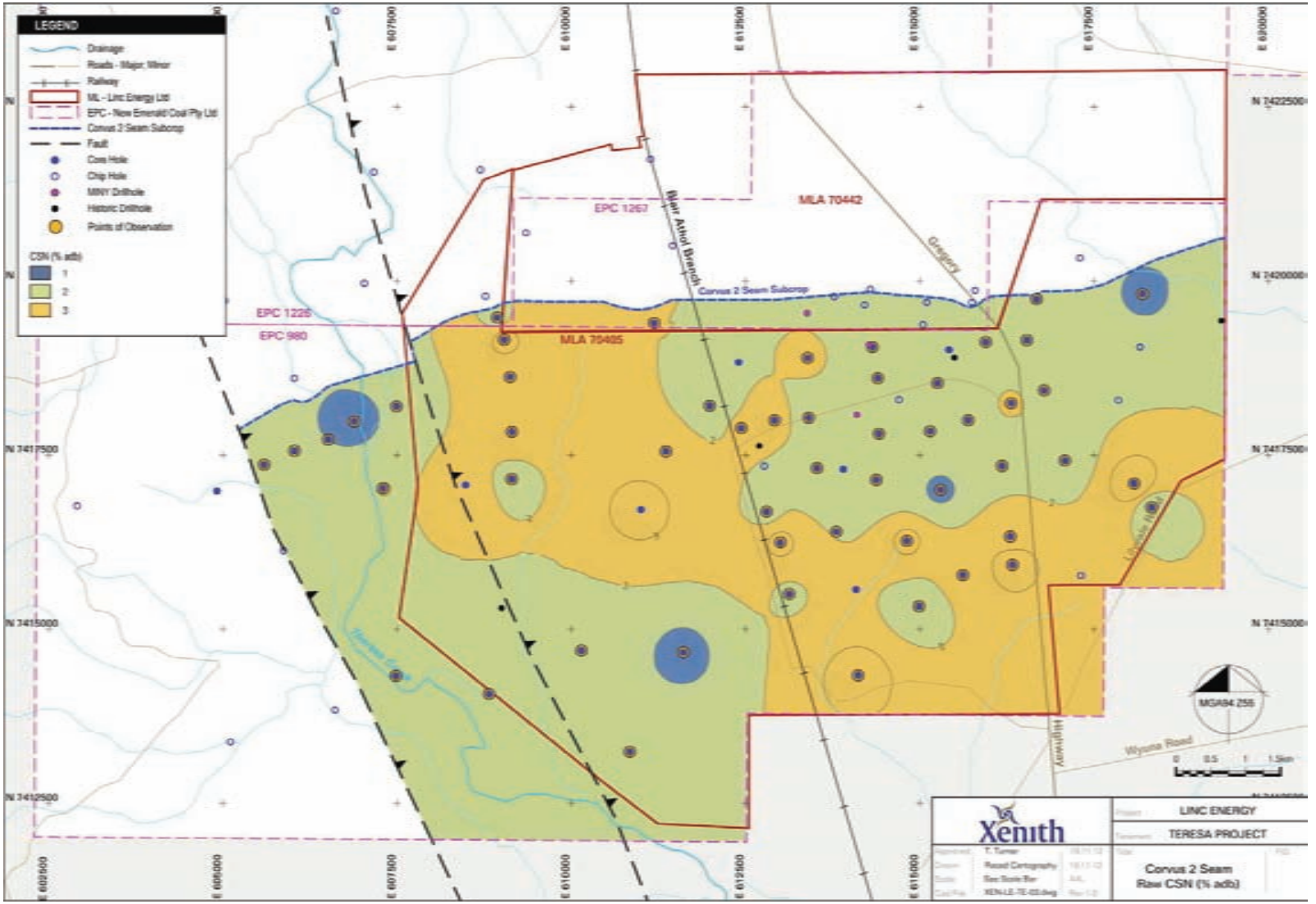


Figure 8.5 - Corvus 2 Seam Raw Ash

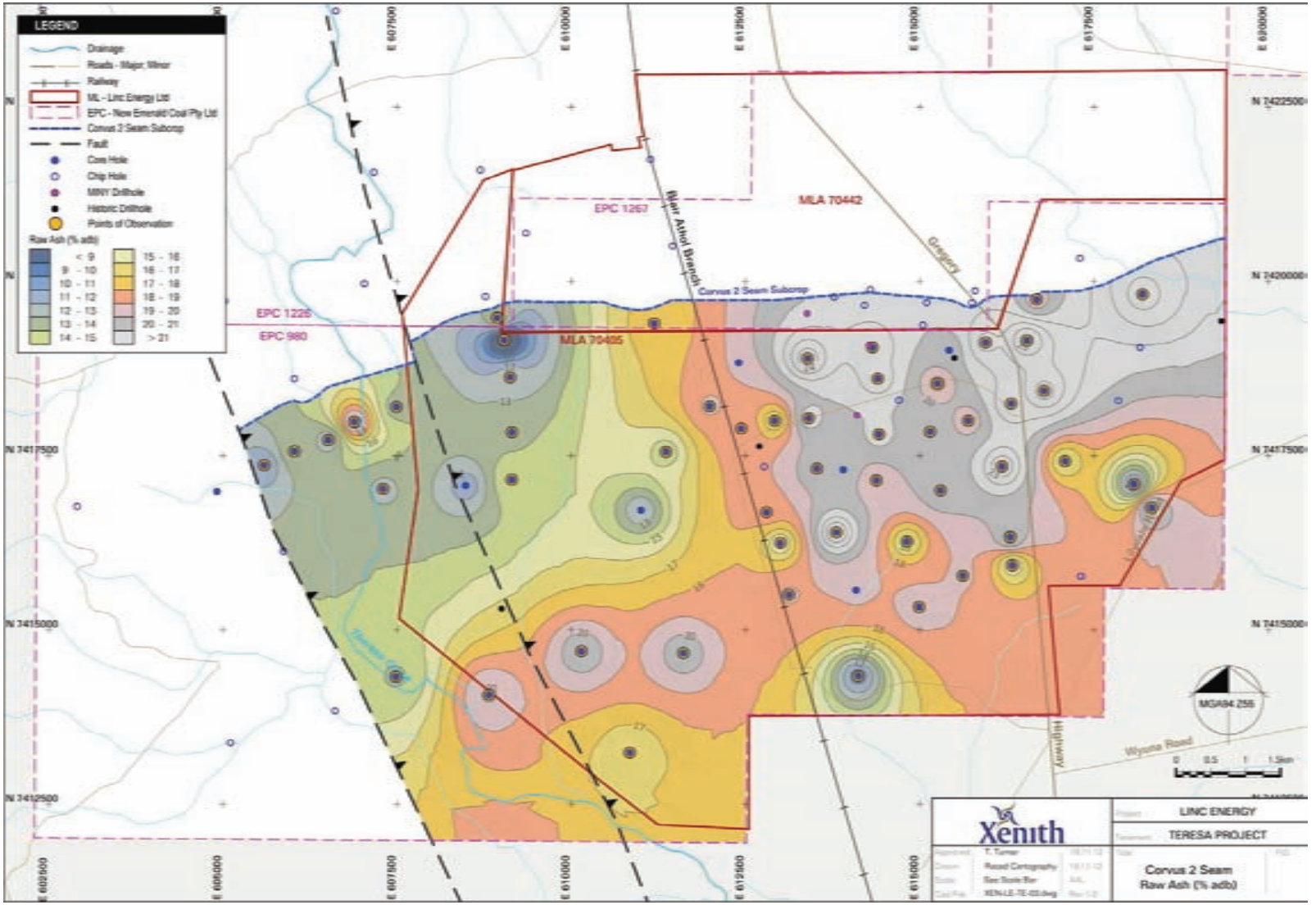


Figure 8.6 - Corvus 2 Seam Specific Energy

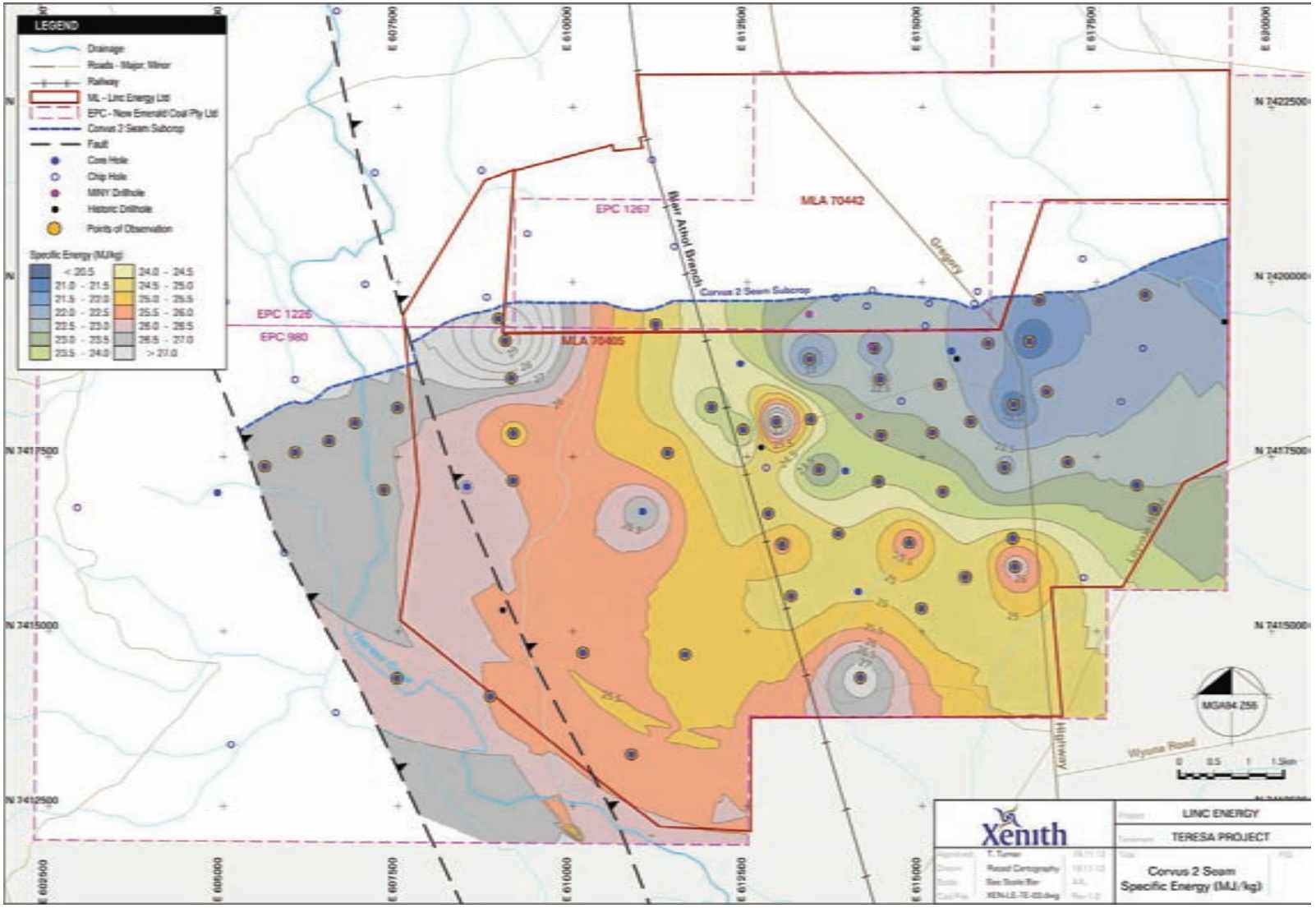


Figure 8.7 - Corvus 2 Seam Raw Total Sulphur

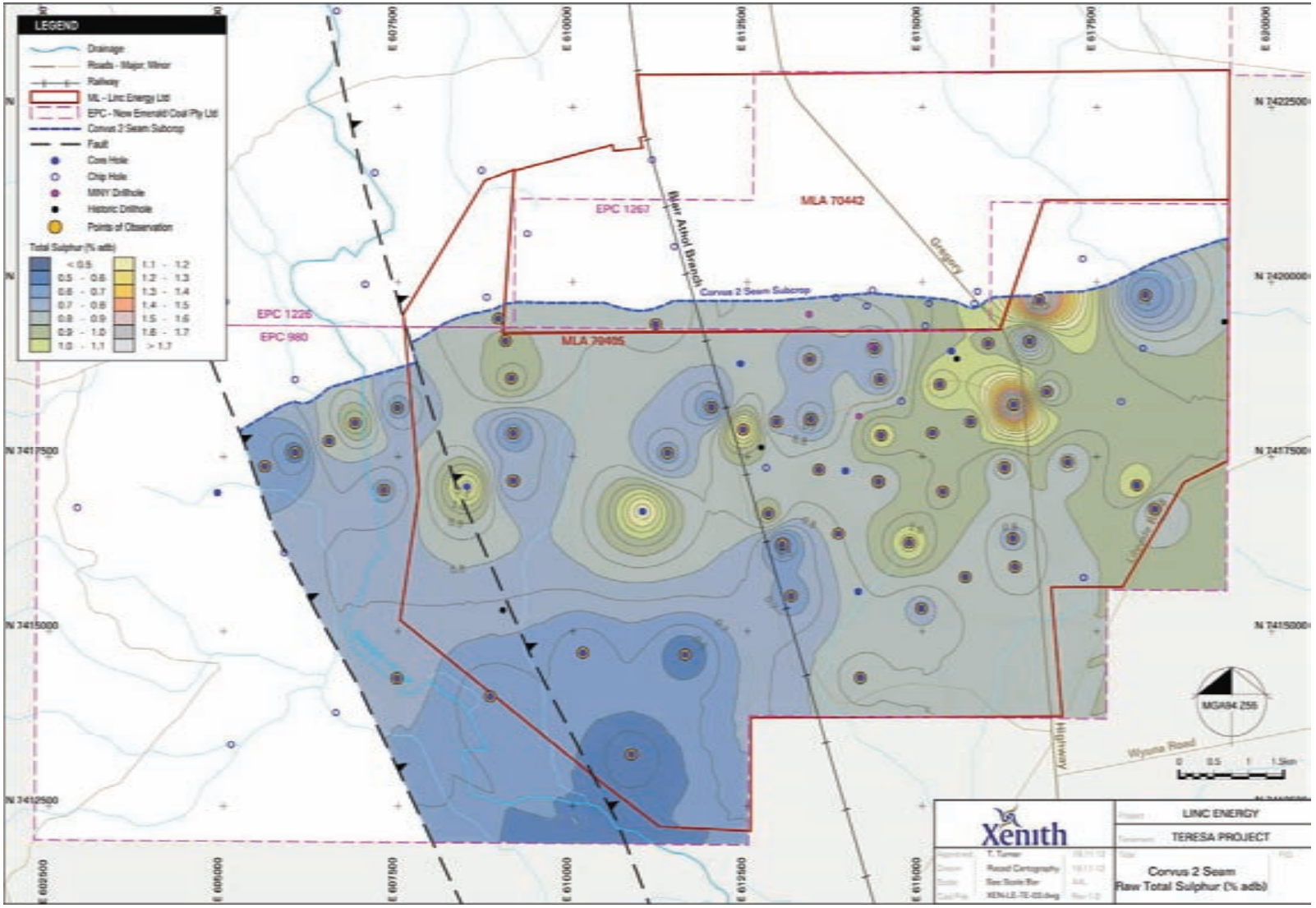


Figure 8.8 - Teresa Project Depth to Base of Weathering

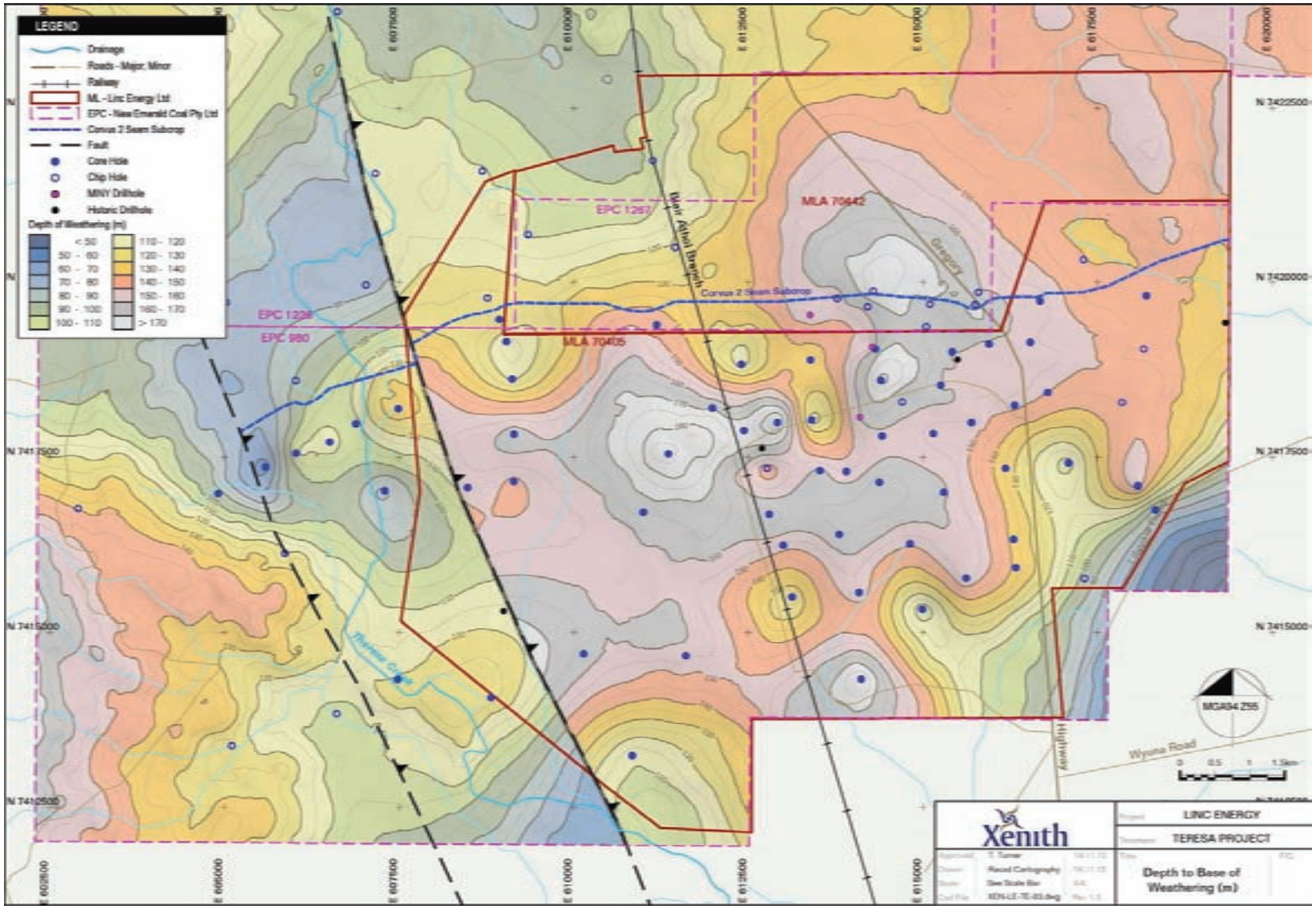
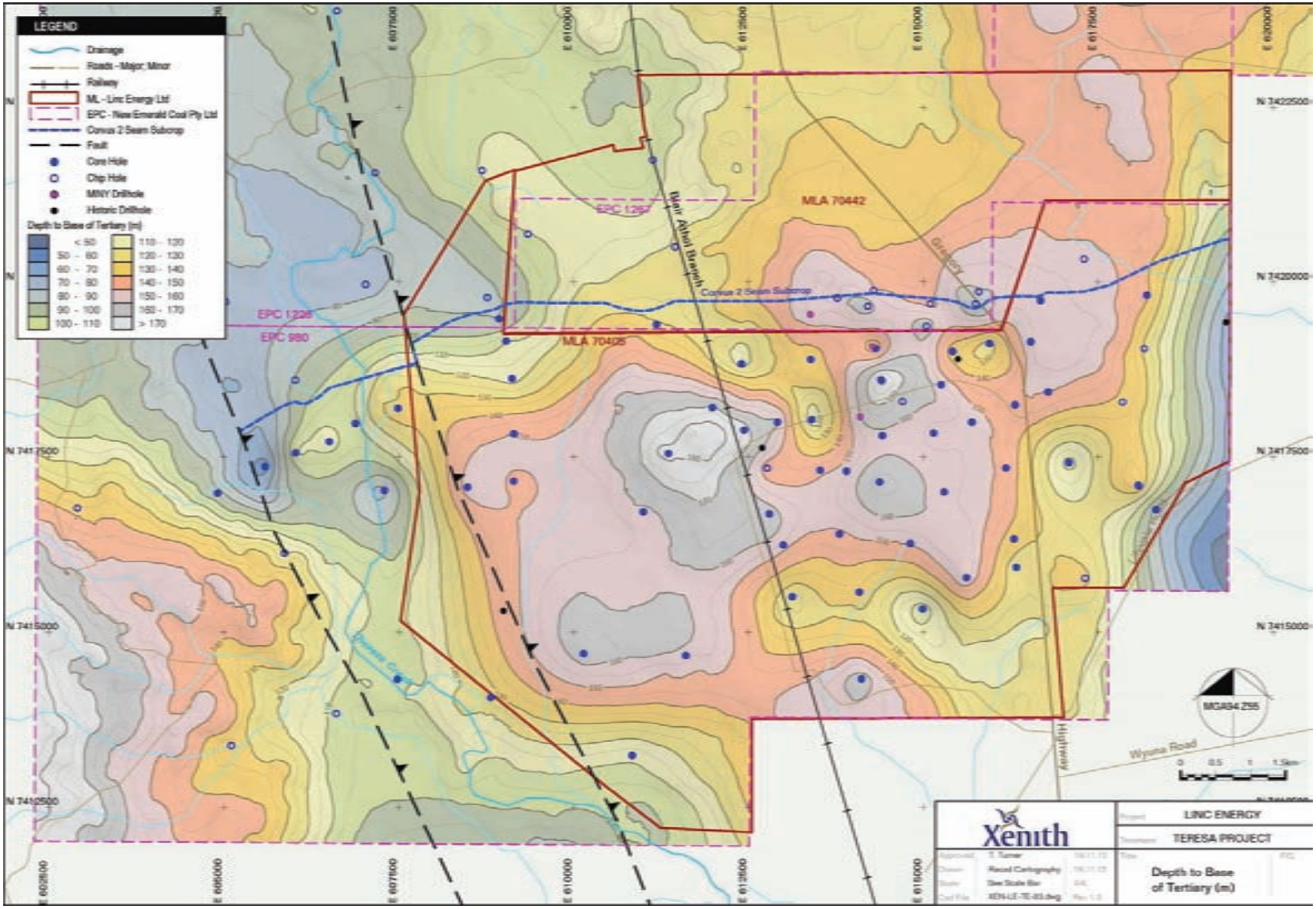
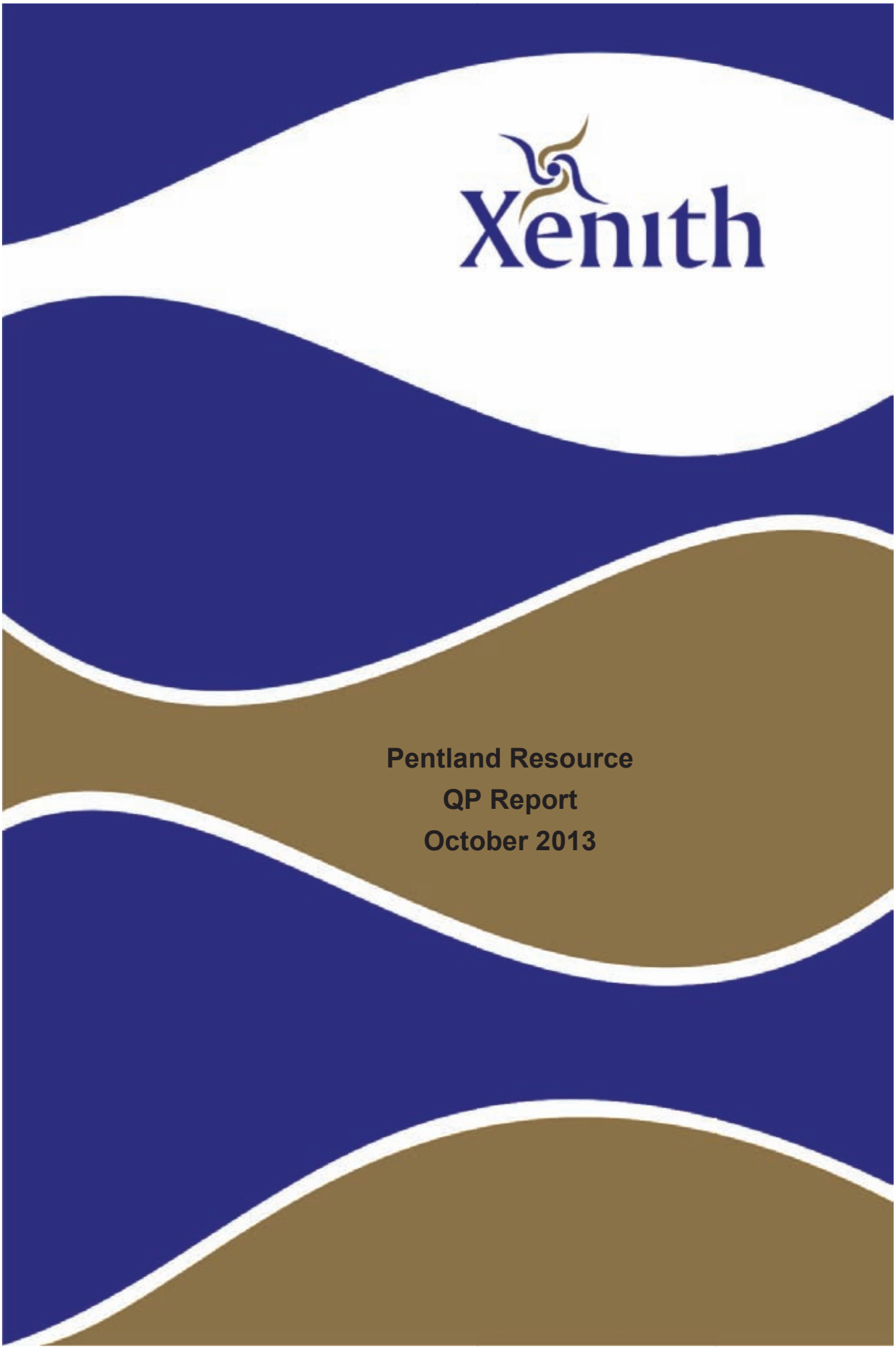


Figure 8.9 - Teresa Project Depth to Base of Tertiary





Pentland Resource
QP Report
October 2013

Table of Contents

1.0 Executive Summary

Xenith Consulting Pty Ltd ("Xenith") has prepared this Independent Qualified Persons' Report ("QPR) on behalf of Linc Energy ("Linc") in partial fulfilment of the requirements of Linc's intended listing on the Singapore Exchange ("SGX").

New Emerald Coal Pty Ltd ("NEC") is a wholly owned subsidiary of Linc. NEC is a mineral exploration, development, and production company that will operate in the state of Queensland, Australia.

This QPR has been compiled in accordance with the relevant SGX Mainboard Rules and requirements, in particular *Practice Note 6.3 Disclosure Requirements for Mineral, Oil and Gas Companies*[1].

This QPR describes the Pentland Project tenements and tenement applications, inclusive of relevant Coal Resource Statements.

2.0 Introduction

2.1 Full name, and if applicable, the partner/director in charge of the report; professional qualifications, years of relevant experience, Professional Society Affiliations and Membership (including details of a recognised professional association) of the qualified person and the address of the qualified person's firm/company

This QPR has been prepared by Mr Troy Turner, Manager Resource Development of Xenith Consulting Pty Ltd. Troy holds a Bachelor of Applied Science (Geology) degree from the University of Southern Queensland, and is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM). Troy has worked in various planning, operational and consulting roles in the coal industry for 18 years and as such qualifies as a Competent Person under the JORC Code.
Xenith is a professional geological and engineering consultancy that provides specialist services to the resources industry with its main office located at Level 6, 40 Creek St Brisbane, Qld. Xenith has been operating since 2005 and employs a work force of approximately 50 professional and support staff.
Refer to Section 2 JORC Statements of *Pentland Project, Resource Statement Executive Summary, August 2013.*

2.2 Statement of independence by the qualified person, if the report is prepared by an independent qualified person who meets the requirements in Rule 210(9)(b)

Refer to Section 2 JORC Statements of *Pentland Project, Resource Statement Executive Summary, August 2013.*

2.3 Aim of the report

NEC requested that Xenith prepare an independent Qualified Persons Report (QPR) incorporating an independent Coal Resource Estimate reported in accordance with the JORC code for their Pentland area coal deposit known as 'Pentland' in Queensland as at August 2013.

2.4 Scope of the report

This QPR, which forms part of the documentation required to list on the SGX Mainboard, has been completed in compliance with the requirements for 'Mineral, Oil and Gas Companies' as stipulated in Practice Note 6.3 in terms of Rule 624 of Chapter 6 of the SGX Mainboard Rules.

2.5 Statement of the use of the report

Xenith understands that this independent QPR is to be included as part of a prospectus to be issued by Linc as part of a listing on the mainboard of the Singapore Exchange.

2.6 Basis of the report - including data sources, data validation and reliance on other experts

Refer to Section 1 Executive Summary of *Pentland Project, Resource Statement Executive Summary, August 2013.*

[1] http://rulebook.sgx.com/

No reliance on other experts were required to publish the *Pentland Project, Resource Statement Executive Summary, August 2013.*

2.7 Standard Used

Refer to Section 2 JORC Statements of *Pentland Project, Resource Statement Executive Summary, August 2013.*

2.8 Whether a site visit has been undertaken (if so, when the site visit was undertaken and by whom and if a site visit has not been undertaken a satisfactory reason as to why not)

No site visit has been undertaken. The initial resource estimate work was completed in 2008. No further exploration work has been carried out on the project since this time.

3.0 Property Description, size, location, access, natural and cultural environment

3.1 Listing applicant's/issuer's assets and liabilities

The properties detailed in this QPR consist of two (2) coal tenements located within the state of Queensland, Australia. The coal tenements and tenement applications have been issued by the Queensland Government's Departments of Natural Resources and Mines. The tenements are summarised in Table 3.1 and are illustrated in Figure 1.2 – Galilee Basin Location in the *Independent Geological Appraisal, Pentland Project, August 2013.*

Asset Name / Country / Lease	Type Of Mineral	Status	Sub-status	Issuer's Interest	Lease Expiry Date	Development Status
Pentland Project / Australia / EPC 526	Coal	Granted	-	100	26-Apr-14	Exploration with Resources Estimated
Pentland Project / Australia / MDL 361	Coal	Granted	-	100	31-Jan-17	Exploration with Resources Estimated

Table 3.1: Summary of Tenure – Current Leases and Applications (Tenement validity confirmed by NEC)

3.2 Nature and extent of listing applicant's/issuer's rights of exploration or extraction

Refer to Table 3.1 above.

Refer to Table 1.2 – Location and Tenure Details in the *Independent Geological Appraisal, Pentland Project, August 2013.*

3.3 Description of the economic conditions for the working of the licenses, concessions or similar, with details of the duration & other principal terms & conditions of the concessions including fiscal conditions, environmental & rehabilitation requirements, abandonment costs and any necessary licenses & consents including planning permission[2]

The DNRM administers the right to explore for minerals in the state of Queensland, Australia. There are three (3) types of mineral tenure relevant to coal in Queensland, Australia.

The mineral tenure types are:

- Exploration Permit for Coal (EPC);
- Mineral Development Licence (MDL); and
- Mining Lease (ML).

[2] DNRM website (www.mines.industry.qld.gov.au)

3.3.1 Exploration Permit for Coal

Under Queensland mineral legislation, an EPC:

- Allows the holder to take action to determine the existence, quality and quantity of minerals on, in or under land by methods which include prospecting, geophysical surveys, drilling, and sampling and testing of materials to determine mineral bearing capacity or properties of mineralisation;
- May eventually lead to an application for a mineral development licence or mining lease;
- Can be granted for a period of up to five years; and
- Can be renewed.

3.3.2 Mineral Development Licence

Under Queensland mineral legislation, an MDL:

- Allows the holder to undertake geo-scientific programs (e.g. drilling, seismic surveys), mining feasibility studies, metallurgical testing and marketing, environmental engineering and design studies to evaluate the development potential of the defined resource;
- Can be granted to the holder of an exploration permit for a period of up to five years where there is a significant mineral occurrence of possible economic potential; and
- Can be renewed.

3.3.3 Mining Lease

Under Queensland mineral legislation, an ML is granted for mining operation and:

- Entitles the holder to machine-mine specified minerals and carry out activities associated with mining or promoting the activity of mining;
- Is not restricted to a maximum term - this is determined in accordance with the amount of reserves identified and the projected mine life; and
- Can be granted for those minerals specified in either the prospecting permit, exploration permit or mineral development licence held prior to the grant of the lease.

4.0 History of the property, including exploration history and any production history

Refer to Section 1.7 Historical Exploration in the *Independent Geological Appraisal, Pentland Project, August 2013.*

5.0 Geological and geophysical setting, type and characteristics of the deposit/accumulation

Refer to Section 1.4 Geological Setting in the *Independent Geological Appraisal, Pentland Project, August 2013.*

6.0 Exploration data including drilling and sampling, sampling and analysis methods, sample preparation and security, quality assurance and quality control on the sample analyses

Refer to Section 1 Executive Summary of *Pentland Project, Resource Statement Executive Summary, August 2013.*

Refer to Section 1.9 Coal Quality in the *Independent Geological Appraisal, Pentland Project, August 2013.*

7.0 Mineral processing and metallurgical testing

The Resource Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 9 of SGX Rulebook is not applicable.

8.0 Resource and reserve estimates and exploration results, as applicable, in accordance with the relevant Standard, including a summary of reserves and resources in the form of Appendix 7.5

Category	Mineral Type	Gross Attribute to Licence		Net Attribute to Issuer			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from Previous Update (%)	
Resources*							
Measured	Coal						
Indicated	Coal	176	Thermal	176	Thermal	N/A	
Inferred	Coal	90	Thermal	90	Thermal	N/A	
Total	Coal	266	Thermal	266	Thermal	N/A	
***Coal Reserves are a modified sub-set of the Measured and Indicated Coal Resources**							

Table 8.0 – Coal Resources Summary

Refer to Table 1.3 Pentland Project Resource Estimate Summary of *Pentland Project, Resource Statement Executive Summary, August 2013.*

9.0 Planned extraction method, processing method, capital costs, operating costs, considerations including social, environmental, health and safety factors that may affect exploration and/or exploitation activities; and production schedule

The Resource Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 9 of SGX Rulebook is not applicable.

10.0 Financial analysis of the operations, taxes, liabilities and marketing

The Resource Statement provides a resource estimate only in accordance with the JORC Code 2004, therefore Section 10 of SGX Rulebook is not applicable.

11.0 Interpretation and conclusions

Refer to Section 1 Executive Summary of *Pentland Project, Resource Statement Executive Summary, August 2013.*

Refer to Section 1.10 Coal Quality Potential in the *Independent Geological Appraisal, Pentland Project, August 2013.*

12.0 Recommendations

Not applicable.

13.0 References

Not applicable.

14.0 Date and signature page

Signed by Qualified Person

Troy Turner BAppSc (Geol), MAusIMM

Signed by Managing Director

Ken Hill

Date : 3rd October 2013

Refer to Section 2 JORC Statements of *Pentland Project, Resource Statement Executive Summary, August 2013.*

15.0 Illustrations of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram

Refer to list of figures in the Table of Contents of *Pentland Project, Resource Statement Executive Summary, August 2013.*

Refer to list of figures in the Table of Contents of *Independent Geological Appraisal, Pentland Project, August 2013.*

16.0 Appendices and glossary of terms used

Not applicable.