

QUARTERLY REPORT

December 2016 Quarterly Report



SUMMARY

- Coal production targeted to start towards end of second quarter of calendar year 2017
- Banana Creek Bridge 95% completed and due for completion early February 2017
- Goldings Contracting work ongoing with Dawson Highway Overpass.
- 13.5km unsealed road section due to commence January 2017
- New resource and reserve estimates for Baralaba North area released
- Plan of Operations / Financial Assurance decision received from the State of Queensland
- Brett Garland appointed Chief Executive Officer January 2017
- Reinstatement of shares to quotation on the ASX
- Name change to Baralaba Coal Company Limited
- 500:1 share consolidation

CORPORATE STRATEGY

The Company continues the process to restart the Baralaba North mine including the associated infrastructure works.

Production plan

Resumption of coal production is targeted in the second quarter of calendar year 2017 with estimated production for the year of 600k – 800k tonnes of saleable product.

In calendar year 2018, production of 2.0Mtpa – 2.2Mtpa is targeted. This target is within previously reported Marketable Reserves of 31Mt which has been updated to 33Mt as per the Reserves and Resources section below. The Marketable Reserves and other material assumptions on which this target is based are contained within the John T. Boyd Report – “Coal Reserve Report - Baralaba North Coal Deposit Report No. 5153.005 December 2016”.

DEVELOPMENT UPDATE

The Company continued with infrastructure works associated with restarting the Baralaba North mine. A total of \$1.5 million was spent on development during the December 2016 quarter.

Banana Creek Bridge Replacement

Construction commenced on a new bridge over Banana Creek on 2 September 2016. Construction of this bridge is one of three major works packages associated with haul route upgrades required to be completed to allow an increase production above 1 million tonnes per annum of coal. Construction works on Banana Creek Bridge are now approximately 95% complete and it is estimated that practical completion of the new bridge will occur in early February 2017.



Dawson Highway Overpass and Train Load Out (TLO) Private Access

The Dawson Highway realignment and TLO access road work has been awarded to Golding Contractors and Golding commenced work on 15 November 2016. Practical completion of the work is expected in June 2017.

When complete, the Dawson Highway realignment will have cars driving between Moura and Banana travel over a raised section of the highway to allow mining vehicles coming from Baralaba Mine to access the TLO by travelling directly underneath the Dawson Highway.



Haul Route Road Upgrades

Works relating to sealing, widening and upgrading certain parts of the haul route road are due to commence in January 2017 with Goldings being awarded the 13.5km unsealed section. It is estimated that this work will be completed by June 2017 ahead of the restart of mining operations.

RESERVES AND RESOURCES

New resource and reserve estimates for the Baralaba North area have been finalised and were released on the ASX on 22 December 2016. The relevant reports, both issued by John T. Boyd Company, are:

- “Coal Resource Report - Baralaba North Coal Deposit Report No. 5153.004 November 2016”
- “Coal Reserve Report - Baralaba North Coal Deposit Report No. 5153.005 December 2016”

The following tables summarise the Baralaba North JORC estimates as shown in the previous estimates and the new estimates by comparison.

Source	Project	Marketable Coal Reserves			ROM Coal Reserves		
		Proved (Mt)	Probable (Mt)	Total (Mt)	Proved (Mt)	Probable (Mt)	Total (Mt)
Previous Estimates	Baralaba North	16.4	14.4	31	17.7	16.0	34
New Estimates	Baralaba North	17.0	16.3	33*	18.7	18.4	37
Change		+0.6	+1.9	+2	+1.0	+2.4	+3

*Marketable Coal Reserves yield compared to ROM Coal Reserves is based on estimated coal processing losses (including CHPP plant yield, where applicable) and moisture changes between ROM and Product Coal (“Coal Reserve Report - Baralaba North Coal Deposit Report No. 5153.005 December 2016” - Section 6).

Source	Project	Depth of Resource (m)	Coal Resources			
			Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Previous Estimates	Baralaba North	<200	35	34	23	92
New Estimates	Baralaba North	<200	26	40	31	97
Change			-9	+6	+8	+5

OPERATIONS

Safety and Environment

The Company recorded zero injuries in the quarter. Care and maintenance activities continue without diminishing the Company's commitment to the health and safety of its workforce. Baralaba Coal's 12 month rolling TRIFR is 10.5, compared to the June 2016 Queensland Open Cut Coal Mines average of 14.7.

The mine remains in compliance with all safety, environmental and statutory obligations. Ongoing and routine monitoring and compliance continued throughout the quarter.

Baralaba Mine

With the mine in care and maintenance mode for the quarter there was no coal sold or produced during the period and no overburden removed. The main focus for the mine was the safe demobilisation of contractor mining equipment, pit dewatering and the maintenance of the mine area.

EXPLORATION / TENURE

The Company continues to minimise expenditure on exploration while it focuses on the re-start of the mine at Baralaba. A total of \$117k was spent on exploration and evaluation activities not relating to Baralaba North during the December 2016 quarter.

The Company's strategic review of its tenements has resulted in the following actions since 30 June 2016.

Project	Area	Relinquished	Relinquishment Submitted
Tipton	Dalby	EPC 1733	n/a
Broadmere	Taroom	EPC 2924	EPCs 1436, 1556 and 1558
Rolleston North	Rolleston	EPC 2205	EPCs 1467, 1531 and 2191
Calen	Mackay	EPC 2138	n/a

CORPORATE

Appointment of Chief Executive Officer

The appointment of Mr Brett Garland as Chief Executive Officer was announced on the ASX on 4 January 2017. Mr Garland is a mining engineer with over 30 years' experience in the Australian coal mining industry, and possesses significant experience in Queensland open-cut coal mining operations.

Reinstatement to Official Quotation

Baralaba Coal Company Limited (ASX ticker: BCL) was reinstated to quotation on 22 December 2016.

Annual General Meeting

At the annual general meeting on 16 November 2016, shareholders approved the following:

Company Name Change

The Company's name has been changed to Baralaba Coal Company Limited to better reflect the positioning of the Company, its recent recapitalisation and plans for future growth.

New Constitution

The adoption of a new constitution that reflects changes to the Corporations Act and ASX Listing Rules since the previous constitution was adopted and recent developments in corporate governance and prevailing market standards.

500 to 1 Share Consolidation

A share consolidation whereby every 500 common shares were consolidated into 1 common share having identical rights to the common shares existing before the consolidation. Following the consolidation, the Company now has 154,071,996 shares outstanding. The resulting capital structure of the Company is one that is more appropriate for a listed entity of its size.

Plan of Operations / Financial Assurance

On 27 October 2016, a decision was received from the State of Queensland whereby the Company's new plan of operations has been assessed as meeting the requirements of the Environmental Protection Act 1994 and \$4.7million of additional financial assurance (environmental bonding) was required and paid in November 2016.

Cash Position

As of 31 December 2016, the Company had cash and cash equivalents of approximately \$17.9 million available for capital expenditures and working capital (this does not include \$40 million of restricted cash that cash-back guarantees in favour of the State of Queensland).

Capital Requirements

The Company is evaluating numerous capital funding options in order to meet the funding requirements associated with the expansion capital expenditure programs and the final mine restart plan. In order to give the Company the most flexibility regarding its financing options, the Company held an EGM on 31 January 2017 and received shareholder approval to allow it to issue 53,925,200 shares in excess of the 15% limit under Listing Rule 7.1 in due course.

COMPETENT PERSONS STATEMENT

The information in the reports to which this statement refers that relates to Mineral Resources is based on information compiled by Mr Mark Benson, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Benson is a full time employee of John T. Boyd Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Benson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the reports to which this statement is attached that relates to Ore Reserves is based on information compiled by Mr Vlado Kusovski and Mr Garry McSpadden, Competent Persons who are both members of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Kusovski is a full time employee of John T. Boyd Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Kusovski consents to the inclusion in the report of the matters based on his information relating to mine planning and scheduling in the form and context in which it appears.

Mr McSpadden is a full time employee of John T. Boyd Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr McSpadden consents to the inclusion in the report of the matters based on his information in relation to financial assessment in the form and context in which it appears.

John T. Boyd Company is a privately owned consultancy firm and has no ownership interest in the Baralaba North Mine, or in Baralaba Coal Company Limited and its associated entities. Payment for consultancy services is not contingent upon John T. Boyd Company’s opinions regarding the project or approval of its work by Baralaba Coal Company and its representatives.

Forward Looking Statements

This announcement contains certain “forward-looking” statements. The words “intends”, “expected”, “proposed”, “forecast”, “target”, and “will” and other similar expressions are intended to identify forward looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, the Company and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

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