

Coal Resources and Reserves

26 April 2017

SUMMARY

Baralaba Coal Company Limited has updated its Coal Resources and Coal Reserves under the JORC Code (2012).

Changes from the Coal Reserves and Resources reported in the Interim Financial Report for the Half Year Ended 31 December 2016 are:

- Baralaba South Marketable Coal Reserves reduced by 6.0Mt from 37Mt to 31Mt
- Baralaba South Coal Resources reduced by 56.2Mt, from 166Mt to 110Mt
- Baralaba Central Coal Resources removed from reporting, reduced 16Mt

Baralaba South Coal Reserves

Key changes from the previous Coal Reserves Statement (November 2012) are as follows:

- Maximum depth below surface for Coal Reserves has decreased from 210 to 230 m (RL-120 m) to 200 to 210 m (RL-110 m in flood plain areas and RL-90 m outside the flood plains).
- A shallower and lower strip ratio mining pit has been selected to offset lower revenue assumptions and reduce the quantity of Indicated Resource and No JORC category coal contained within the pit shell.

In respect of the change to the Baralaba South coal reserves, Table 1 – Checklist of Assessment and Reporting Criteria (The JORC Code, 2012 Edition), is appended to this report.

Baralaba South Coal Resources

The new resource estimate for the Baralaba South Project is reported under the JORC Code (2012) and incorporates data from 293 drill holes that were completed since the previous resource estimate.

In respect of the change to the Baralaba South Coal Resources, the relevant report, issued by John T. Boyd Company and released on the ASX herewith is: "Coal Resource Report - Baralaba South Coal Deposit - Report No. 5158.005"

Baralaba Central Coal Resources

Removed from reporting due to Baralaba Central no longer being deemed to have the potential for eventual economic extraction.

Coal Resources and Reserves Summary

A summary of the Company's currently defined and reported Coal Reserves and Resources, by project on a 100% basis, based on information which has been reported by the Company and are included on the Company's website is as follows:

BARALABA COAL COMPANY LIMITED – COAL RESERVES – APRIL 2017								
Project	Tenement	Depth of Reserve (m)	Marketable Reserve (Mt)			ROM Reserve (Mt)		
			Proven	Probable	Total	Proven	Probable	Total
Baralaba North	MLs 80169 ¹ , 80170 ² , and 80201 ²	<200	17.0	16.3	33.3	18.7	18.4	37.1
Baralaba South	MDL 352 ² and EPC 1047 ² (MLA 80193 ²)	<200	-	31.0	31.0	-	38.8	38.8
Bowen Basin Total			17.0	46.3	64.3	18.7	57.2	75.9

Note: - Includes depletion of reserve at the Baralaba North mine to the quarter year ended 31 March 2017.
 - Data is rounded and this may cause some apparent discrepancies in totals.
 - ¹The Company owns a 62.5% interest Baralaba Coal Pty Ltd, which holds tenure in the Baralaba North mine.
 - ²The Company owns an 80% interest Wonbindi Coal Pty Limited, which holds tenure in the Baralaba North, Baralaba South and Lochinvar project.
 - The Company consolidates 100% of the assets and liabilities of these companies in its financial statements.

BARALABA COAL COMPANY LIMITED – COAL RESOURCES – APRIL 2017						
Project	Tenement	Depth of Resource (m)	Coal Resource (Mt)			
			Measured	Indicated	Inferred	Total
Baralaba North	MLs 80169 ¹ , 80170 ² , 80200 ¹ and 80201 ² , MDLs 184 ¹ and 416 ² , and EPC 1047 ²	<200	26	40	31	97
Baralaba South	MDL 352 ² and EPC 1047 ² (MLA 80193 ²)	<200	23	36	51	110
Baralaba South (other)	EPC 1047 ²	<200	-	-	25	25
Lochinvar	EPC 1047 ²	<200	-	4	60	64
Bowen Basin Total			49	80	167	296
Tin Hut Creek	MDL 430	<150	-	207	137	344
Bottle Tree	MDL 433	<125	-	30	6	36
Krugers	MDL 441	<150	-	33	130	163
Davies Road	MDL 437	<150	-	14	35	49
Bushranger	MDL 451	<150	-	19	126	145
Broadmere	EPC1465	<150	-	-	52	52
Surat Basin Total			-	303	486	789
South Pentland	EPC 1486	200-650	-	94	351	445
Galilee Basin Total			-	94	351	445
Group Total			49	477	1,004	1,530

Note: - Includes depletion of resource at the Baralaba North mine to the quarter ended 31 March 2017.
 - Data is rounded and this may cause some apparent discrepancies in totals.
 - ¹The Company owns a 62.5% interest Baralaba Coal Pty Ltd, which holds tenure in the Baralaba North project.
 - ²The Company owns an 80% interest Wonbindi Coal Pty Limited, which holds tenure in the Baralaba North, Baralaba South and Lochinvar project.
 - The Company consolidates 100% of the assets and liabilities of these companies in its financial statements.

COMPETENT PERSONS STATEMENT

Baralaba South Coal Reserves and Resources updated with this release

The information in the reports to which this statement refers that relates to Baralaba South 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 Baralaba South 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.

COMPETENT PERSONS STATEMENT

Existing Coal Reserves and Resources not updated with this release

The information in this document relating to Baralaba Coal Company's Exploration Results, Mineral Resources and Ore Reserves is based on information extracted from the reports detailed below, which are available to view at Baralaba Coal Company's website <http://www.baralabacoal.com.au> and on Baralaba Coal Company's company announcement platform at <http://www.asx.com.au>.

'Baralaba North JORC Reserve Report', released to ASX on 22 December 2016

'Baralaba North JORC Resource Report', released to ASX on 22 December 2016

'Bowen Basin Projects Resource and Reserve Updated', released to ASX on 5 April 2013; and

'Surat Basin Projects Drilling and Resource Update', released to ASX on 16 January 2013; and

'South Pentland Project Resource Upgrade', released to ASX on 10 September 2014; and

'Maiden JORC Resource at the Taroom Project', released to the ASX by Blackwood Corporation on 12 September 2013.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The estimates pertaining to Resources for Lochinvar, Tin Hut Creek, Kingaroy, Bottle Tree, Krugers, Davies Road and Bushranger were prepared under the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. As such, these statements are not reported in accordance with the current 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012 JORC Code), and are considered to be historical estimates. A competent person has not done sufficient work to classify these historical estimates in accordance with the 2012 JORC Code, and it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as Resources in accordance with the 2012 JORC Code.

TABLE 1 – CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA
SECTION 4 – ESTIMATION AND REPORTING OF MINERAL RESERVES



Criteria	JORC Code Explanation	Commentary
Mineral Resource Estimate for Conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported addition to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The Coal Resource Statement was developed and reported as at 7 April 2017 by Mr Mark Benson. Mr Benson is a Senior Geologist with BOYD, a Member of the AusIMM, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC code. The Coal Resource reported is inclusive of the Coal Reserves.
Site Visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken, indicate why this is the case. 	<ul style="list-style-type: none"> Several site visits were undertaken to observe the current mining areas and infrastructure and locations of future mining activities.
Study Status	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. 	<ul style="list-style-type: none"> Baralaba South Mine has been the subject of a Bankable Feasibility Study (BFS) issued in September 2012. This report relies on results of a Life of Mine (LOM) Plan completed by BOYD as part of this reserve estimate which is based on an update of the geological model. The BOYD LOM Plan is considered to be completed to a pre-feasibility level of study ($\pm 25\%$ accuracy). The LOM Plan, including pit design, mining schedule and financial analysis, was developed using the geological model updated in 2016/17 and operating costs and capital expenditure current as at April 2017. Labour costs were taken from Baralaba Coal's current EBA and budget maintenance costs and capital expenditure costs for mining equipment were sourced from equipment manufacturers. Infrastructure capital expenditure was updated for activities completed to date and revised forecasts for activities remaining. Modifying factors associated with the terrace mining practices utilising truck and excavator mining equipment were applied.
Cut-off Parameters	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> Coal seams of greater than 50% in situ ash were excluded from the coal reserves. Coal seams at depths below RL-150 were excluded from the Coal Resources and all mining pit shells considered. Minimum mineable coal seam thickness of 0.3 m and maximum allowable thickness of 0.3 m were used to assign individual partings to be mined with the coal. Initial pit limits were defined by coal resource categories, coal seam sub-crops, pit depth, mining lease boundaries and surface constraints. Initially Whittle pit optimisation was run to determine the economical pit shell limits. Following the detail pit design economic potential of each mining block was determined from financial analysis of specific mining schedules and sequences. Waste dump volumes have been checked to confirm sufficient out of pit dump room is available. Generic haulage estimates derived from detailed haulage analysis for Baralaba North have been applied to calculations of mining costs. Additional haulage costs are included prior to establishment of the mining terraces.
Mining Factors of Assumptions	<ul style="list-style-type: none"> The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). 	<ul style="list-style-type: none"> Terrace mining method utilising hydraulic excavators and rear dump trucks were assumed to be used.

Criteria

JORC Code Explanation

Commentary

- The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.
- The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.
- The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).

- Waste will initially be hauled to external dumps located west of the designed pit shell. In-pit dumping will be undertaken once sufficient room is available.
- Pit slopes applied are as per the Pells Sullivan Meynink Engineering Consultants (PSM) geotechnical study findings.
- Modifying factors have been used: loss and dilution, diluent material properties, in situ relative density, coal quality moisture adjustments using modelled inherent moisture and adopted in situ, ROM and product moisture.
- The following modifying factors have been assumed:

Loss and Dilution		Dilution Characteristics	
Floor Loss	5 mm	Roof Dilution RD	2.4 t/m ³
Roof Loss	15 mm	Roof Dilution Ash	77.5 %
Edge Loss	15 mm	Roof Dilution Sulphur	0.3 %
Floor Dilution	5 mm	Roof Dilution Volatile Matter	8.9 %
Roof Dilution	3 mm	Floor Dilution RD	2.3 t/m ³
Edge Dilution	5 mm	Floor Dilution Ash	72.7 %
		Floor Dilution Sulphur	0.5 %
		Floor Dilution Volatile Matter	9.3 %

- During the process of seam aggregation, ROM and product coal tonnage and quality estimates the following moisture parameters were applied:

In situ (is)	ROM (ar)	Product (bypass)	Product (washed)	Product (total)
4.0	5.4	5.4	13.0	12.3

- The mining dilution factors used.
- The mining recovery factors used.
- Any minimum mining widths used.
- The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.

- See Above
- See Above
- Minimum mining width of 50 m has been assumed in pit designs.
- Inferred and non-resource resources were not reported as reserves. Approximately 33% of the coal mined in the pit shell used for this reserve statement is not of Measured or Indicated status. Should this coal not be realised during mining unit costs per tonne will increase. In the areas of the deposit where Measured or Indicated resources are identified approximately 11% of the coal scheduled to be mined is not reserves. Extensions to the designed pit to the north and south extend beyond the Measured and Indicated resource area.

Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> The infrastructure requirements of the selected mining methods. 	<ul style="list-style-type: none"> Existing Baralaba North train loadout facility located 10 km north of BS lease boundary will be utilised for this project. The remaining infrastructure, flood bunds, site access roads, offices, workshops and CHPP will be constructed within BS lease boundary. An appropriate standard of infrastructure to support the project was considered in the capital estimate.
Metallurgical Factors or Assumptions	<ul style="list-style-type: none"> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications/ 	<ul style="list-style-type: none"> The proposed coal processing plant is a standard Bowen Basin metallurgical coal plant with dense media cyclones, spirals, and a flotation circuit and is described in the 2012 Bankable Feasibility Study. Metallurgical test work appropriate for PCI coal deposits was carried out by companies with extensive experience in analysing Queensland metallurgical coal. Not Applicable The coal seams have been extensively mined at Baralaba Central and at Baralaba North. This production has not been washed but the raw coal properties are well understood and a PCI coal that meets the required product specification can be produced. No changes to the product specification have been produced but a coal processing plant will allow seams with higher raw ash to be included in the PCI product and enable simpler coal mining processes with increased dilution but less coal loss.
Environmental	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> The environmental approval process for the deposit has not commenced and an Environmental Authority has not been approved to date. Environmental impacts and Environmental Authority conditions are expected to be very similar to Baralaba North. Baralaba North Environmental Authority conditions have been assumed in the mine scheduling and financial analysis. Specifically mining sequences allow for backfilling of all pit voids within flood plains.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. 	<ul style="list-style-type: none"> The Baralaba South infrastructure complex will be located within the existing mining lease boundary. Due to changes in the mine plan and requirement to preserve properties at the eastern side of the mining lease, external dump will be located between western pit limit and the lease boundary. Therefore the coal processing plant described in the BFS document with 3.0 Mtpa coal feed capacity, will be located at the east side of the pit limits. Additional process water and electricity supply has been sourced for the BFS production scenario. Approvals are in place to haul product coal 40 km and rail it from the completed TLO to RGTCT at the Port of Gladstone.
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. 	<ul style="list-style-type: none"> Equipment capital costs have been sourced from equipment manufacturers in September 2016. Follow up discussion with some vendors in March 2017 indicated no change in equipment pricing from September 2016. Capital expenditure for infrastructure items including the CHPP remained unchanged from the 2012 BFS estimates with exclusion of items already constructed (TLO and rail loop). The financial estimate assumes the purchase of new mining equipment.

Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. Raw tonnage and quality incorporate the impact of out-of-seam dilution. Wash plant yield reflects removal of deleterious material present in the ROM. The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals, and co-products. The source of exchange rates used in the study. The allowances made for royalties payable, both Government and private. 	<ul style="list-style-type: none"> First principle estimates have been made for mine site operating costs assuming an owner operator scenario. A coal transportation costs have been estimated from typical industry costs adjusted for distances and conditions specific to Baralaba South project. Previous Baralaba North mine costs and first principle road haulage costs were also considered. No consideration was given for potential operating cost synergies with Baralaba North project such as shared management teams and corporate overheads. Baralaba South has been assessed as a standalone project at approximately 3 Mtpa ROM. BOYD applied key unit rates input to or resulting from the modelling process. All first principle cost estimates used the labour rates agreed in the Baralaba Mine current Enterprise Agreement. Baralaba PCI coal once washed is modelled as achieving less than 10% ash (ad) and is assumed that 100% of coal production will sell at the ULVPCI benchmark price. Risk to economic extraction of the coal being impacted by lower confidence coal included in the schedule was tested by modelling all non-reserve coal in the model being treated as waste, effectively increasing strip ratio. An exchange rate of USD:AUD of 0.75:1 has been assumed after consideration of various broker forecasts and discussion with BCCL. Queensland Government royalties and included in the analysis. Any marketing agreements or financial arrangements for royalty payments with principle shareholders have been excluded from the financial analysis.
Revenue Factors	<ul style="list-style-type: none"> The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals, and co-products. 	<ul style="list-style-type: none"> A ULVPCI price of USD100/t has been assumed after consideration of various broker forecasts and discussion with Baralaba Coal. There has been a large spike in metallurgical coal prices in 2016 and there is significant uncertainty as to the likely duration of the spike and the long term price.
Market Assessment	<ul style="list-style-type: none"> The demand, supply, and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals, the customer specification, testing, and acceptance requirements prior to a supply contract. 	<ul style="list-style-type: none"> Demand for PCI coal is expected to continue into the future. Baralaba PCI coal is well-accepted in the marketplace and the product consistency achieved by including a coal processing plant may present opportunities with additional customers. A detailed market assessment has not been carried out beyond review of PCI coal price forecasts. These assessments have been carried out for previous feasibility studies. Not applicable.
Economic	<ul style="list-style-type: none"> The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs. 	<ul style="list-style-type: none"> The NPV has been calculated in 2017 costs with no inflation applied. Similarly, no inflation has been applied to revenue estimates. A discount rate of 10% has been used as a base case and discount rates up to 16% used to analyse sensitivity to changing assumptions. The NPV analysis is completed on a constant dollar and pre-tax basis.

Criteria	JORC Code Explanation	Commentary
Social	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social license to operate. 	<ul style="list-style-type: none"> Much of the MLA area is owned by Baralaba Coal Company Limited and compensation agreements with the owner of the balance of the land are in progress. A section of public road will require relocation. This road is already approved for coal haulage in road trains. .
Other	<ul style="list-style-type: none"> Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. 	<ul style="list-style-type: none"> The complexity of the structural geology and steep dip are risks to the productivity of mining equipment and coal recovery. Equipment productivity has been significantly reduced in the scheduling model resulting in an increase in equipment capital expenditure to offset this risk. Rail and port access is currently available. Should Baralaba Coal not secure long-term access to port the cost of access to export facilities may increase above the assumptions used in the economic analysis.
Other - Continued	<ul style="list-style-type: none"> The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. 	<ul style="list-style-type: none"> Mining lease approval is yet to be secured. This process is expected to take approximately three years. There are no identified risks likely to prevent the project proceeding. There is potential that the approval process is extended by court challenges. Transport approvals are in place for Baralaba North project with 1 Mtpa of capacity in excess of the projected Baralaba North mining schedule. Potential exists to increase the approved transport volumes and two viable alternative transport routes are available if required.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<ul style="list-style-type: none"> Economically mineable coal in areas categorised as Measured Resources were reported as Probable Reserves. Economically mineable coal in areas categorised as Indicated Resources were reported as Probable Reserves. Inferred and Non-Resources categories included in the mine plan were not reported as Reserves Yes. 30%
Audits or Reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> An internal peer review of the financial model was completed and minor calculation errors for some output reports were corrected.
Discussion of Relative Accuracy/Confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. 	<ul style="list-style-type: none"> The work undertaken relies on the accuracy of the geological model. The model was developed using closely spaced drill holes and was used in the reporting of Resources. Since acquisition Baralaba Coal has drilled 756 boreholes in the Baralaba South project area. This drilling has been concentrated in the central area of the deposit where current spacing is approximately 50 metres along lines spaced at approximately 120 metres along strike. The 2012 drilling programme infilled much of this area to this spacing and all holes were drilled to approximately 200 metres depth. The line spacing increases to the south with 250 metres to 500 metres between drill lines although hole spacing along each line is consistently around 50 metres.

Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> • The pit design was based on the geotechnical study undertaken. The pit geometry is considered to be mineable. • The capital expenditure and operating costs used for the reserves estimate are within Pre-Feasibility level of $\pm 25\%$.