PROSPECTUS

CABRAL RESOURCES LIMITED
(TO BE RENAMED BOWEN COKING COAL LIMITED)
ACN 064 874 620

For the offer of up to 217,391,304 Ordinary Shares at an issue price of $0.023 each to raise up to $5,000,0000 (before costs), with a minimum subscription requirement to raise at least $4,600,000 (before costs) (**Public Offer**).

This Prospectus also contains offers of:

(a) 70,000,000 Ordinary Shares, 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares to Cape Coal Pty Ltd in consideration for the acquisition of all the shares in Bowen Coking Coal Pty Ltd (**Acquisition Offer**);

(b) 54,347,826 Ordinary Shares to Australia Pacific Coal Limited (or its nominee) pursuant to the AQC Option Agreement (**AQC Offer**); and

(c) 17,391,304 Ordinary Shares to Acacia Coal Limited (or its nominee) pursuant to the AJC Asset Sale Agreement (**AJC Offer**),

(together, along with the Public Offer, the **Offers**).

Conditional Offer

The Public Offer is conditional upon the Public Offer Conditions outlined in Section 6.4 of this Prospectus being satisfied. In the event that the Public Offer Conditions are not satisfied, the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

The Offers are not underwritten.

Re-compliance with Chapters 1 and 2

In addition to the purpose of raising funds under the Public Offer and issuing Shares under the other Offers, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

Important Information

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

An investment in the Shares offered by this Prospectus should be considered as speculative.

Contents

1. Important Information

1.1 Important notice

This prospectus is dated 3 August 2017 and was lodged with ASIC on that date. ASX, ASIC and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with ASIC (**Expiry Date**). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. An investment in the Shares the subject of this Prospectus should be considered speculative. Please refer to Section 13 for details relating to risk factors that could affect the financial performance and assets of the Company.

Application will be made to ASX within 7 days of the date of this Prospectus for Official Quotation of the Ordinary Shares the subject of this Prospectus.

Persons wishing to apply for Shares under the Offers must do so using the applicable Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

1.2 Website – electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.cabralresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. During the offer period, any person may obtain a copy of the Prospectus (free of charge) by contacting the Company on +61 8 9481 0389.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

1.3 Overseas applicants

The offer of Shares made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Shares. No action has been taken to register or qualify the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

For further information see Section 6.16.

1.4 Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 13, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward-looking statements or information. Any forward-looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.5 Definitions

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 17, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act or the Listing Rules.

1.6 Disclaimer

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers. You should only rely on information in this Prospectus.

1.7 Competent Person's Statement

The information in this Prospectus that relates to Exploration Results and Mineral Resources has been prepared and reported in accordance with the JORC Code. The Exploration Results and/or estimates of Mineral Resources for each Project are in each case based on, and fairly represent, information and supporting documentation prepared by a Competent Person. Refer to sections 3.8, 5.8, and 6.8 of the Independent Geologist's Report in Section 11 for details of the Competent Persons and their consents. The Competent Person in respect of one Project does not take responsibility for estimates in respect of another Project. Xenith Consulting Pty Ltd reviewed, but did not re-estimate, the estimates of Mineral Resources for the Lilyvale, Cooroorah, and Comet Ridge Projects (refer to sections 1.1 to 1.1.4 of the Independent Geologist's Report).

2. Corporate Directory

Existing Directors
Mr Ariel (Eddie) King (Non-Executive Chairman)
Mr Steven Formica (Non-Executive Director)
Mr Gregory D'Arcy (Non-Executive Director)
(Mr D'Arcy proposes to resign following Completion)

Company Secretary
Mr Stephen Brockhurst

Proposed Directors
Mr Gerhard Redelinghuys (Managing Director)
Mr James Agenbag (Non-Executive Director)

Registered Office
Level 11, 216 St Georges Terrace
Perth WA 6000

T: +61 8 9481 0389
F: +61 8 9463 6103

Lead Manager
CPS Capital Group Pty Ltd
Level 45
108 St Georges Terrace
Perth WA 6000

Investigating Accountant
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco, WA 6008

Auditor*
Nexia Sydney Partnership
Level 16, 1 Market Street
Sydney NSW 2000

Solicitors
Edwards Mac Scovell
Level 7, 140 St George's Terrace
Perth WA 6000

Independent Solicitors
All Mining Legal Pty Ltd
Suite 2, 257 York Street
SUBIACO WA 6008

Independent Geologist
Xenith Consulting Pty Ltd
Level 6, 40 Creek Street
Brisbane QLD 4000

Share Registry*
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

T (within Australia): 1300 554 474
T (international): +61 2 8280 7111

Postal address
Locked Bag A14, Sydney South
NSW 1235

Company Website
www.cabralresources.com.au

ASX Code
Current: CBS
Proposed: BCB

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

3. Key Information and Indicative Timetable

Key information[1]	Minimum Subscription ($4,600,000)	Maximum Subscription ($5,000,000)
Issue price per Public Offer Share	$0.023	$0.023
Existing Ordinary Shares on issue	127,312,898	127,312,898
Existing Options on issue	80,000,000	80,000,000
Ordinary Shares to be issued under the Public Offer	200,000,000	217,391,304
Amount to be raised under the Public Offer (before costs)	$4,600,000	$5,000,000
Consideration Shares to be issued to Cape Coal	70,000,000	70,000,000
Class A Performance Shares to be issued to Cape Coal	13,000,000	13,000,000
Class B Performance Shares to be issued to Cape Coal	13,000,000	13,000,000
Ordinary Shares to be issued to AQC (or its nominee) under the AQC Option Agreement	54,347,826	54,347,826
Ordinary Shares to be issued to AJC under the AJC Asset Sale Agreement	17,391,304	17,391,304
General		
Total cash on completion of the Offers (after costs of the Offers)[2]	$4,164,033	$4,540,033
Total Ordinary Shares on issue on completion of the Offers	469,052,028	486,443,332
Total Performance Shares on issue on completion of the Offers	26,000,000	26,000,000
Total Options on issue upon completion of the Offers	80,000,000	80,000,000
Market capitalisation on completion of the Offers at $0.023 per Share	$10,788,197	$11,188,197

Notes:

1. Please refer to Section 6.9 for further details relating to the proposed capital structure of the Company.

2. This shows the position after payment of costs of the Offers and of $350,000 under the AJC Asset Sale Agreement: see generally the Investigating Accountant's Report in Section 10.

Indicative timetable	
Lodgement of this Prospectus with ASIC	3 August 2017
Opening Date for the Offers	3 August 2017
Shareholder Meeting	10 August 2017
Closing Date for the Offers	18 August 2017
Completion of the Acquisition	31 August 2017
Issue of Shares under the Offers	31 August 2017
Dispatch of holding statements	31 August 2017
Expected date for Ordinary Shares to be reinstated to trading on ASX	5 September 2017

Note: The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

4. Investment Overview

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	Details
Introduction		
Who is the issuer of the Prospectus?	Cabral Resources Limited ACN 064 874 620 (**Company**) (to be renamed "Bowen Coking Coal Limited").	Section 7.1
Who is the Company and what does it do?	The Company is a public company that is listed on ASX (ASX code: CBS). The Company is a mineral exploration company which had a portfolio of tenements prospective for iron ore in Brazil prior to it going into administration. The Company no longer has an interest in any exploration tenements in Brazil. As announced to ASX on 24 April 2017, the Company entered into a binding terms sheet with Cape Coal Pty Ltd (**Cape Coal**) for the acquisition of 100% of the issued capital of Bowen Coking Coal Pty Ltd (**BCC**) (the **Acquisition**). BCC holds interest in, or the right to acquire, a number of coal exploration and development projects in the Bowen Basin of Queensland.	Sections 7.1 and 7.2
Who is BCC?	BCC was incorporated on 13 October 2016 as a 100% owned subsidiary of Cape Coal to host its coal interests. BCC's principal activity is the exploration and development of coking coal projects in the Bowen Basin, Queensland, a region known for producing some of the highest quality coking coal in the world. BCC currently is a joint venture participant in, or has the right to acquire, interests in a number of coal exploration projects, made up of 5 Exploration Permits for Coal (**EPCs**), 1 Mineral Development Licence (**MDL**) and one Mining Lease Application (**MLA**).	Sections 7.6 and 7.8
Business Model and Strategy		
What are the Company's key assets?	The Company's primary assets are its cash holdings of approximately $325,154 as at 30 June 2017. Upon completion of the Transaction, the Company will hold an interest in or rights to acquire the following projects through BCC, which are all located in Queensland's Bowen Basin (together, the **BCC Projects**): **<u>Lilyvale Project and Mackenzie Project</u>** 15% joint venture interest in the Lilyvale Project (EPCs 1687 and 2157) and a 5% joint venture interest in the Mackenzie Project (EPC 2081), both of which are operated by Stanmore	Sections 7.2 and 7.8

	Coal Limited (**SMR**) who holds the remaining 85% and 95% in the two joint ventures respectively. **<u>Cooroorah Project and Hillalong Project</u>** An option to acquire 100% of the Cooroorah Project (MDL 453) and 100% of the Hillalong Project (EPC 1824) from Area Coal Pty Ltd, a wholly-owned subsidiary of Australian Pacific Coal Limited (**AQC**) (**AQC Option Agreement**). The option will be exercised prior to Completion. **<u>Comet Ridge Project</u>** An option to acquire 100% of the Comet Ridge Project (EPC 1230, MLA 700005 and Environmental Authority EPML 03080315) from Acacia Coal Limited (**AJC**) (**AJC Option Agreement**). BCC has exercised the option under the AJC Option Agreement. As contemplated in the AJC Option Agreement, the parties subsequently entered into a definitive asset sale agreement in relation to the assets comprising the Comet Ridge Project on 2 August 2017 (**AJC Asset Sale Agreement**).	
What is the Company's business model and strategy?	The Company is proposing to acquire 100% of the issued capital in BCC pursuant to the Terms Sheet (refer to Sections 7.2 and 7.3). The primary objective of the Company is to focus on mineral exploration and resources opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. The Company will endeavour to achieve this objective by focusing on the continued exploration and development of the BCC Projects in the manner described in Section 7.8. Further information on the BCC Projects is in the Independent Geologist's Report in Section 11. In summary, the Company's business model and strategy is to work towards commercialising the BCC Projects through exploration and development of coking coal within the Tenements.	Section 7.6
The Offers		
What is the Public Offer?	Under this Prospectus, the Company invites the public to apply for up to 217,391,304 Ordinary Shares, each at an issue price of $0.023 to raise up to $5,000,0000 (before costs of the Offers). The Minimum Subscription for the Public Offer is 200,000,000 Ordinary Shares, each at an issue price of $0.023, to raise $4,600,000. The Public Offer is not underwritten.	Sections 6.1 and 6.13(a)
What are the other Offers?	This Prospectus also contains an offer of: • 70,000,000 Ordinary Shares to Cape Coal; • 26,000,000 Performance Shares to Cape Coal; • 54,347,826 Ordinary Shares to ACQ; and • 17,391,304 Ordinary Shares to AJC.	Sections 6.2 and 6.3

What are the conditions of the Public Offer?	The Public Offer is conditional upon the following events occurring:
	• Shareholders approving the Acquisition Resolutions at the Shareholder Meeting;
	• the Company raising the Minimum Subscription ($4,600,000) under this Prospectus;
	• ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the re-instatement to trading of its quoted securities from ASX on terms reasonably satisfactory to the Company;
	• completion of the Acquisition; and
	• the exercising of options held by BCC to acquire coking coal projects being:
	  o the Hillalong and Cooroorah Projects from AQC under the AQC Option Agreement; and
	  o the Comet Ridge Project from AJC under the AJC Option Agreement and subsequent sale of the assets comprising the Comet Ridge Project under the AJC Asset Sale Agreement
	If any of the Public Offer Conditions are not satisfied then the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. If the Company does not proceed with the Public Offer, it will not proceed with the other Offers under this Prospectus.
		Section 6.4

Why is the Public Offer and the other Offers being conducted?	The purposes of the Public Offer and the other Offers are to: • issue Ordinary Shares to Cape Coal as consideration for the acquisition of 100% of the issued capital of BCC; • issue the AQC Option Shares to AQC (or its nominee) (subject to exercise of the option) and the AJC Option Shares to AJC • make payments to AJC under the AJC Asset Sale Agreement; • meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules; • meet the costs of the Offers; • provide funding to continue exploration and development of the BCC Projects; and • provide funding for working capital and administration expenses for the Company.	Section 6.7
What will the Company's capital structure look like after completion of the Offers?	The Company's capital structure on a post-Offers basis is as follows: **Minimum Subscription** 469,052,028 Ordinary Shares 26,000,000 Performance Shares 80,000,000 Options	Section 6.9

	Maximum Subscription 486,443,332 Ordinary Shares 26,000,000 Performance Shares 80,000,000 Options	
The acquisition of BCC		
What is the Acquisition?	The Acquisition is the Company's proposed acquisition of 100% of the issued capital of Bowen Coking Coal Pty Ltd (**BCC**). On 21 April 2017, and as announced to ASX on 24 April 2017, the Company entered into a binding terms sheet with Cape Coal under which the Company conditionally agreed to acquire 100% of the issued capital of BCC from Cape Coal. The parties executed an amendment to the terms sheet on 1 August 2017 to extend the deadline for Completion.	Section 7.2
What are the key terms of the Acquisition?	The key terms of the Acquisition are as follows: • as consideration for the acquisition of 100% of the issued capital of BCC, the Company will issue the following securities to Cape Coal upon Completion: o 70,000,000 Ordinary Shares; o 13,000,000 Class A Performance Shares; and o 13,000,000 Class B Performance Shares; • the Company issuing the AQC Option Shares to AQC (or its nominee) and the AJC Option Shares to AJC (or its nominee) (subject to BCC having exercised the relevant options) at Completion; • the Company paying a cash reimbursement of $150,000 to BCC for the purpose of reducing BCC's liabilities (this was paid on 27 April 2017 to satisfy this requirement); • the Company and Gerhard Redelinghuys entering into an Executive Services Agreement for a 12-month period at a market-based remuneration for a similar position in a comparable ASX-listed company; • the satisfaction of a number of conditions. The following material conditions remain outstanding at the date of this Prospectus: o the Company raising a minimum of $4,600,000under this Prospectus; o the Company obtaining all necessary regulatory and shareholder approvals on terms acceptable to the parties as required to give effect to the Transaction, including the Company achieving re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules; o the Company appointing Gerhard Redelinghuys and James Agenbag to the Board; o BCC exercising the option to acquire the relevant tenements under the AQC Option Agreement (as	Sections 7.2 and 7.3

	noted above, BCC has already exercised the option under the AJC Option Agreement); o execution of restriction agreements, as required by ASX, by Cape Coal, AJC, and AQC (or its nominee) in respect of the Shares to be issued to them under this Prospectus; and o there being no material adverse change in the financial position of BCC or the Company prior to Completion.	
What approvals are being sought at the Shareholder Meeting?	At the Shareholder Meeting to be held on 10 August 2017, the Company will seek Shareholder approval for the following resolutions: • the change in nature and scale of the activities of the Company as a result of the Transaction; • the issue of the Consideration Shares to Cape Coal; • the creation of the Performance Shares as a new class of share; • the issue of the Performance Shares to Cape Coal; • the issue of the AQC Option Shares to AQC (or its nominee); • the issue of the AJC Option Shares to AJC (or its nominee); • the issue of the Ordinary Shares under this Prospectus; • the appointment of the Proposed Directors to the Board; and • the change of the Company's name to "Bowen Coking Coal Limited".	Section 6.5
Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules?	The Transaction constitutes a significant change in the nature and scale of the Company's activities such that ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List. This Prospectus is issued to assist the Company to re-comply with these requirements. In addition, the Company's securities have been suspended from trading on the ASX since 18 October 2016 as a consequence of a proposed transaction (announced to the ASX on that date) that also constituted a significant change in the nature and scale of the Company's activities so as to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Company terminated the transaction on 14 March 2017. Given the status of the Company's activities at that stage it was likely any major transaction would trigger the re-compliance requirement.	Section 6.6

Key Risks

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in Section 13 and other risks applicable to all listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company must be considered highly speculative. This Section summarises some of the key risks

that apply to an investment in the Company. Investors should refer to Section 13 for a more detailed summary of the industry specific and general risks.		
Conditional Acquisition and conditional Offers	As noted above, the Acquisition is subject to a number of conditions. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Acquisition will not proceed. In this event, the Company will not proceed with the Public Offer. In the event that the Public Offer does not proceed, the other Offers under this Prospectus will not proceed. The Public Offer is subject to the Public Offer Conditions. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Public Offer will not proceed. In this event, the Company will not proceed with the Acquisition or the other Offers.	Section 13.1(a)
Re-quotation of Securities	The Company's quoted securities are currently suspended from trading on ASX, and it is anticipated that they will remain suspended until completion of the Transaction and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on re-instatement to quotation. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Company's quoted securities will consequently remain suspended from trading.	Section 13.1(b)
Sufficiency of funding / future capital requirements	The Company's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds raised by the Public Offer will be sufficient to successfully achieve all the objectives of the Company's business strategy. The Company may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or capital raising price) and debt funding may involve restrictive covenants which limit the Company's operations and business strategy. Any inability to raise further funds may require the Company to dilute its equity position in any joint venture and may have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.	Section 13.1(d)
Exploration and development risk	Mineral exploration and development is a high risk undertaking. The success of the Company depends on various factors including: • the delineation of economically mineable reserves and resources; • access to required development capital; • positive movement in the price of commodities and exchange rate fluctuations; • securing and maintaining title to the Company's exploration and mining tenements; and	Section 13.1(e)

	• obtaining all consents and approvals (including environmental approvals) necessary for the conduct of its exploration and development activities. Whilst the Directors have between them significant mineral exploration and operational experience, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.	
Tenure	Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if licence or lease conditions are not met or if insufficient funds are available to meet expenditure commitments. Tenements in which the Company may have an interest, or in which the Company at a future date may acquire an interest, could be subject to legitimate common law native title rights. If it is found that such rights do exist, the ability of the Company to gain access to and otherwise exploit the tenements may be adversely affected.	Section 13.1(f)
Coal price risk	Coal prices fluctuate and are affected by numerous industry factors including supply and demand for coal, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, coal. The long term economic viability of the BCC Projects will be dependent on coking coal prices to a material extent.	Section 13.1(i)
Joint ventures	The Company's interest in the Lilyvale Project and the Mackenzie Project are held in joint venture with SMR. There is a risk of financial failure or default by a participant in any joint venture to which the Company is a party. Further, the decision to proceed with further exploration or other project decisions may require participation of other parties whose interests and objectives may not be the same as the interests of the Company.	Section 13.1(j)
Transport and port capacity	There is currently very high demand for rail and port services for coal export in Queensland, which is further constrained by limited capacity. If the Company were to rely upon existing infrastructure, in the event that the Company progresses to production, there is no guarantee that suitable capacity will be available to the Company if and when the Company requires such capacity on commercially acceptable terms. Any failure by the Company to secure appropriate capacity on available infrastructure should the Company progress to production could have a material adverse effect on the Company's business, financial condition and results of operations.	Section 13.1(k)

Reliance on key personnel	The Company currently has a limited number of executives and senior personnel with appropriate experience in the exploration and development of coal assets. Its progress in pursuing its exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be adversely affected by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's exploration program develops.	Section 13.1(l)
Limited trading history	BCC was incorporated in 2016. Its principal business activity has been exploration. There is no guarantee that BCC will be able to successfully generate revenue in the future. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Transaction.	Section 13.1(n)
Land access and third party risk	Land access is critical for exploration and evaluation to succeed. Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral leases and native title land or claims under the *Native Title Act 1993* (Cth) (**Native Title Act**). Tenements in which the Company at a future date may acquire an interest could be subject to legitimate common law native title rights. If it is found that such rights do exist, the ability of the Company to gain access to and otherwise exploit the tenements may be adversely affected. Under Queensland and Commonwealth legislation, the Company may be required to obtain the consent of and pay compensation to the holders of third party interests which overlay areas within the BCC Projects, including native title claims and pastoral leases, prior to accessing or commencing any exploration or mining activities on the affected areas within the BCC Projects. Any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities or mining within the affected areas. There are two Land Court proceedings on foot in Queensland with respect to MLA700005, one of the Tenements in the Comet Ridge Project. Compensation agreements were not agreed between the landholders and the Tenement holder within the statutory timeframe, due to the proposed Acquisition, on the basis that BCC would be the proper party to such negotiations. Subject to Completion occurring, it will be up to the Company to progress and finalise the compensation agreements so that the mining lease is capable of grant. There is no guarantee that the parties will finalise such agreements in the absence of concluded Land Court proceedings, which would increase the costs and delay in the grant process.	Section 13.1(g)
Proposed use of funds and other key details of the Offers		
What is the proposed use of funds raised under	The funds raised under the Public Offer are proposed to be used (over the first two years following re-instatement to	Section 6.8

the Public Offer?	trading of the Company's quoted securities) to fund the following key business activities: • costs of the Offers; • payments to AJC under the AJC Asset Sale Agreement; • exploration and development of the BCC Projects; • working capital; and • administrative expenses.	
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its business strategic objectives as set out in this Prospectus.	Sections 6.7 and 6.8
What rights and liabilities attach to the Ordinary Shares being offered?	All Ordinary Shares issued under the Offers will rank equally in all respects with existing Ordinary Shares on issue. The rights and liabilities attaching to the Ordinary Shares are described in Section 15.1.	Section 15.1
What rights and liabilities attach to the Performance Shares being offered to Cape Coal?	The Performance Shares are shares that convert into Ordinary Shares upon satisfaction of the relevant milestones applicable to each Class of Performance Shares. The rights and liabilities attaching to the Class A Performance Shares and Class B Performance Shares are described in Section 15.2.	Section 15.2
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	Section 6.10
Who is the lead manager to the Public Offer?	The Company has appointed CPS Capital Group Pty Ltd (AFSL:294848) to act as lead manager to the Public Offer (**Lead Manager**). The Lead Manager will receive a management fee of 2% plus GST of the amount raised pursuant to the Public Offer and a placing fee of 4% plus GST of the amount raised pursuant to the Public Offer.	Sections 6.17 and 14.8
Will the Shares issued under the Offers be listed?	The Company will apply for listing of the Ordinary Shares offered under the Offers on ASX. Completion of the Offers is conditional on, amongst other matters, ASX approving this application. An application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the conversion of each Performance Shares within the time period required by the Listing Rules.	Section 6.6
What are the tax implications of investing	The tax consequences of any investment in Shares will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 6.23

in Shares under the Offers?		
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop BCC's business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.	Section 6.12
How do I apply for Ordinary Shares under the Public Offer?	Applications for Ordinary Shares under the Public Offer must be made by completing a Public Offer Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being $0.023 per Ordinary Share. Cheques must be made payable to "Cabral Resources Limited" and should be crossed "Not Negotiable".	Section 6.13(a)
How do I apply for Shares under the other Offers?	The other Offers are comprised of offers to AQC, AJC and Cape Coal (or their nominees) only. Only AQC, AJC and Cape Coal (or their nominees) may accept the other Offers. A personalised Application Form will be issued to each of AQC, AJC and Cape Coal (or their nominees) together with a copy of this Prospectus. The Company will only provide the Application Forms for the other Offers to the persons entitled to participate in the other Offers.	Sections 6.13(b) and 6.13(c)
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be sent to successful Applicants by post on or about the dispatch date noted in the indicative timetable set out in Section 3.	Sections 3, 6.15 and 6.19
How can I find out more about this Prospectus or the Offers?	Questions relating to the Offers can be directed to the Company on +61 8 9481 0389.	Section 6.24
Board, Management and Substantial Shareholders		
Who are the Existing Directors and	The Existing Directors of the Company are: • Mr Eddie King (Non-Executive Chairman); • Mr Gregory D'Arcy (Non-Executive Director); and	Section 8.1

the Proposed Directors?	• Mr Steven Formica (Non-Executive Director). Upon the completion of the Transaction, changes will be made to the Board, with the resignation of Existing Director, Mr Gregory D'Arcy, and the appointment of the Proposed Directors, such that the Board will then comprise: • Mr Eddie King (Non-Executive Chairman); • Mr Steven Formica (Non-Executive Director); • Mr Gerhard Redelinghuys (Managing Director and Chief Executive Officer); and • Mr James Agenbag (Non-Executive Director). Refer to Section 8.1 for details of the relevant experience and expertise of the Directors.	
Who are the key management personnel?	Following the completion of the Transaction, the key management personnel will include: • Mr Gerhard Redelinghuys (Managing Director and Chief Executive Officer); and • Mr James Agenbag (Non-Executive Director).	Section 8.2
What are the significant interests of the Existing Directors and the Proposed Directors?	The interests of the Existing Directors and Proposed Directors are detailed in Section 8.3. The security holdings of the Existing Directors and Proposed Directors are set out in Section 8.4. Section 8.6 sets out details of related party agreements with the Company from which the Existing Directors and Proposed Directors may benefit.	Sections 8.3, 8.4 and 8.6
Are there any relationships between the Company and parties involved in the Acquisition or Offers that are relevant to investors?	None of the Existing Directors or the Proposed Directors hold any interests in AQC or AJC. None of the Existing Directors hold any interests in Cape Coal, or BCC. Existing Director, Eddie King, is a Representative at CPS Capital Group Pty Ltd, the Lead Manager. Proposed Director, Gerhard Redelinghuys, is a director of Cape Coal and BCC. Redel Resources Pty Ltd, a company controlled by Mr Redelinghuys, holds a 58% shareholding in Cape Coal. Proposed Director, James Agenbag, is a director of Cape Coal and BCC. Mr Agenbag also holds an 8% shareholding in Cape Coal.	Sections 8.38.4, 8.5 and 8.6.
Who will be the substantial holders of the Company?	Cape Coal will hold 70,000,000 Ordinary Shares on completion of the Offers (assuming Cape Coal does not subscribe for or receive additional Ordinary Shares pursuant to the Public Offer). This represents 14.92% of the issued capital if the Minimum Subscription is raised and 14.39% of the issued capital if the Maximum Subscription is raised (on an undiluted basis). AQC (or its nominee) will hold 54,347,826 Ordinary Shares on completion of the Offers (assuming AQC (or its nominee) does not subscribe for or receive additional Ordinary Shares pursuant to the Public Offer). This represents 11.59% of the issued capital if the Minimum Subscription is raised and	Section 15.5

	11.17% of the issued capital if the Maximum Subscription is raised (on an undiluted basis).	
Miscellaneous		
What material contracts are the Company and BCC a party to?	The material contracts of the Company and BCC comprise: • Terms Sheet; • AQC Option Agreement; • AJC Asset Sale Agreement; • Mackenzie Farm-in Agreement; • Lilyvale Joint Venture Agreement; • Loans and Management Agreement; • Lead Manager Mandate; • Executive Service Agreement – Gerhard Redelinghuys; and • Non-Executive Appointment Letter – James Agenbag.	Sections 8.6 and 14
What is the financial position of the Company and BCC post completion of the Offers and the Transaction?	The Company is currently listed on ASX and its financial history, including its 2014, 2015 and 2016 Annual Reports are available on its website (www.cabralresources.com.au) and on the ASX platform. BCC was incorporated on 13 October 2016 and its operations have focused on the exploration and development of coking coal projects in the Bowen Basin, Queensland. Further financial information regarding the Company and BCC is set out in Section 9 of this Prospectus and considered in the Investigating Accountant's Report in Section 10.	Sections 9 and 10
Will any Shares be subject to escrow?	Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's quoted securities being re-instated to trading on ASX, it is expected that all of the Consideration Shares to be issued to Cape Coal will be subject to restrictions for a period of 24 months from the date of re-instatement to official quotation of the Company's quoted securities. It is also expected that all of the Ordinary Shares to be issued to AJC and AQC (or their nominees) for the acquisition of the Comet Ridge, Hillalong, and Cooroorah Projects will also be subject to restrictions under Chapter 9 of the Listing Rules. No Ordinary Shares issued under the Public Offer are expected to be subject to escrow. Refer to Section 6.11 for further details of the escrow arrangements.	Section 6.11

5. Chairman's Letter

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Cabral Resources Limited, to be renamed Bowen Coking Coal Limited (**Company**). The Company has entered into a binding agreement to acquire 100% of the issued capital of Bowen Coking Coal Pty Ltd from Cape Coal Pty Ltd.

BCC was incorporated on 13 October 2016 as a 100% owned subsidiary of Cape Coal to host its coal interests. BCC's principal activity is the exploration and development of coking coal projects in the Bowen Basin, Queensland. BCC currently is a joint venture participant in, or has the right to acquire, interests in a number of coal exploration projects, made up of 5 Exploration Permits for Coal, 1 Mineral Development Licence and one Mining Lease Application.

Following reinstatement to trading of its Ordinary Shares on ASX, the Company's primary focus will be to continue exploration and development of the BCC Projects in line with its business model and strategy.

This Prospectus has been issued by the Company for a public offering of up to 217,391,304 Ordinary Shares at an issue price of $0.023 each to raise up to $5,000,0000 (before costs). The minimum subscription for the Public Offer is $4,600,000. The funds raised will be used for the expenses of the Offers, payments to AJC under the AJC Asset Sale Agreement, working capital, administrative expenses and to fund the continued exploration and development of the BCC Projects. Refer to Section 6.8 for further details on the Company's proposed use of funds.

This Prospectus also contains offers of:

(a) 70,000,000 Ordinary Shares to Cape Coal in consideration for the acquisition of BCC;

(b) 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares to Cape Coal which may convert into Ordinary Shares upon achievement of the relevant milestones;

(c) 54,347,826 Ordinary Shares to Australia Pacific Coal Limited (or its nominee) pursuant to the AQC Option Agreement; and

(d) 17,391,304 Ordinary Shares to Acacia Coal Limited (or its nominee) pursuant to the AJC Asset Sale Agreement.

Refer to Section 6 of this Prospectus for more information in respect of the Public Offer and the other Offers.

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities from a mineral exploration company which had a portfolio of tenements prospective for iron ore in Brazil prior to it going into administration, to a mineral exploration company focused on coal exploration and development in the Bowen Basin of Queensland.

This Prospectus includes details of the Offers, the Company and BCC, including the assets and proposed operations, together with a statement of the risks associated with investing in the Company. I recommend that you read this document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I commend the Public Offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

Eddie King
Chairman

6. Details of the Offers

6.1 The Public Offer and Minimum Subscription

Pursuant to this Prospectus, under the Public Offer the Company offers up to 217,391,304 Ordinary Shares at an issue price of $0.023 each to raise up to $5,000,000 (before costs of the Offers).

All Ordinary Shares issued pursuant to the Public Offer will rank equally with the existing Ordinary Shares on issue. Please refer to Section 15.1 for further information regarding the rights and liabilities attaching to the Ordinary Shares.

The minimum level of subscription for the Public Offer is 200,000,000 Ordinary Shares to raise $4,600,000. No Shares will be issued under this Prospectus until the Minimum Subscription has been received. If the Minimum Subscription is not received within 4 months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares under this Prospectus and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Please refer to Section 6.13(a) for details on how to apply for Ordinary Shares under the Public Offer.

6.2 Acquisition Offer

Pursuant to this Prospectus, the Company is also offering the following Shares to Cape Coal as consideration for the acquisition of all the issued capital of BCC (together, the **Acquisition Offer**):

(a) 70,000,000 Ordinary Shares;

(b) 13,000,000 Class A Performance Shares, which are convertible into 13,000,000 Ordinary Shares on a one for one basis, upon

   i. the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being upgraded to at least the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only; and

   ii. the Ordinary Share price achieving a 30 day VWAP of at least 5 cents

   within 24 months after Completion (**Class A Milestone**); and

(c) 13,000,000 Class B Performance Shares, which are convertible into 13,000,000 Ordinary Shares on a one for one basis, upon the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 50,000,000 tonnes mineral resources of at least inferred category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only, within 24 months after Completion (the **Class B Milestone**).

All Consideration Shares issued pursuant to the Acquisition Offer will rank equally with the existing Ordinary Shares on issue. A summary of the rights and liabilities attaching to the Ordinary Shares is set out in Section 15.1.

A summary of the terms and conditions of the Performances Shares is set out in Section 15.2. If the Performance Shares convert into Ordinary Shares upon the relevant milestones being achieved, then the resultant Ordinary Shares will rank equally with the existing Ordinary

Shares on issue.

Please refer to Section 6.13(b) for details of how Cape Coal is to apply for Shares and Performance Shares under the Acquisition Offer. No Application Monies are payable under the Acquisition Offer.

6.3 AQC Offer and AJC Offer

Pursuant to this Prospectus, the Company is also offering:

(a) 17,391,304 Ordinary Shares to Acacia Coal Limited as part consideration payable under the AJC Asset Sale Agreement (**AJC Offer**); and

(b) 54,347,826 Ordinary Shares to Australia Pacific Coal Limited (or its nominee) as consideration under the AQC Option Agreement (**AQC Offer**).

A summary of the material terms of the AQC Option Agreement and AJC Asset Sale Agreement are set out in Sections 14.3 and 14.4 below.

All Ordinary Shares issued pursuant to the AJC Offer and AQC Offer will rank equally with the existing Ordinary Shares on issue.

Please refer to Section 6.13(c) for details of how AJC and AQC (or their nominees) are to apply for Ordinary Shares under the AJC Offer and the AQC Offer. No Application Monies are payable under the AQC Offer or the AJC Offer.

6.4 Public Offer Conditions

The Public Offer is conditional upon the following events occurring:

(a) Shareholders approving the Acquisition Resolutions at the Shareholder Meeting (see Section 6.5);

(b) the Company raising the Minimum Subscription ($4,600,000) (see Section 6.1);

(c) completion of the Acquisition;

(d) the exercising of options held by BCC to acquire coking coal projects, being:

    (i) the option to acquire the Hillalong and Cooroorah Projects from Area Coal pursuant to the AQC Option Agreement;

    (ii) the option to acquire the Comet Ridge Project from AJC pursuant to the AJC Option Agreement. As announced to ASX on 2 May 2017 by the Company and AJC. BCC has exercised the option under the AJC Option Agreement; and

(e) ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the re-instatement to trading of its quoted securities from ASX on terms reasonably satisfactory to the Company (see Section 6.6),

(together, the **Public Offer Conditions**).

If the Public Offer Conditions are not achieved then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

If the Public Offer does not proceed, the other Offers under this Prospectus will not proceed.

6.5 Shareholder Meeting

At the Shareholder Meeting to be held on 10 August 2017, will seek Shareholder approval for the:

(a) change in nature and scale of the activities of the Company as a result of the Transaction;

(b) issue of the Consideration Shares to Cape Coal;

(c) creation of the Performance Shares as a new class of share;

(d) issue of the Performance Shares to Cape Coal;

(e) issue of AQC Option Shares to Australian Pacific Coal Limited (or its nominee);

(f) issue of AJC Option Shares to Acacia Coal Limited (or its nominee);

(g) issue of the Ordinary Shares under this Prospectus;

(h) appointment of the Proposed Directors to the Board; and

(i) change of the Company's name to "Bowen Coking Coal Limited",

(together, the **Acquisition Resolutions**).

6.6 Re-compliance with Chapters 1 and 2 of the Listing Rules

The Transaction constitutes a significant change in nature and scale of activities such that ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List. This Prospectus is issued to assist the Company to re-comply with these requirements.

In addition, the Company's securities have been suspended from trading on the ASX since 18 October 2016 as a consequence of a proposed transaction (announced to the ASX on that date) that also constituted a significant change in the nature and scale of the Company's activities so as to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Company terminated the transaction on 14 March 2017. Given the status of the Company's activities at that stage it was likely any major transaction would trigger the re-compliance requirement.

The Company's quoted securities will not be re-instated to trading until the Company has satisfied the Public Offer Conditions, including re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company will apply to ASX for Official Quotation of the Ordinary Shares issued pursuant to this Prospectus no later than 7 days from the date of this Prospectus. If the Ordinary Shares are not admitted to quotation within 3 months after the date of this Prospectus, no Shares will be issued under this Prospectus and Application Monies will be refunded in full (without interest) in accordance with the Corporations Act.

The Company will not apply to ASX for Official Quotation of the Performance Shares. An application will be made by the Company to ASX for Official Quotation of the Ordinary Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation to the Ordinary Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Ordinary Shares.

6.7 Purpose of the Offers

The purpose and key objectives of the Offers are to:

(a) issue Shares to Cape Coal as consideration for the acquisition of 100% of the issued capital of BCC;

(b) issue the AQC Option Shares to AQC (or its nominee) and the AJC Option Shares to AJC (or its nominee) (subject to BCC having exercised the relevant options);

(c) make payments to AJC under the AJC Asset Sale Agreement (refer to Section 7.4)

(d) meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules;

(e) meet the costs of the Offers;

(f) provide funding to continue exploration and development of the BCC Projects (refer to Section 7.6); and

(g) provide funding for working capital and administration expenses for the Company.

6.8 Use of funds

The Company intends to apply the funds raised from the Public Offer, together with existing cash reserves over first two years following the re-instatement to trading of the Company's quoted securities, as follows:

Funds available	**Minimum Subscription ($) ($4,600,000)**	**Percentage of funds (%)**	**Maximum Subscription ($) ($5,000,000)**	**Percentage of funds (%)**
Cash prior to the Public Offer (30 June 2017)	325,154	6.60	325,154	6.11
Funds raised under the Public Offer	4,600,000	93.40	5,000,000	93.89
Total Funds Available	**4,925,154**	**100**	**5,325,154**	**100**
Allocation of funds				
Costs of the Offers	470,000	9.54	494,000	9.28
Payment to AJC under the AJC Asset Sale Agreement	350,000	7.12	350,000	6.57
Exploration budget[1]	2,570,000	52.18	2,570,000	48.26
Administrative expenses	1,259,600	25.57	1,259,600	23.65
Working capital	275,554	5.59	651,554	12.24
Total	**4,925,154**	**100.00**	**5,325,154**	**100.00**

Note:

1. Refer to Section 7.8 for further information on the planned exploration activities and expenditure budget for each of the Company's projects (subject to Completion occurring). Further information on the BCC Projects is in the Independent Geologist's Report in Section 11.

To continue exploration and development of the BCC Projects and achieve its business and strategic objectives, the Company intends to allocate capital as follows:

(a) **Exploration budget**

Projects	1st year	2nd year
Lilyvale/Mackenzie	90,000	250,000
Coorooraah	200,000	200,000
Hillalong	-	40,000
Comet Ridge	400,000	1,240,000
New Projects	100,000	50,000
Total[1]	**790,000**	**1,780,000**

Notes:

1. The exploration budget comprises expenditure to obtain a better understanding of the geology, coal quality and general potential of the BCC Projects. The Company also intends to commence preliminary studies on the Comet Ridge Project.

(b) **Corporation and administrative expenses**

Item	1st year	2nd year
Administration[1]	457,400	531,200
ASX compliance and Board	108,000	108,000
Business development cost	25,000	30,000
Total	**590,400**	**669,200**

Notes:

1. Includes salaries, company secretarial, legal fees, office costs, tenement administration and insurance.
2. Business development costs will be used to undertake due diligence on the potential acquisition of new projects to complement the BCC Project portfolio.

The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Directors are satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

The use of further debt or equity funding will be considered by the Board where it is appropriate to expand exploration and development efforts, accelerate a specific project or capitalise on further opportunities.

6.9 Capital structure

The proposed pro forma capital structure of the Company following completion of the Acquisition and the Offers is set out in the tables below. Refer to Section 15.5 for a list of the substantial Shareholders on completion of the Acquisition and the Offers.

Minimum Subscription - $4,600,000

Minimum Subscription - $4,600,000	Ordinary Shares[1]	% holding post Acquisition (undiluted)	Performance Shares[2]	Options[3]
On issue at the date of this Prospectus	127,312,898	27.14%	-	80,000,000
Issued pursuant to the Public Offer	200,000,000	42.64%	-	-
Issued pursuant to the Acquisition Offer	70,000,000	14.92%	26,000,000	-
Issued pursuant to the AQC Offer	54,347,826	11.59%	-	-
Issued pursuant to the AJC Offer	17,391,304	3.71%	-	-
Total (undiluted)	**469,052,028**	**100%**	**26,000,000**	**80,000,000**
Total (fully diluted)	**575,052,028**	**-**	**-**	**-**

Maximum Subscription - $5,000,000

Minimum Subscription - $5,000,000	Ordinary Shares[1]	% holding post Acquisition (undiluted)	Performance Shares[2]	Options[3]
On issue at the date of this Prospectus	127,312,898	26.17%	-	80,000,000
Issued pursuant to the Public Offer	217,391,304	44.69%		
Issued pursuant to the Acquisition Offer	70,000,000	14.39%	26,000,000	-
Issued pursuant to the AQC Offer	54,347,826	11.17%	-	-
Issued pursuant to the AJC Offer	17,391,304	3.58%	-	-
Total (undiluted)	**486,443,332**	**100%**	26,000,000	80,000,000
Total (fully diluted)	**592,443,332**	-	-	-

Notes:

1. Rights attaching to the Ordinary Shares are summarised in Section 15.1.
2. Performance Shares consist of 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares. Further details in respect of the terms and conditions of the Performance Shares are set out in Section 15.2.
3. Options consist of 50,000,000 Quoted Options exercisable at 4 cents each on or before 30 October 2019, and 30,000,000 Unquoted Options exercisable at 2 cents each on or before 30 October 2019. Further details in respect of the terms and conditions of the Unlisted Options and Quoted Options are set out in Sections 15.3 and 15.4.

6.10 No underwriting

The Offers are not underwritten.

6.11 Restricted securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's quoted securities being re-instated to trading on ASX, certain Shares issued under the Prospectus will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Company's quoted securities may be less liquid which may impact on the ability of a Shareholder to dispose of his or her securities in a timely manner.

It is anticipated that:

(a) all of the Consideration Shares and all of the Performance Shares to be issued to Cape Coal under the Acquisition Offer will be subject to ASX escrow for a period of 24 months from the date of re-instatement to quotation of the Company's quoted securities; and

(b) all of the AJC Option Shares and all of the AQC Option Shares to be issued to AJC (or its nominee) and AQC (or its nominee) respectively, will be subject to ASX escrow for a period of 12 months from the date of issue of those securities.

None of the Ordinary Shares issued under the Public Offer are expected to be restricted

securities.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to the Company's Ordinary Shares being re-instated to trading on ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow.

6.12 Dividend policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the BCC Projects.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances can be given by the Company in relation to the payment of dividends or that franking credits may attach to any dividends.

6.13 How to apply

(a) Public Offer

Applications for Ordinary Shares under the Public Offer will only be accepted on the general application form accompanying this Prospectus (**Public Offer Application Form**). The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Public Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Ordinary Shares for which the Applicant wishes to apply multiplied by the Application price of $0.023 per Ordinary Share. Cheques must be made payable to "**Cabral Resources Limited**" and should be crossed "**Not Negotiable**".

Payment by BPAY is available for online applications made at the Company website at www.cabralresources.com.au. All online applicants can BPAY their payments via internet or telephone banking, A unique reference number will be quoted upon completion of the application.

BPAY applications will only be regarded as accepted if payment is received by the Share Registry from the online applicant's financial institution on or prior to the Closing Date. Application Forms do not need to be returned if payment has been made by BPAY.

Applications for Ordinary Shares must be for a minimum of 87,000 Shares ($2,001) and thereafter in multiples of 21,740 Shares ($500.02).

Completed Public Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before 5.00pm (AEST) on the Closing Date at either of the following addresses:

Delivery Address	**or**	**Postal Address**
Cabral Resources Limited		Cabral Resources Limited
c/- Link Market Services Limited		c/- Link Market Services Limited
1A Homebush Bay Drive		Locked Bag A14

Rhodes NSW 2138 Sydney South NSW 1235
(***do not use this address for mailing purposes)***

Applicants under the Public Offer are urged to lodge their Public Offer Application Forms as soon as possible as the Public Offer may close early without notice.

An original, completed and lodged Public Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Ordinary Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid.

If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Offer Application Form is final. However, an Applicant will not be treated as having applied for more Ordinary Shares than is indicated by the amount of the cheque or direct transfer for the Application Monies.

(b) Acquisition Offer

The Acquisition Offer is an offer to Cape Coal (and/or its nominee) only. Only Cape Coal (and/or its nominee) may apply for Ordinary Shares and Performance Shares under the Acquisition Offer.

A personalised application form will be issued to Cape Coal (and/or its nominee) together with a copy of this Prospectus (**Acquisition Offer Application Form**). The number of Ordinary Shares and Performance Shares to be offered to Cape Coal (and/or its nominee) will be outlined in the Acquisition Offer Application Form provided by the Company. The Company will only provide the Acquisition Offer Application Forms to persons entitled to participate in the Acquisition Offer.

In order to apply for the issue of Ordinary Shares and Performance Shares under the Acquisition Offer Cape Coal (and/or its nominee) must complete and return the personalised Acquisition Offer Application Form to:

Company Secretary
Cabral Resources Limited
Level 11, 216 St Georges Terrace
Perth WA 6000

by no later than 5.00pm (WST) on the Closing Date.

(c) AQC Offer and AJC Offer

The AQC Offer and the AJC Offer is an offer to AQC and AJC (and/or their nominees) only. Only AQC and AJC (and/or their nominees) may apply for Ordinary Shares under the AQC Offer and the AJC Offer.

A personalised application form will be issued to AQC and AJC (and/or their nominees) together with a copy of this Prospectus (**AQC Offer Application Form** and **AJC Offer Application Form**). The number of Ordinary Shares to be offered to such parties will be outlined in the AQC Offer Application Form and AJC Offer Application Form provided by the Company. The Company will only provide the AQC Offer Application Form and the AJC Offer Application Form to persons entitled to participate in the AQC Offer or AJC Offer.

In order to apply for the issue of Ordinary Shares under the AQC Offer or AJC Offer

AQC and AJC (and/or their nominees) must complete and return the personalised AQC Offer Application Form or AJC Offer Application Form to:

Company Secretary
Cabral Resources Limited
Level 11, 216 St Georges Terrace
Perth WA 6000

by no later than 5.00pm (WST) on the Closing Date.

6.14 Application Monies to be held on trust

Until the Shares are issued under this Prospectus, the Application Monies for Ordinary Shares under the Public Offer will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. If the Ordinary Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued under this Prospectus and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

6.15 Allocation of Ordinary Shares

The Directors will determine the recipients of the Ordinary Shares under the Public Offer in consultation with the Lead Manager. The Directors (in conjunction with the Lead Manager) reserve the right to reject any application or to issue a lesser number of Ordinary Shares than that applied for. If the number of Ordinary Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded by cheque to the Applicant (without interest).

Subject to ASX granting approval for quotation of the Ordinary Shares, the issue of Ordinary Shares will occur as soon as practicable after the Public Offer closes. Shares under the other Offers will be issued on or about the same date as under the Public Offer. Holding statements will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Ordinary Shares.

Applicants who sell the Ordinary Shares before they receive their holding statement will do so at their own risk.

6.16 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

6.17 Lead Manager

The Company has engaged CPS Capital Group Pty Ltd (AFSL: 294848) to act as lead manager to the Public Offer.

The Company will pay CPS Capital Group Pty Ltd (and/or its nominee) a management fee of 2% plus GST of the amount raised pursuant to the Public Offer and a placing fee of 4% plus GST of the amount raised pursuant to the Public Offer. Refer to Section 14.8 for a summary of the terms of the Lead Manager Mandate.

6.18 Commissions on Application Forms

The Company reserves the right to pay a commission of up to 4% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services Licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services Licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

6.19 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on ASX in existing Ordinary Shares is, and in new Ordinary Shares will be, settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

The CHESS statement will set out the number of Ordinary Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Ordinary Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of Ordinary Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their security holding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

6.20 Risks

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 13. An investment in the Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.21 Forecast financial information

After considering *ASIC Regulatory Guide 170*, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.

6.22 Privacy statement

If you complete an Application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Ordinary Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

6.23 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.24 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Shares under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Company on +61 8 9481 0389.

7. Company and BCC Overview

7.1 Background

The Company is a mineral exploration company which had a portfolio of tenements prospective for iron ore in Brazil prior to its going into voluntary administration on 1 December 2014. The Company entered into a Deed of Company Arrangement, which was fully effectuated on 13 October 2015. Following a consolidation of capital and recapitalisation, the Company's securities were reinstated to Official Quotation on 29 April 2016. The Company no longer has an interest in any exploration tenements in Brazil.

The key assets of the Company comprise its cash holding of approximately $325,154 as at 30 June 2017.

The Company announced on 18 October 2016 that it had entered into a binding term sheet to acquire 100% of the issued capital of Tapit Media Pty Ltd, a transaction which also required Shareholder approval, including under Listing Rule 11.1.2. The proposed transaction also constituted a significant change in the nature and scale of the Company's activities so as to require the Company to re-comply with Chapters 1 and 2 of the Listing Rules and as a consequence its securities were suspended from quotation from the date of the announcement. The agreement to acquire Tapit Media Pty Ltd was terminated on 14 March 2017 due to failure of certain conditions precedent before the Shareholders' meeting to approve that transaction was held. As such the Shareholders' meeting to be held on 15 March 2017 was cancelled.

7.2 Acquisition

On 21 April 2017, and as announced to ASX on 24 April 2017, the Company entered into a binding terms sheet with Cape Coal under which the Company conditionally agreed to acquire 100% of the issued capital of BCC from Cape Coal. BCC holds interests in, or the right to acquire, a number of coal exploration and development projects in the Bowen Basin of Queensland. The parties executed an amendment to the Terms Sheet on 1 August 2017 to extend the deadline for Completion to 30 September 2017.

The transactions contemplated by the Terms Sheet include:

(a) the Acquisition;

(b) the exercising of options held by BCC to acquire coking coal projects being:

  (i) the Hillalong and Cooroorah Projects from ACQ; and

  (ii) the Comet Ridge Project from AJC;

(c) the raising of at least $4,600,000 and up to $5,000,000 by the issue of new Ordinary Shares by the Company; and

(d) subject to re-compliance with Chapters 1 and 2 of the Listing Rules, the re-instatement of the Company's quoted securities to trading on ASX.

A summary of the material terms of the Terms Sheet is set out in Section 7.3, and further details of the AQC Option Agreement and AJC Asset Sale Agreement are set out in Sections 14.3 and 14.4.

Following completion of the Transaction, the Company will be a coal exploration and development company named "Bowen Coking Coal Limited", and the Company will eventually

transition its headquarters to Brisbane.

7.3 Terms of the Transaction

The principal terms of the Transaction are as follows:

(a) The Company will acquire 100% of the issued capital of BCC from Cape Coal.

(b) The consideration for the Acquisition is the issue by the Company to Cape Coal of:

(i) the Consideration Shares (70,000,000 Ordinary Shares); and

(ii) the following Performance Shares:

- 13,000,000 Class A Performance Shares, which are convertible into 13,000,000 Ordinary Shares on a one for one basis, upon:

  - The Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being upgraded to at least the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only; and

  - the Ordinary Share price achieving a 30 day VWAP of at least 5 cents,

  within 24 months after Completion (the **Class A Milestone**); and

- 13,000,000 Class B Performance Shares, which are convertible into 13,000,000 Ordinary Shares on a one for one basis, upon the Company's Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 50,000,000 tonnes mineral resources of at least inferred category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only, within 24 months after Completion (the **Class B Milestone**).

(c) At Completion, the Company will also issue the AQC Option Shares to AQC (or its nominee) and the AJC Option Shares to AJC (or its nominee) (subject to BCC having exercised the relevant options – refer to Sections 7.3(h)(v) and 7.4(c) and 7.4(d)).

(d) The Company will conduct the Public Offer pursuant to this Prospectus.

(e) The Company to pay a cash reimbursement of $150,000 to BCC for the purpose of reducing BCC's liabilities. This was paid on 27 April 2017 in satisfaction of this condition.

(f) The Company will appoint Gerhard Redelinghuys as Managing Director and Chief Executive Officer, and appoint James Agenbag as a Non-Executive Director with effect from Completion.

(g) The Company will change its name to "Bowen Coking Coal Limited".

(h) The Acquisition is conditional upon, and subject to, a number of conditions which remain outstanding at the date of this Prospectus, including:

(i) the Company obtaining all necessary regulatory and Shareholder approvals as are required to give effect to the Transaction;

(ii) the parties obtaining all necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Transaction, including re-compliance with Chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval to reinstate the Company's quoted securities to trading on ASX following completion of the Transaction, on conditions reasonably satisfactory to the Company;

(iii) the Company appointing Gerhard Redelinghuys as Managing Director and Chief Executive Officer, and appointing James Agenbag as a Non-Executive Director (refer to Section 8.1);

(iv) the Company and Gerhard Redelinghuys entering into an Executive Services Agreement for a 12-month period at a market-based remuneration for a similar position in a comparable ASX-listed company;

(v) BCC exercising the options to acquire the relevant tenements under the AJC Option Agreement and the AQC Option Agreement. As announced to ASX on 2 May 2017, BCC has exercised the option under the AJC Option Agreement;

(vi) execution of restriction agreements, as required by ASX, by Cape Coal, AJC, and AQC (or their nominees) in respect of the Shares to be issued to them;

(vii) there being no material adverse change in the financial position of BCC or the Company prior to Completion;

(viii) BCC having net liabilities of less than $200,000 at Completion (excluding liabilities incurred in exercising the AJC Option or AQC Option); and

(ix) none of Cape Coal's warranties becoming untrue, incorrect or misleading prior to Completion.

(i) Cape Coal has acknowledged that some or all of the Consideration Shares may be escrowed in accordance with the requirements of ASX and will execute such form of escrow agreement as required by the ASX.

(j) There are standard commercial warranties regarding BCC and its assets provided by Cape Coal.

The parties are to use their reasonable endeavours to ensure that all conditions precedent are satisfied by 30 September 2017, after which the Terms Sheet expires unless an extension is agreed to in writing.

7.4 Consideration

Pursuant to the Terms Sheet, the Company has agreed to issue at Completion:

(a) the Consideration Shares to Cape Coal;

(b) 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares to Cape Coal;

(c) the AJC Option Shares, and pay cash consideration of $350,000, to AJC to acquire the Comet Ridge Project, pursuant to exercise by BCC of the option under the AJC Option Agreement (now replaced by the AJC Asset Sale Agreement); and

(d) the AQC Option Shares to AQC (or its nominee) to acquire the Cooroorah Project and the Hillalong Project, pursuant to the exercise by BCC of the option under the AQC Option Agreement.

Refer to Section 7.3 for further details.

7.5 The Market for Seaborne Coking Coal

Coking coal is used in the steel manufacturing process. Australia remains the largest supplier of seaborne coking coal in the world. There has been significant growth in demand experienced from China and future demand growth is foreseen from India and Southeast Asia. Australian coking coal producers enjoy the added benefit of having some of the lowest internal logistical and transport costs of all coking coal exporters.

Hard coking coal prices recovered in 2016 as prices increased from a low of USD 75 per tonne in Q1 2016 to reported highs in November of USD 310 per tonne. The coking coal price increases, along with the lower Australian dollar and lower costs of production due to less buoyant demand for labour and mining services, made for record high margins by Australian producers. The reason for the recovery in the coking coal price was ascribed to the curtailment of Chinese coal production through the reduction in annual working days from 330 to 276 in domestic Chinese coal mines. Growth in fixed asset investment, particularly in Government sponsored infrastructure projects, led to increased steel demand in China at a time when the domestic coking coal supply was decreasing.

Contract hard coking coal prices for the March 2017 quarter have been settled at USD 285 per tonne with spot prices around USD 170 per tonne. The impact of Cyclone Debbie affected supply from Queensland which created a temporary spike in prices, which is expected to ease in Q3 2017. Spot prices for hard coking coal are currently around USD 160 per tonne and are expected to drift slightly lower in the short to medium term.

7.6 The Company's Business Model and Strategy

In summary, the Company's business model and strategy is to work towards commercialising the BCC Projects through exploration and development of coking coal within the Tenements.

The Company believes that the acquisition of BCC presents a good opportunity to participate in Australia's coking coal industry with its attractive economics and long-term viability. The management of BCC are exploring and developing coking coal projects in Queensland's Bowen Basin for export to Asian steel makers. The directors of BCC, Gerhard Redelinghuys and James Agenbag, have extensive experience in the coal space and have an extensive business network to not only advance the current projects in which BCC has an interest, but also potentially to secure more projects.

Following Completion of the Acquisition and reinstatement to trading of the Company's quoted securities on ASX, the primary objective of the Company will be to focus on mineral exploration of resource opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. The Company will endeavour to achieve this objective by focusing on the continued exploration and development of the BCC Projects described in Section 7.8 and further explained in the Independent Geologist's Report in Section 11.

The results of the exploration programs will determine the economic viability and possible timing for the commencement of further testing (including pre-feasibility studies) and commencement of any mining operations on the BCC Projects.

Refer to Section 6.8 for information regarding the Company's proposed use of funds.

7.7 Bowen Coking Coal Pty Ltd

BCC was incorporated on 13 October 2016 as a 100% owned subsidiary of Cape Coal to host its coal interests. BCC's principal activity is the exploration and development of coking coal projects in the Bowen Basin, Queensland, a region globally known for producing high quality hard coking coal. Gerhard Redelinghuys and James Agenbag are the sole directors of BCC. The Proposed Directors have extensive experience with both large and small coal operations.

(a) Cape Coal

Cape Coal was incorporated on 12 April 2012 with its principal activities being the exploration and development of mining projects. Apart from Cape Coal's interest in BCC, Cape Coal also holds a 10% interest in Neala Mining Pty Ltd, a private company holding the Mahura Muthla diamond mine in South Africa, as well as 100% of the Ayers Rock gold project (EPM 25956) located in Queensland. Cape Coal also occasionally invests in ASX listed coal companies.

The shareholders of Cape Coal are:

Shareholder	Shareholding	Percentage
Redel Resources Pty Ltd (ACN 155 689 080)[1]	580,000	58.0%
Capri Resources Pty Ltd (ACN 158 969 745)	155,000	15.5%
Progeo Pty Ltd (ACN 156 472 098)	130,000	13.0%
James Agenbag	80,000	8.0%
Pieter van Wyk	55,000	5.5%
Total	**1,000,000**	**100.0%**

Note:

1. Redel Resources Pty Ltd is a company under the control of Gerhard Redelinghuys.

7.8 BCC Projects

(a) General Overview

The Company's business objectives are to continue the exploration and development of the BCC Projects by:

- undertaking further drilling and other activities on the BCC Projects with the aims of:
  - o increasing the confidence in the Resource by delineating further coal Resource inventory and upgrading existing Resources in terms of classification; and

  improving the Company's understanding of the geological structure and the coal's extractability at each of the BCC Projects; and

- undertaking further analysis of coal quality measures from appropriate samples; and

- subject to suitable results being obtained from these activities, proceeding to a scoping study, or activities preparatory to a feasibility study, at one or more of the BCC Projects.

The Company will also consider acquiring further appropriate complementary coking coal exploration or development assets, subject to considerations of cost, risk, exploration commitments, and availability of funding.

The Company has a two-year exploration budget for the BCC Projects (see Section 6.8). The key aspects of the exploration program are:

- drilling at the Cooroorah Project to analyse the coal quality and target the shallower area of the Aries seam;

- commence work on a pre-feasibility study for the Comet Ridge Project;

- re-interpret the geological data for the Mackenzie Project to work towards a JORC 2012-compliant Resource;

- subject to agreement with Stanmore Coal Limited (**SMR**), drill a coal quality hole in the Lilyvale Project to investigate the coal washing optionality and potential for a multi-product, similar to the neighbouring Kestrel mine; and

- subject to agreement with SMR, drill additional shallow coal targets on the Mackenzie Project.

The Company's exploration program and budget reflect the Board's current intentions as at the date of the Prospectus, but the activities undertaken and the expenditure allocated to each BCC Project may change depending on a number of factors, such as the outcome from initial exploration results, re-prioritising of exploration targets and the optimum use of exploration resources.

(b) **Lilyvale Project (BCC 15%) and Mackenzie Project (BCC 5%): Joint Venture with Stanmore Coal Limited**

BCC currently holds a 15% Joint Venture interest in the Lilyvale Project (EPCs 1687 and 2157) and a 5% Joint Venture interest in the Mackenzie Project (EPC 2081), both of which are with SMR. SMR is an ASX-listed coal producer, mining both coking and thermal coal from its Isaac Plains Mine near the town of Moranbah in the Bowen Basin, Queensland. SMR has a market capitalisation in excess of $80 million, and holds various prospective coal projects and mining assets. The Mackenzie Joint Venture commenced in April 2012, with a formal agreement completed on 26 October 2012. The Lilyvale Joint Venture was established on 29 July 2013. On 27 February 2017, Cape Coal assigned its rights and novated its obligations to BCC, and SMR approved the transfer of the interests in the Projects to BCC. SMR waived its pre-emptive and tag along rights for a transaction including the sale of BCC

EPCs 1687 and 2157 each cover 6.31 km^2. They are located approximately 19 km north east of the township of Emerald and are abutting Rio Tinto's Kestrel Mine. EPC 2081 is held by Mackenzie Coal Pty Ltd, a wholly-owned subsidiary of SMR. EPC 2081 covers an area of 352.6 km^2, and is located 4 km north of the township of Comet in the central Bowen Basin.

Significant exploration (which confirmed the presence of coking coal) has been completed on the Mackenzie Project and will be re-investigated with the aim at

potentially delineating a JORC 2012-compliant Resource. The occurrence of high yielding coking coal on the Lilyvale tenement has been proved by two quality boreholes within the tenement boundary. Limited washability data exists which necessitates the need for a fully-cored exploration hole to be drilled to examine the potential for dual product options.

Included in the use of funds in Section 6.8 is short term planned exploration expenditure for both of these Projects. This expenditure is subject to agreement with SMR.

(c) **Cooroorah and Hillalong Projects: BCC option under AQC Option Agreement**

BCC entered into the AQC Option Agreement with Area Coal Pty Ltd (**Area Coal**), a wholly-owned subsidiary of AQC, pursuant to which BCC has the option to acquire a 100% interest in the Cooroorah Project (MDL 453) and the Hillalong Project (EPC 1824) from Area Coal.

MDL 453 covers an area of 16.71 km^2 located 12.5 km north-east of the township of Blackwater in the central Bowen Basin. The Cooroorah Project is down dip from Curragh mine, and hosts coal seams from the Rangal Coal Measures. A JORC 2012- compliant resource of 125Mt (70Mt Indicated and 55Mt Inferred) was delineated, and quality analysis indicates a high-quality coking/PCI (pulverised coal injection) coal.

Included in Section 6.8 is exploration funding aimed at expanding the resource and infill drilling. Activities planned include the drilling of two cored holes to study the coal washability and quality. The holes will target all the seams of the Rangal Coal Measures, and will be located in an area where the Aries seam (top seam) is expected to be shallower and of a high quality. Previous work completed on the shallow Burngrove measures will also be reviewed for further optionality.

EPC 1824 is situated in the northern Bowen Basin approximately 105 km west-southwest of Mackay. The EPC covers 47.99km^2 and is approximately 16 km northwest of Rio Tinto's Hail Creek Mine. The tenement contains the Rangal Coal Measures at depths commencing at 150 metres below the surface. The seams sub-crop in the adjacent lease to the east and steeply dip to the west at the limb of the Hillalong anticline. Within EPC 1824, the strata are interpreted to flatten out at depth. Limited exploration has been conducted to date and no coal resource has been estimated over the area. Expenditure is planned on the Hillalong Project in the second year after listing, and may include the commencement of a seismic acquisition program.

(d) **Comet Ridge Project: BCC option under AJC Option Agreement (now AJC Asset Sale Agreement)**

BCC entered into the AJC Option Agreement pursuant to which AJC granted an option to BCC to acquire a 100% interest in the Comet Ridge Project (EPC 1230, MLA 700005, and Environmental Authority EPML 03080315) from AJC.

As contemplated in the AJC Option Agreement, the parties subsequently entered into the AJC Asset Sale Agreement, a definitive asset sale agreement in relation to the assets comprising the Comet Ridge Project, on 2 August 2017.

EPC 1230 is proximate to the Mackenzie Project and covers 97.4 km^2 on the southern central portion of the Comet Ridge, located approximately 8 km west of Blackwater Coal Mine. Mining Licence Application 700005 was lodged with the Queensland Department of Natural Resources and Mines (**Department**) in respect of an area within EPC 1230 in March 2015 and has already advanced in the approval process. An Environmental Authority was granted in August 2016. On 30 April 2017 BCC exercised its option to acquire the Comet Ridge Project.

The Comet Ridge Project is located at the southern end of the Comet Ridge anticline in the Fair Hill formation, Acacia Coal was targeting the Fair Hill Seam and the stratigraphically lower Triumph Seam. Acacia Coal oversaw the extraction of a bulk sample from the Triumph Seam in 2015. Total coal Resources are estimated for the combined cumulative thickness of the 9 Fair Hill Seam plies and the 4 Triumph Seam plies as 57 Mt shallower than 50 metres, made up of 8 Mt Measured, 9 Mt Indicated, and 40 Mt Inferred.

The proposed exploration expenditure set out in Section 6.8 is aimed at reviewing and updating previous mining and washability studies to commence a pre-feasibility study. Depending on the outcome of the pre-feasibility study, the Board may consider the commencement of a definitive feasibility study.

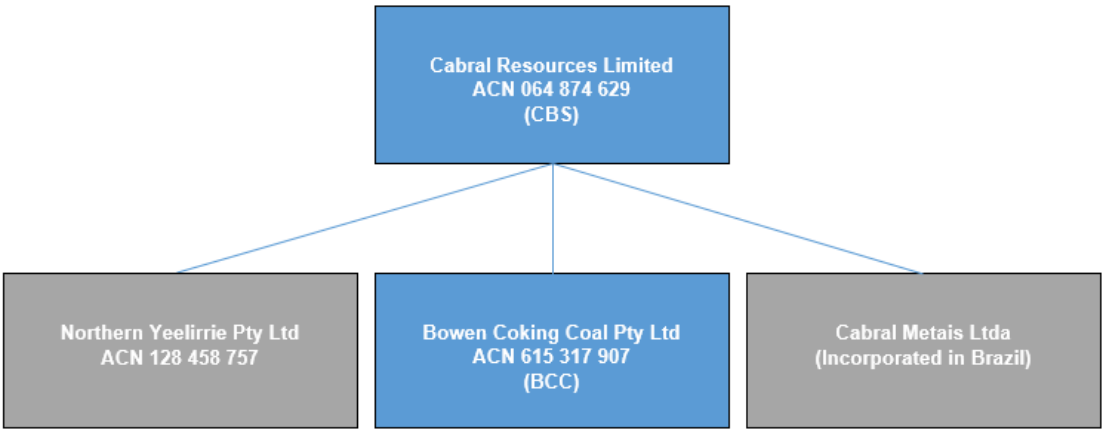
(e) **Future projects**

BCC has been in negotiations with various parties with a view to acquiring further coking coal exploration or development projects. No conclusive agreements have yet been reached in respect of these additional projects, and they are not expected to lead to final binding agreements before completion of the Transaction.

Technical information on the BCC Projects is to be found in the Independent Geologist's Report in Section 11.

7.9 Corporate Structure

Upon Completion, the corporate structure of the Company will be as follows:



Northern Yeelirrie Pty Ltd and Cabral Metais Ltds are currently wholly-owned subsidiaries of the Company. Both of these subsidiaries are inactive as at the date of this Prospectus.

Upon Completion, BCC will become a wholly-owned subsidiary of the Company.

7.10 Financial information

Financial information in relation to the Company and BCC is set out in Section 9 and in the Investigating Accountant's Report in Section 10 .

8. Directors, Key Management and Corporate Governance

8.1 Director profiles

Subject to completion of the Transaction, it is intended that the Board will be comprised of Mr Eddie King, Mr Steven Formica, Mr Gerhard Redelinghuys and Mr James Agenbag. Existing Director Mr Gregory D'Arcy intends to resign as a Director following completion of the Acquisition.

Brief profiles of the Directors of the Company following Completion are set out below.

(a) **Mr Ariel (Eddie) King – Non-Executive Chairman**

B.Eng (Hons) B.Com.

Mr King is a qualified Mining Engineer. Mr King holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia and is currently a Representative for CPS Capital Group Pty Ltd, the Lead Manager. Mr King's past experience includes being Manager for an investment banking firm, where he specialised in the technical and financial analysis of bulk commodity and other resource projects. Mr King also acts as a director of ASX listed companies, European Cobalt Ltd (ASX: EUC), Drake Resources Limited (ASX: DRK), Eastern Iron Ltd (ASX: EFE), Lindian Resources Limited (ASX: LIN) and Axxis Technology Group Ltd (ASX:AYG).

(b) **Mr Steven Formica – Non-Executive Director**

Mr Formica brings to the Company practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development, and integrated wholesale and retail businesses. More recently he has been a successful investor and non-executive director in mineral resource companies. Mr Formica is currently a non-executive director of ASX listed companies Cabral Resources Limited, Lindian Resources Limited and Mintails Limited, and formerly chairman of Enerji Limited.

(c) **Mr Gerhard Redelinghuys – Managing Director and Chief Executive Officer**

B. Comm. Acc, Hons, B. Compt, GAICD.

Mr Redelinghuys is the Managing Director of Cape Coal and has 24 years' experience in financial and project development within the mining sector. After studying finance at the University of Pretoria in South Africa, Gerhard joined Price Waterhouse Coopers, before commencing his employment with EXXARO Resources Ltd (former ISCOR and KUMBA Resources) in 1995. Since 1995 he has held various senior management positions in both open cut and underground mining operations in South Africa. He has held directorships in Australia, including the position of Managing Director of Exxaro Australia Pty Ltd. In addition to his business analysis experience, Gerhard has extensive experience in mining project acquisitions and deal making on an international level. Gerhard was the owner's representative on a multi-billion underground coal project in Queensland. In 2013, Gerhard became a graduate member of the Australian Institute of Company Directors.

(d) **Mr James Agenbag – Non-Executive Director**

B. Eng, Chemical Engineering.

Mr Agenbag has 14 years' experience in the mining industry covering all phases of business and project development, process design, including the commissioning and optimisation of processing facilities across multiple commodities. After completing his Chemical Engineering degree at the University of Stellenbosch in 2003, James worked

as a process design engineer at EPCM companies including GRD Minproc Limited and DRA Global. In 2008, James moved to Australia to help build DRA's Brisbane office. His responsibilities included research and development of new business and client management in Southern Africa, Australia and Indonesia. James also has substantial experience in beneficiation optimisation with emphasis on various technologies including some technologies where he jointly holds patent rights. James has delivered technical papers within his area of expertise within the chemical engineering area. More recently, he has been responsible for the process engineering discipline across Peabody Energy Australia PCI Pty Ltd coal projects. James has been accredited with ECSA as a Professional Engineer. He is a Member of IEAust (Chem), and is an active Member of the South African and Australian Coal Processing Societies.

8.2 Key management personnel

The following persons will comprise the key management personnel of the Company following Completion of:

(a) Gerhard Redelinghuys – Managing Director and Chief Executive Officer; and

(b) James Agenbag – Non-Executive Director.

Please refer to the employment agreement summaries in Section 8.6 for details of the material terms of engagement of the key management personnel.

Other management

The current Company Secretary, Stephen Brockhurst, is retained on a contract-basis and will continue in this role for the Company after Completion. Mr Brockhurst has 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the board and acted as company secretary for numerous ASX listed companies. He is currently a Director of Plymouth Minerals Limited and Roto-Gro International Limited and Company Secretary of Windward Resources Limited, Jacka Resources Limited, MedAdvisor Limited and Cabral Resources Limited.

8.3 Directors' interests

Other than as set out in this Prospectus, no Director has, or had within 2 years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or

(c) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as, a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

8.4 Directors' interests in securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as Director.

The interests of the Existing Directors in securities of the Company as at the date of this Prospectus are as follows:

Director	Ordinary Shares	Performance Shares	Options	% (undiluted)	% (fully diluted)
Eddie King	2,000,000	-	15,000,000[1]	1.57%	8.20%
Steven Formica	-	-	-	-	-
Gregory D'Arcy	500,000	-	3,000,000[2]	0.39%	1.69%

Notes:

1. Includes 5,000,000 Unlisted Options exercisable at $0.02 each on or before 30 October 2019 and 10,000,000 Quoted Options exercisable at $0.04 each on or before 30 October 2019.
2. Includes 1,400,000 Unlisted Options exercisable at $0.02 each on or before 30 October 2019 and 1,600,000 Quoted Options exercisable at $0.04 each on or before 30 October 2019.

Further details in respect of the terms and conditions of the Unlisted Options and Quoted Options are set out in Sections 15.3 and 15.4.

The Proposed Directors, and the Existing Directors, have advised that they do not intend to subscribe for any Ordinary Shares under the Public Offer.

The anticipated interests of the Directors in the securities of the Company, following Completion and completion of the Offers (assuming no subscription for Ordinary Shares under the Public Offer by the Proposed Directors as noted above), are as follows:

Director	Ordinary Shares	% Shareholding (Minimum Subscription)	% Shareholding (Maximum Subscription)	Performance Shares	Options
Eddie King	2,000,000	0.43%	0.41%	-	15,000,000[2]
Steven Formica	-	-	-	-	
Gerhard Redelinghuys[1]	70,000,000	14.92%	14.39%	26,000,000	-
James Agenbag	-	-	-	-	-

Notes:

1. Gerhard Redelinghuys is the controller of Cape Coal, and will have a relevant interest in the Consideration Shares and the Performance Shares to be issued to Cape Coal.
2. Includes 5,000,000 Unlisted Options exercisable at $0.02 each on or before 30 October 2019 and 10,000,000 Quoted Options exercisable at $0.04 each on or before 30 October 2019.

Further details in respect of the terms and conditions of the Unlisted Options and Quoted Options are set out in Sections 15.3 and 15.4.

8.5 Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is currently $400,000 per annum.

The remuneration of Directors is reviewed annually by the Company.

The Directors may also be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

Details of the annual remuneration (inclusive of any applicable superannuation) of the Existing Directors for the financial years ended 30 June 2016 and 30 June 2017 are as follows:

Director	Financial year ending 30 June 2016	Financial year ending 30 June 2017
Eddie King	$47,333	$60,000
Steven Formica	$18,933	$57,000
Gregory D'Arcy	$18,933	$24,000

The current annual remuneration (inclusive of any applicable superannuation) payable to each of the Existing Directors as at the date of this Prospectus until Completion of the Transaction is as follows:

Director	Current Annual Remuneration
Eddie King	$60,000[1]
Steven Formica	$60,000[1]
Gregory D'Arcy	$24,000[2]

Notes:

1. $5,000 per month payable from 1 July 2017 up until 30 September 2017.
2. $2,000 per month payable up until Completion.

The annual remuneration (exclusive of any applicable superannuation) payable to each of the Directors following Completion of the Transaction and completion of the Offers is as follows:

Director	Annual Remuneration following Completion
Eddie King	$36,000[1]
Steven Formica	$36,000[1]
Gerhard Redelinghuys	$220,000[2]
James Agenbag	$36,000[3]

Notes:

1. $3,000 per month payable from 1 October 2017.
2. Payable from commencement of his appointment as a Director.
3. $3,000 per month payable from commencement of his appointment as a Director.

A summary of the material terms of employment of Gerhard Redelinghuys (the proposed Managing Director and Chief Executive Officer of the Company), James Agenbag (a proposed Non-Executive Director of the Company) and the other key management personnel are outlined in Sections 8.6(a) and 8.6(b) below.

8.6 Agreements with Directors or Related Parties

(a) Executive Service Agreement – Mr Gerhard Redelinghuys

The principal terms of the executive services agreement with Gerhard Redelinghuys for the position of Managing Director and Chief Executive Officer include the following:

(i) The agreement is for an initial period of 12 months.

(ii) The agreement may be terminated:

(A) by either party without cause with 3 months' notice, or in the case of the Company, immediately with payment in lieu of notice; or

(B) immediately following material breach or in the case of misconduct.

(iii) An initial base salary of $220,000 per annum (exclusive of statutory superannuation) is payable to Gerhard Redelinghuys.

(iv) Other industry standard provisions for a senior executive of a public listed company are included in the agreement.

Refer to Section 8.1(c) for a profile of Gerhard Redelinghuys.

(b) Non-Executive Letter of Appointment – Mr James Agenbag

Mr Agenbag will be paid non-executive director's fees of $36,000 per annum, and statutory superannuation contributions. Non-executive directors' fees are determined within an aggregate directors' fee pool limit under the Constitution.

Refer to Section 8.1(d) for a profile of James Agenbag.

(c) Relationship between Proposed Directors and BCC

Gerhard Redelinghuys is a director of Cape Coal and BCC. Redel Resources Pty Ltd, a company controlled by Mr Redelinghuys, holds a 58% shareholding in Cape Coal. Mr Redelinghuys will have a relevant interest in the Consideration Shares and the Performance Shares to be issued to Cape Coal. James Agenbag is also a director of both Cape Coal and BCC. Mr Agenbag also holds an 8% shareholding in Cape Coal.

(d) Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors and is proposing to enter into similar deeds with each of the Proposed Directors upon their appointment. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a

result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

8.7 Agreements with key management personnel

Refer to Section 8.6(a) for a summary of the key terms of Gerhard Redelinghuys' Executive Services Agreement for the position of Managing Director and Chief Executive Officer.

Refer to Section 8.6(b) for a summary of the key terms of James Agenbag's Non-Executive Letter of Appointment for the position of Non-Executive Director.

Other management

The current Company Secretary, Stephen Brockhurst, is retained on a contract-basis.

8.8 Corporate governance

This summary identifies the key corporate governance policies and practices adopted by the Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Statement is available in a dedicated corporate governance information section of the Company's website www.cabralresources.com.au.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**). As a listed entity the Company has been required to report any departures from the Recommendations in its annual report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it. The Company's compliance and departures from the Recommendations are set out in its Corporate Governance Statement in the corporate governance information section of the Company's website.

The role of the Board

The role of the Board is to govern the Company and provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to monitor the Company's financial performance and the effectiveness of its governance practices.

The Board will always retain ultimate authority over all matters relating to the policies, practices, management and operations of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

(a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company and its shareholders, as well as taking into account the interests of its employees, customers, suppliers, lenders and the

community;

(b) in a manner designed to create and continue to build sustainable value for shareholders;

(c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and

(d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include:

(a) overseeing and approving the Company's strategies, policies and performance objectives;

(b) protecting and optimising the Company's performance and building sustainable value for Shareholders;

(c) setting, reviewing and monitoring the effectiveness of the Company's governance framework; and

(d) ensuring corporate accountability to Shareholders through an effective Shareholder communications strategy.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is 3 and the maximum number is 12. The Board at the date of this Prospectus is comprised of 3 Directors, namely Messrs Eddie King, Steven Formica and Gregory D'Arcy. Following completion of the Acquisition, the Board will be composed of 4 Directors, namely Messrs Eddie King, Steven Formica, Gerhard Redelinghuys and James Agenbag. The Directors consider the size and composition of the proposed Board area appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board is responsible for delegating the appropriate powers to executive directors and senior management to ensure effective day-to-day management of the business. The Managing Director is responsible for the attainment of the Company's objectives in accordance with strategies, policies, programs and performance requirements approved by the Board, and is responsible for all aspects of the management and development of the Company

The Board seeks to nominate persons for appointment to the Board who have the skills, experience and expertise to increase the effectiveness of the Board.

Independence of Directors

The Board considers the issue of independence with regard to the relationships listed in Box 2.3 of the Recommendations outlined in the Company's "Independence of Director Assessment" policy. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter if necessary to properly discharge their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9). The securities trading policy regarding allowable dealings is that those persons should:

(a) not deal in the Company's securities while in possession of price sensitive, non-public information; and

(b) not deal in the Company's securities in either fixed black-out periods prior to the release of quarterly, half-yearly and annual reports, nor in *ad hoc* prohibited periods that may be determined from time to time. There is a procedure for seeking clearance to deal in Company securities.

Remuneration policy

The Company has adopted a remuneration policy designed to ensure that executive remuneration is in line with market practice and is reasonable in the context of executive reward practices. The policy recognises that to prosper in the competitive global market the Company has to attract, motivate and retain its executive staff. The Board may seek independent advice on local and international trends among comparative companies and industry generally.

Remuneration packages for executives may contain any or all of the following:

(a) annual salary base;

(b) incentives and bonus payments; and

(c) long-term performance incentives, including the grant of options (at the discretion of the Board and subject to obtaining necessary approvals).

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year.

Remuneration of executives will be reviewed annually by the Board. Determination of Non-Executive Directors fees is subject to the maximum aggregate amount approved by Shareholders. The Board determines payments to directors and reviews their remuneration annually having regard to market practice and the duties and accountabilities of directors.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company provides for relevant price sensitive information to be brought to the attention of the Managing Director or the Board so that an appropriate announcement can be made in a timely fashion. The policy ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement made to ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are informed of all major developments.

Information is communicated to Shareholders:

(a) through the release of information to the market via ASX;

(b) through the distribution of the annual report and notice of annual general meeting;

(c) through letters, emails and other forms of communications directly to Shareholders; and

(d) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on honesty, fairness, integrity, responsibility, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

8.9 Directors' disclosure regarding previous directorships

(a) Eddie King and Steven Formica were directors of Bundok Resources Pty Ltd (ACN 141 401 710) (**Bundok**) a wholly-owned subsidiary of Lindian Resources Limited. On 11 March 2015, voluntary administrators were appointed to Bundok and at the second meeting of the company's creditors held on 23 April 2015, a special resolution was passed to wind up the company.

Steven Formica was the sole director of Byford Central Pty Ltd (ACN 107 147 955) (**Byford**). On 5 January 2012, St George Bank Limited appointed receivers to Byford. The receivers retired on 9 October 2014. Byford was deregistered on 23 April 2016.

(b) The other Existing Director and the Proposed Directors have considered the above circumstances and are of the view that the past involvement of Messrs King and Formica in these companies in no way impacts on their continuing role as Directors and their contribution to the Company.

9. Financial Information

Following the completion of the Transaction, the Company will be focussed on the continued exploration and development of the BCC Projects. Therefore, in the opinion of Directors, the Company's past operations and financial historical information will not be of significant relevance to future activities.

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or BCC Projects, or whether any material revenues or profitability will eventuate.

Given the BCC Projects are in the exploration stage, it is difficult to make an evaluation of the Company's financial prospects. Accordingly, no assurance can be given by that the Company that the BCC Projects will achieve commercial viability.

The initial funding for the Company's future activities will be generated from the Public Offer and existing cash reserves. The Company may need to raise further capital in the future to continue to explore and develop the BCC Projects, and such amounts may be raised by further equity raisings or debt or quasi-debt funding if required. As a result of the above, the Company is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in the Investigating Accountant's Report in Section 10.

Potential investors should read the Investigating Accountant's Report in full before making any investment decision.

10. Investigating Accountant's Report

CABRAL RESOURCES LIMITED
(to be renamed Bowen Coking Coal Limited)

Investigating Accountant's Report

31 July 2017

BDO

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38 Station Street
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Australia

31 July 2017

The Directors

Cabral Resources Limited

Level 11, 216 St Georges Terrace

PERTH WA 6000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Cabral Resources Limited (**'Cabral'** or **'the Company'**) to prepare this Investigating Accountant's Report (**'Report'**) in relation to the historical financial information and pro forma historical financial information of Cabral, for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange (**'ASX'**) requirements for Cabral to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of Cabral entering into a binding terms sheet with Cape Coal Pty Ltd (**'Cape Coal'**) for the acquisition of 100% of the issued capital of Bowen Coking Coal Pty Ltd (**'BCC'**) (**'the Acquisition'**).

Broadly, the Prospectus will offer up to 217,391,304 Shares at an issue price of $0.023 each to raise up to $5 million before costs (**'the Public Offer'**). The Public Offer is subject to a minimum subscription level of 200,000,000 to raise $4.6 million before costs.

The Prospectus also contains offers of:

a) 70,000,000 Ordinary Shares, 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares to Cape Coal in consideration for the acquisition of all the shares in BCC (**'Acquisition Offer'**);

b) 54,347,826 Ordinary Shares to Australia Pacific Coal pursuant to the AQC Option Agreement (**'AQC Offer'**); and

c) 17,391,304 Ordinary Shares to Acacia Coal pursuant to the AJC Option Agreement (**'AJC Offer'**),

(together, **'the Offers'**).

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Historical Financial Information

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) included as appendices to our Report:

- the reviewed Statements of Financial Position, Performance and Cash Flows for Cabral for the half year ended 31 December 2016 and the audited Statements of Financial Performance and Cash Flows for Cabral for the years ended 30 June 2016 and 30 June 2015; and
- the audited Statements of Financial Position, Performance and Cash Flows for BCC for the period from incorporation (13 October 2016) to 31 March 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information for Cabral has been extracted from the financial reports for the half year ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015.

The financial report for the half year ended 31 December 2016 for Cabral was reviewed by Nexia Court & Co in accordance with the Australian Auditing Standards and they issued an unmodified review conclusion.

The financial report for the year ended 30 June 2016 for Cabral was audited by Nexia Court & Co in accordance with the Australian Auditing Standards and they issued a modified audit opinion on the basis they were unable to obtain sufficient appropriate audit evidence confirming the additions of $1,122,661 during the previous period to exploration assets and therefore that the impairment of $2,882,991 to exploration assets in the current period did not require any adjustments. They also included an emphasis of matter paragraph noting that the ability of Cabral to continue as a going concern is dependent upon future equity raisings or the availability of debt finance.

The financial report for the year ended 30 June 2015 for Cabral was audited by Nexia Court & Co in accordance with the Australian Auditing Standards and they issued a modified audit opinion on the basis they were unable to obtain sufficient appropriate audit evidence confirming the additions of $1,122,661 during the period to exploration assets. They also included an emphasis of matter paragraph noting that the ability of Cabral to continue as a going concern is dependent upon Cabral being successful in securing additional funds.

The Historical Financial Information of BCC has been extracted from the financial report for the period from incorporation (13 October 2016) to 31 March 2017 which was audited by RSM Australia Partners Queensland (‘**RSM**’) in accordance with Australian Auditing Standards. RSM issued an unmodified audit opinion on the financial report, however the auditor did include an emphasis of matter relating to the material uncertainty around BCC’s ability to continue as a going concern.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **‘Pro Forma Historical Financial Information’**) included as appendices to our Report:

- the pro forma historical Statement of Financial Position as at 31 December 2016.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Cabral and BCC, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company’s actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on the Company’s financial position as at 31 December 2016. As part of this process, information about the Company’s financial position has been extracted by the Company from its financial statements for the half year ended 31 December 2016.

3. Directors’ responsibility

The directors of Cabral are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro forma historical statement of financial position reflects the following events that have occurred subsequent to the period ended 31 December 2016:

- Since 1 January 2017, Cabral's cash position has decreased by approximately $360,000 as a result of operating costs incurred including costs associated with the proposed transaction with Tapit Media Pty Ltd (**'Tapit'**) which was subsequently terminated. We have therefore reduced cash and increased accumulated losses by this amount;
- Cabral has paid a cash reimbursement of $147,496 to BCC for the purpose of reducing BCC's liabilities. Therefore, we have made an adjustment to reflect a cash payment from Cabral to BCC to extinguish BCC's existing trade and other payables and shareholder loans;
- Cabral has paid approximately $15,000 for due diligence costs directly attributable to the acquisition of BCC; and
- Cabral has incurred approximately $50,000 in costs directly related to the issue of new Shares, therefore these have been offset against contributed equity.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Cabral or BCC not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 December 2016, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The Company proposes to change its name from Cabral Resources Limited to Bowen Coking Coal Limited;

- The issue of 200,000,000 shares at an offer price of $0.023 each to raise $4.6 million before costs pursuant to the Public Offer, based on the minimum subscription. Under the maximum subscription, the Company will issue up to 217,391,304 shares at an offer price of $0.023 to raise $5.0 million before costs;
- Costs of the Offers are estimated to be $470,000 under the minimum subscription and $494,000 under the maximum subscription. As detailed in section 7, the Company has paid $50,000 of these costs, therefore the remaining costs of the Offers are $420,000 under the minimum subscription and $444,000 under the maximum subscription. Those costs which relate to the issuing of new Shares are to be offset against contributed equity while the remaining costs are to be expensed. Of the above costs of the Offers, we have offset $285,271 against contributed equity under the minimum subscription and offset $311,174 against contributed equity under the maximum subscription;
- The Company will issue 70,000,000 Ordinary Shares, 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares to Cape Coal pursuant to the Acquisition Offer. The Company has considered whether the acquisition of BCC falls within the scope of *AASB 3 Business Combinations* and therefore is required to be accounted for as a business combination. A business combination involves an acquirer obtaining control of one or more business by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors. The Company does not consider that the BCC acquisition meets the definition of a business combination in accordance with *AASB 3 Business Combinations* as the acquired assets are not deemed to be a business for accounting purposes, therefore we have provisionally accounted for the acquisition as an asset acquisition.

  The Company will issue a total of 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares. Refer Section 15.2 for the full terms of the Performance Shares. Currently there are no reasonable grounds on which to assess the likelihood of the non-market milestones for conversion of the Class A and Class B Performance Shares being met. Therefore, no adjustments have been made to the pro forma historical Statement of Financial Position based on the issue of the Class A and Class B Performance Shares. In accordance with *AASB 2 Share based payments*, the Company will be required to re-assess the probability of the non-market performance milestones being achieved at each reporting date up until expiry of the Class A and Class B Performance Shares;
- On 30 November 2016, an option agreement was entered into between Area Coal Pty Ltd, a wholly owned subsidiary of Australian Pacific Coal Limited (‘**AQC**’) and BCC, which provided BCC with the option to acquire the Cooroorah Project and Hillalong Projects through the issue of 54,347,826 shares (‘**AQC Option**’). We note that the AQC Option agreement was amended by both parties to reflect the proposed acquisition of BCC by Cabral. Pursuant to the AQC Offer and exercise of the AQC Option, we have increased contributed equity through the issuing of these shares and have increased exploration and evaluation expenditure to reflect the fair value of the exploration assets acquired under the AQC Option. The fair value of the exploration assets acquired has been determined based on the consideration paid and a value per share of $0.023, being the price of the Public Offer; and
- On 13 January 2017, an option agreement was entered into between Acacia Coal Limited (‘**AJC**’) and BCC which granted BCC an option to acquire the Comet Ridge Project through the issue of 17,391,304 shares and the payment of $350,000 (‘**AJC Option**’). We

note that the AJC Option agreement was amended by both parties to reflect the proposed acquisition of BCC by Cabral. Pursuant to the AJC Offer and exercise of the AJC Option, we have reduced cash by $350,000 and adjusted contributed equity to reflect the issue of 17,391,304 shares issued on exercise of the AJC Option. The fair value of the exploration assets acquired has been determined based on the consideration paid and a value per share of $0.023, being the price of the Public Offer.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offers other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Peter Toll

Director

APPENDIX 1

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

HISTORICAL STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-16 $	Audited for the year ended 30-Jun-16 $	Audited for the year ended 30-Jun-15 $
Other income	7,835	478,446	3,152
Administration expense	(237,111)	(442,772)	(376,451)
Administrator expense	-	-	(343,806)
Employee benefits expense	(68,800)	(85,199)	(686,770)
Impairment of exploration assets	-	(2,882,991)	-
Share of loss from equity accounted investees	-	-	(424,273)
Loss before income tax	**(298,076)**	**(2,932,516)**	**(1,828,148)**
Income tax benefit	-	-	-
Loss from continuing operations after income tax	**(298,076)**	**(2,932,516)**	**(1,828,148)**
Discontinued operations after income tax			
Loss from discontinued operations after income tax	-	-	(5,766,617)
Loss attributable to owners of Cabral Resources Ltd	**(298,076)**	**(2,932,516)**	**(7,594,765)**
Other comprehensive income, net of tax			
Reclassification adjustments			
Reclassification to profit or loss on loss of control of subsidiary	-	-	2,291,765
Total comprehensive loss attributable to members of Cabral Resources Ltd	**(298,076)**	**(2,932,516)**	**(5,303,000)**

The Historical Statements of Profit or Loss and Other Comprehensive Income show the historical financial performance of Cabral and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Cabral at 31-Dec-16 $	BCC at 31-Mar-17 $	Subsequent events $	Pro forma adjustments 4.6m $	Pro forma adjustments 5.0m $	Pro forma after Offers 4.6m $	Pro forma after Offers 5.0m $
CURRENT ASSETS								
Cash and cash equivalents	2	902,051	4,478	(572,496)	3,830,000	4,206,000	4,164,033	4,540,033
Trade and other receivables		66,013	4,421	-	-	-	70,434	70,434
TOTAL CURRENT ASSETS		968,064	8,899	(572,496)	3,830,000	4,206,000	4,234,467	4,610,467
NON-CURRENT ASSETS								
Exploration and evaluation	3	-	-	15,000	3,748,597	3,748,597	3,763,597	3,763,597
TOTAL NON-CURRENT ASSETS		-	-	15,000	3,748,597	3,748,597	3,763,597	3,763,597
TOTAL ASSETS		968,064	8,899	(557,496)	7,578,597	7,954,597	7,998,064	8,374,064
CURRENT LIABILITIES								
Trade and other payables	4	88,011	56,813	(56,813)	-	-	88,011	88,011
Shareholder loans	5	-	90,683	(90,683)	-	-	-	-
TOTAL CURRENT LIABILITES		88,011	147,496	(147,496)	-	-	88,011	88,011
TOTAL LIABILITIES		88,011	147,496	(147,496)	-	-	88,011	88,011
NET ASSETS		**880,053**	**(138,597)**	**(410,000)**	**7,578,597**	**7,954,597**	**7,910,053**	**8,286,053**
EQUITY								
Contributed equity	6	42,064,761	1,000	(50,000)	7,573,729	7,947,826	49,589,490	49,963,587
Reserves		800	-	-	-	-	800	800
Accumulated losses	7	(41,185,508)	(139,597)	(360,000)	4,868	6,771	(41,680,237)	(41,678,334)
TOTAL EQUITY		**880,053**	**(138,597)**	**(410,000)**	**7,578,597**	**7,954,597**	**7,910,053**	**8,286,053**

The pro forma statement of financial position after the Offers is as per the statement of financial position before the Offers adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 3

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

HISTORICAL STATEMENTS OF CASH FLOWS

Consolidated Statement of Cash Flows	Reviewed for the half year ended 31-Dec-16 $	Audited for the year ended 30-Jun-16 $	Audited for the year ended 30-Jun-15 $
Cash flows from operating activities:			
Payments to suppliers, employees and creditors (incl GST)	(378,808)	(494,330)	(745,189)
Interest received	12,514	2,755	5,335
Net cash outflows from operating activities	(366,294)	(491,575)	(739,854)
Cash flows from investing activities:			
Payments under Deed of Company Arrangement	-	(569,227)	-
Payments for exploration assets	-	-	(1,122,661)
Cash held by subsidiaries on loss of control	-	-	(119,948)
Proceeds from sale of fixed assets	-	-	92,197
Proceeds from sale of investments	-	-	205,707
Net cash outflows from investing activities	-	(569,227)	(944,705)
Cash flows from financing activities:			
Loans from related parties	-	-	106,416
Proceeds rom Deed of Company Arrangement	-	-	90,000
Proceeds from issue of shares and options	-	2,322,338	517,218
Payments for capital raising costs	(19,640)	(175,400)	-
Net cash outflows from financing activities	(19,640)	2,146,938	713,634
Net increase/(decrease) in cash held	(385,934)	1,086,136	(970,925)
Cash and cash equivalents at beginning of period	1,287,985	201,849	1,179,152
Effect of exchange rate changes on cash held	-	-	(6,378)
Cash and cash equivalents at the end of the period	**902,051**	**1,287,985**	**201,849**

The Historical Statement of Cash Flows show the historical cash flows of Cabral and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 4

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('**AIFRS**'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Going Concern

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result, the Financial Information has been prepared on a going concern basis. However, should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting Basis and Conventions

The Report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

a) Income tax

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business.

b) Impairment of assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

d) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment: 3 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

h) Contributed equity

Ordinary shares are classified as equity.

i) Share based payments benefits

Share based compensation benefits are provided to Directors and employees via share or option plans in place from time to time. The fair value of options granted under the plans is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value of the options is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options that it expects to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

k) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised "mine properties in development". Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136: Impairment of Assets. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

l) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

Recoverability of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Determination of fair values on exploration and evaluation assets acquired

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

NOTE 2. CASH AND CASH EQUIVALENTS	Reviewed 31-Dec-16 $	Pro forma after Offers 4.6m $	Pro forma after Offers 5.0m $
Cash and cash equivalents	902,051	4,164,033	4,540,033
Reviewed balance of Cabral as at 31 December 2016		902,051	902,051
Audited balance of BCC at 31 March 2017		4,478	4,478
Subsequent events:			
Operating costs incurred by Cabral since 1 January 2017		(360,000)	(360,000)
Cash reimbursement paid to BCC to reduce BCC's existing liabilities		(147,496)	(147,496)
Due diligence costs incurred in relation to the acquisition of BCC		(15,000)	(15,000)
Costs of the Offers paid prior to 30 June 2017		(50,000)	(50,000)
		(572,496)	(572,496)
Pro-forma adjustments:			
Cash payment on exercise of AJC Option		(350,000)	(350,000)
Proceeds from shares issued under the Public Offer		4,600,000	5,000,000
Costs of the Offers		(420,000)	(444,000)
		3,830,000	4,206,000
Pro-forma Balance		4,164,033	4,540,033

NOTE 3. EXPLORATION AND EVALUATION	Reviewed 31-Dec-16 $	Pro forma after Offers $
Exploration and evaluation	-	3,763,597
Reviewed balance of Cabral as at 31 December 2016	-	-
Audited balance of BCC at 31 March 2017	-	-
Subsequent events:		
Due diligence costs capitalised as a cost of the acquisition		15,000
Pro-forma adjustments:		
Issue of Shares pursuant to the Acquisition Offer (refer Note 8)		1,748,597
Exercise of AJC Option		750,000
Exercise of AQC Option		1,250,000
		3,748,597
Pro-forma Balance		3,763,597

NOTE 4. TRADE AND OTHER PAYABLES	Reviewed 31-Dec-16 $	Pro forma after Offers $
Trade and other payables	88,011	88,011
Reviewed balance of Cabral as at 31 December 2016		88,011
Audited balance of BCC at 31 March 2017		56,813
Subsequent events		
Cash reimbursement from Cabral to reduce BCC's existing liabilities		(56,813)
		(56,813)
Pro-forma Balance		88,011

NOTE 5. SHAREHOLDER LOANS	Reviewed 31-Dec-16 $	Pro forma after Offers $
Shareholder loans	-	-
Reviewed balance of Cabral as at 31 December 2016		-
Audited balance of BCC at 31 March 2017		90,683
Subsequent events		
Cash reimbursement from Cabral to reduce BCC's existing liabilities		(90,683)
		(90,683)
Pro-forma Balance		-

NOTE 6. CONTRIBUTED EQUITY		Reviewed 31-Dec-16 $	Pro forma after Offers 4.6m $	Pro forma after Offers 5.0m $
Contributed equity		42,064,761	49,589,490	49,963,587
	Number of shares (Min)	Number of shares (Max)	$	$
Fully paid ordinary share capital of Cabral at 31 December 2016	127,312,898	127,312,898	42,064,761	42,064,761
Fully paid ordinary share capital of BCC at 31 March 2017	100,000	100,000	1,000	1,000
Subsequent Events				
Costs of the Offers incurred prior to 30 June 2017			(50,000)	(50,000)
			(50,000)	(50,000)
Pro-forma adjustments:				
Issue of Shares pursuant to the Acquisition Offer (refer Note 8)	70,000,000	70,000,000	1,610,000	1,610,000
Elimination of BCC's issued capital (refer Note 8)	-	-	(1,000)	(1,000)
Issue of shares pursuant to the AJC Offer	17,391,304	17,391,304	400,000	400,000
Issue of shares pursuant to the AQC Offer	54,347,826	54,347,826	1,250,000	1,250,000
Issue of Shares pursuant to the Public Offer	200,000,000	217,391,304	4,600,000	5,000,000
Costs of the Offers	-	-	(285,271)	(311,174)
	341,739,130	359,130,434	7,573,729	7,947,826
Pro-forma Balance	469,052,028	486,443,332	49,589,490	49,963,587

NOTE 7. ACCUMULATED LOSSES	Reviewed 31-Dec-16 $	Pro forma after Offers 4.6m $	Pro forma after Offers 5.0m $
Accumulated losses	(41,185,508)	(41,680,237)	(41,678,334)
Reviewed balance of Cabral as at 31 December 2016		(41,185,508)	(41,185,508)
Audited balance of BCC at 31 March 2017		(139,597)	(139,597)
Subsequent events:			
Operating costs incurred by Cabral since 1 January 2017		(360,000)	(360,000)
		(360,000)	(360,000)
Pro-forma adjustments:			
Elimination of BCC's accumulated losses upon Acquisition (refer Note 8)		139,597	139,597
Costs of the Offers deemed to be not directly related to the capital raising		(134,729)	(132,826)
		4,868	6,771
Pro-forma Balance		(41,680,237)	(41,678,334)

Following the Offers, the Company will also have the following Performance Shares on issue:

Performance Shares on issue following the Offers	Number
Performance Shares on issue prior to the Offers	-
Class A Performance Shares	13,000,000
Class B Performance Shares	13,000,000
Total Performance Shares on issue following the Offers	**26,000,000**

Refer Section 15.2 of Prospectus for the full terms of the Performance Shares.

NOTE 8: PROVISIONAL ACCOUNTING FOR THE ACQUISITION OF BCC

On 24 April 2017, the Company announced it had entered into a binding term sheet with Cape Coal to acquire BCC. The consideration will be satisfied by the issue of an aggregate 70 million Consideration Shares and 26 million Performance Shares (comprising 13 million Class A Performance Shares and 13 million Class B Performance Shares).

- Each Class A Performance Share will convert into a Share on a one for one basis upon:
  - i. the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being upgraded to at least the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only, and
  - ii. the Company's share price achieving a 30-day Volume Weighted Average Price (**'VWAP'**) of at least $0.05,

  within 24 months of Completion.
- Each Class B Performance Share will convert into a Share on a one for one basis upon:
  - i. the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 50,000,000 tonnes mineral resource of at least inferred

category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only, within 24 months of Completion.

Refer Section 15.2 of the Prospectus for full terms of the Performance Shares.

The Company has considered whether the acquisition falls within the scope of *AASB 3 Business Combinations* and therefore is required to be accounted for as a business combination. A business combination involves an acquirer obtaining control of one or more business by transferring cash, incurring liabilities or issuing shares. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors. The Company does not consider that the acquisition meets the definition of a business combination in accordance with *AASB 3 Business Combinations* as the acquired assets are not deemed to be a business for accounting purposes, therefore we have provisionally accounted for the acquisition as an asset acquisition.

A summary of the acquisition details with respect to the acquisition of BCC, as included in our Report, is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 31 December 2016, however will require re-determination as at the successful acquisition date which may result in changes to the values set out below.

ASSET ACQUISITION	Fair value $
Purchase consideration comprises:	
Issue of 70,000,000 Consideration Shares*	1,610,000
Issue of 13,000,000 Class A Performance Shares**	-
Issue of 13,000,000 Class B Performance Shares**	-
Total consideration	**1,610,000**
Net assets of BCC to be acquired:	
Total assets	8,899
Total liabilities	(147,496)
Total adjusted net assets acquired	**(138,597)**
Fair value attributable to exploration and evaluation assets acquired	**1,748,597**

* The issue of the 70,000,000 Shares pursuant to the Acquisition Offer have been valued at $0.023 each which is the offer price under the Public Offer.

**Currently there are no reasonable grounds in which to assess the likelihood of the Class A and Class B Performance Shares non-market milestones being met, resulting in the conversion of the Class A and Class B Performance Shares. Therefore, no adjustments have been made to the pro forma historical Statement of Financial Position based on the issue of the Class A and Class B Consideration Performance Shares. In accordance with *AASB 2 Share based payments*, the Company will be required to re-assess the probability of the non-market performance milestones being achieved at each reporting date up until expiry of the Class A and Class B Performance Shares.

However, for the Class A Performance Shares to convert into a Share on a one for one basis, two performance milestones must be met, one being a non-market condition and one being a market condition (based on the 30-day VWAP of the Company's shares). For disclosure purposes we have included a valuation of the Class A Performance Shares below:

Class A Performance Shares	Inputs
Number of Class A Performance Shares	13,000,000
Underlying share price	0.023
Exercise price	-
Barrier price	0.050
Expected volatility (30 days VWAP)	35%
Expiry date (years)	2
Expected dividends	Nil
Risk free rate	1.72%
Value per Class A Performance Share	$ 0.004

NOTE 9: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 10: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 5

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

HISTORICAL FINANCIAL INFORMATION OF BCC

Statement of Profit or Loss and Other Comprehensive Income	Audited for the period from 13-Oct-16 to 31-Mar-17 $
Expenses	
Management services	(50,895)
Legal expenses	(32,644)
Option fee expense	(50,000)
Interest expense	(2,804)
Other	(3,254)
Loss before income tax	**(139,597)**
Income tax expense	-
Loss after income tax	**(139,597)**
Other comprehensive income, net of tax	-
Total comprehensive loss attributable to members of Bowen Coking Coal Pty Ltd	**(139,597)**

The Historical Statements of Profit or Loss and Other Comprehensive Income show the historical financial performance of BCC and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 6

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

HISTORICAL FINANCIAL INFORMATION OF BCC

Statement of Financial Position	Audited as at 31-Mar-17 $
CURRENT ASSETS	
Cash and cash equivalents	4,478
Trade and other receivables	4,421
TOTAL CURRENT ASSETS	8,899
TOTAL ASSETS	
CURRENT LIABILITIES	
Trade and other payables	56,813
Shareholders loan	90,683
TOTAL CURRENT LIABILITIES	147,496
TOTAL LIABILITIES	147,496
NET ASSETS	**(138,597)**
EQUITY	
Issued capital	1,000
Retained profits	(139,597)
TOTAL EQUITY	**(138,597)**

The Historical Statements of Financial Position show the historical financial position of BCC and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

APPENDIX 7

CABRAL RESOURCES LIMITED (TO BE RENAMED BOWEN COKING COAL LIMITED)

HISTORICAL FINANCIAL INFORMATION OF BCC

Statement of Cash Flows	Audited for the period from 13-Oct-16 to 31-Mar-17 $
Cash flows from operating activities:	
Payments to suppliers and employees	(84,401)
Interest and other finance costs paid	(2,804)
Net cash from operating activities	(87,205)
Cash flows from financing activities:	
Proceeds from shareholder loans	90,683
Proceeds from issue of shares	1,000
Net cash used in financing activities	91,683
Net increase/(decrease) in cash held	4,478
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at the end of the period	**4,478**

The Historical Statement of Cash Flows show the historical cash flows of BCC and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

11. Independent Geologist's Report

Independent Geologist Report for Cabral Resources Ltd

July 2017

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ANNEXURES

1 INDEPENDENT GEOLOGIST REPORT

1.1 Executive Summary

Xenith Consulting Pty Ltd (Xenith) has been engaged by Cabral Resources Ltd (Cabral) to provide an Independent Geologist Report (IGR) covering 5 Exploration Permits for Coal (EPCs) and 1 Mineral Development Licence (MDL) situated in Queensland's Bowen Basin. Xenith understands that Cabral is seeking to relist on the Australian Securities Exchange (ASX) and that this report is to be included in a prospectus (Prospectus) to be lodged by Cabral with the Australian Securities and Investments Commission and may be relied upon by shareholders and potential investors. Details of current ownership, expiry and sub-block and dimension information as per data obtained via the QDEX system is summarised in Table 1.1. This report will appraise each project in turn based on the following criteria (where applicable);

- Geological Setting
- Geological Structure
- Stratigraphy
- Historic Exploration
- Recent Exploration
- Coal Quality
- Exploration/Resource Potential

1.1.1 Declarations

Xenith Consulting has reviewed, but not re-estimated JORC code 2012 resources on the Lilyvale, Comet Ridge and Cooroorah Projects. The Lilyvale Resource was estimated by Troy Turner of Xenith Consulting. The Comet Ridge and the Cooroorah resource estimates have been undertaken to acceptable standards and signed off by other competent persons, and are still accurate by taking into account Cabral's circumstances.

The Mt Hillalong and Mackenzie Projects do not currently have JORC code 2012 resources attributable to Cabral.

This report does not constitute a full technical audit, but rather it seeks to provide an independent overview and technical appraisal of the projects detailed within. This report may be reproduced only in its entirety and then only with Xenith Consulting's prior written consent. Draft reports must not be released to the general public without prior written consent of Xenith Consulting.

1.1.2 Statement of Competence

This report has been prepared by Xenith Consulting, an Australia-based consultancy that has been operating since 2005 with offices in Brisbane, Sydney and the Hunter Valley. This IGR has been compiled and edited by:

- Chris Glover, BSc (Hons), MAIG – Senior Exploration Geologist

- Troy Turner, B App Sc (Hons), MAusIMM – Director/Principal Geologist

Chris Glover is responsible for the preparation and contents of this report. Troy Turner is responsible for the peer review and finalisation of this report.

Chris Glover:

- Graduated The Queens University of Belfast with BSc Hons in Geology in 2001.
- Has over 13 years in the resources industry in exploration, mining and technical assessment and evaluations.
- Has worked in coal for over 12 years and is familiar with the locations and Basin that this IGR details.
- Is a Member of the Australian Institute of Geoscientists (AIG)

Troy Turner:

- Graduated from the University of Southern Queensland with B App Sc in Geology in 1995.
- Has over 20 years of experience in the resources industry in technical and senior operating roles.
- Has worked in the coal industry for most of the 22 years since graduating
- Has been an employee of Xenith for over 11 years.
- Is a Member of the AusIMM

1.1.3 Statement of Independence

The authors of this report and Xenith are independent of Cabral, Bowen Coking Coal Pty Ltd, their directors, senior management and advisors, and have no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Xenith is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are listed elsewhere in this Prospectus.

The relationship with Cabral is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Xenith are officers, employees, or proposed officers of Cabral or any group, holding or associated companies of Cabral.

This report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Xenith's independence. Xenith believes that there is no business or professional relationships or interests that would affect the expert's ability to present an unbiased opinion within this report. Xenith discloses that it has in the last two years provided independent technical specialists' reports to Australian Pacific Coal Limited (AQC) in relation to its assets. Xenith was paid professional fees for its preparation of those reports, and has no interest in AQC or any of its assets.

This report has been compiled based on information available up to and including the date of this report, any statements and opinions are based on this date and could alter over time depending on exploration results, commodity prices and other relevant market factors.

Signature:

Name: Troy Turner
Position: Director/Principal Geologist
Qualifications: B App Sc, MAusIMM. Member No. 227689 Date: 05/07/2017

Signature:

Name: Chris Glover
Position: Senior Exploration Geologist
Qualifications: BSc (Hons), MAIG. Member No. 6338 Date: 05/07/2017

Xenith Consulting is being remunerated for this report on a standard fee for time basis, with no remuneration or provision of further work dependent on the outcome of the valuation or the success or failure of the transaction for which the Independent Geologist Report was required. The cost of the report is approximately $15,000.

1.1.4 Reasonableness Statement

In undertaking this Independent Geologist Report, Xenith Consulting has assessed the Open File company reports, public domain resource reports and provided technical reports pertaining to the projects subject to this report in an impartial, rational, realistic and logical manner. We believe that the inputs, assumptions and overall technical assessments are in line with industry standards and meet the Reasonable Grounds Requirement of the VALMIN Code 2015.

1.2 Location and Tenure Details

The tenements subject to this report are located within the coal producing Bowen Basin (Figure 1.1).

- EPC 1824 “Mt Hillalong” is situated in the northern Bowen Basin approximately 5.5km due east of the township of Glenden and 105km west south west of Mackay. The EPC is 16km North West of Rio Tinto’s Hail Creek Mine and access is facilitated by the Collinsville-Elphinstone Road.
- EPC 2157 & 1687 “Lilyvale” are located 19km north east of the township of Emerald in the central Bowen Basin. The project area is accessible via the sealed Lilyvale Road and immediately borders the Kestrel Mine.
- EPC 2081 “Mackenzie” is located 4km due north of the Township of Comet in the central Bowen Basin and shares its north-west boundary with Ensham Coal Mine. Access to the project is via the Capricorn Highway and unsealed station tracks.
- EPC 1230 “Comet Ridge” occupies the southern central portion of the Comet Ridge and is approximately 8km due west of Blackwater Coal Mine. Access is gained via the Capricorn Highway and the unsealed Comet Downs Road.
- MDL 453 “Cooroorah” is located 12.5km north east of the township of Blackwater within the central Bowen Basin and is situated immediately adjacent to the south western boundary of Jellinbah Coal Mine. MDL 453 is accessed by the private and sealed Boonal Access Road.

Table 1.1 – Tenements Summary as at 30th June 2017

Treatment ID	Project Name	Ownership	Granted	Expiry	Lodged	Area (Sq.km)	Sub-Blocks
EPC 1824	Mt Hillalong	Area Coal Pty Ltd	31-Mar-11	30-Mar-21	-	47.99	15
EPC 2157	Lilyvale	Stanmore Coal Ltd	21-May-13	20-May-18	-	6.31	2
EPC 1687			28-Jul-11	27-Jul-21	-	6.31	2
EPC 2081	Mackenzie	Mackenzie Coal Pty Ltd	15-Oct-10	14-Oct-20	-	352.60	112
EPC 1230	Comet Ridge	Acacia Coal Ltd	10-Sep-08	9-Sep-18	-	97.40	31
MDL 453	Cooroorah	Area Coal Pty Ltd	22-Jan-14	31-Jan-19	-	16.71	-

Note:

1. Cabral Resources Ltd will hold 15% of the Lilyvale Project (EPCs 2157 & 1687). Resource tonnes belonging to Cabral Resources Ltd will be calculated at 15% of the total.
2. The Mt Hillalong, Comet Ridge and Cooroorah tenements incorporation into Cabral Resources Ltd is subject to the completion of purchase by Bowen Coking Coal Pty Ltd.

Currently Comet Ridge, Lilyvale and Cooroorah have coal resources estimated in accordance with the JORC Code 2012.

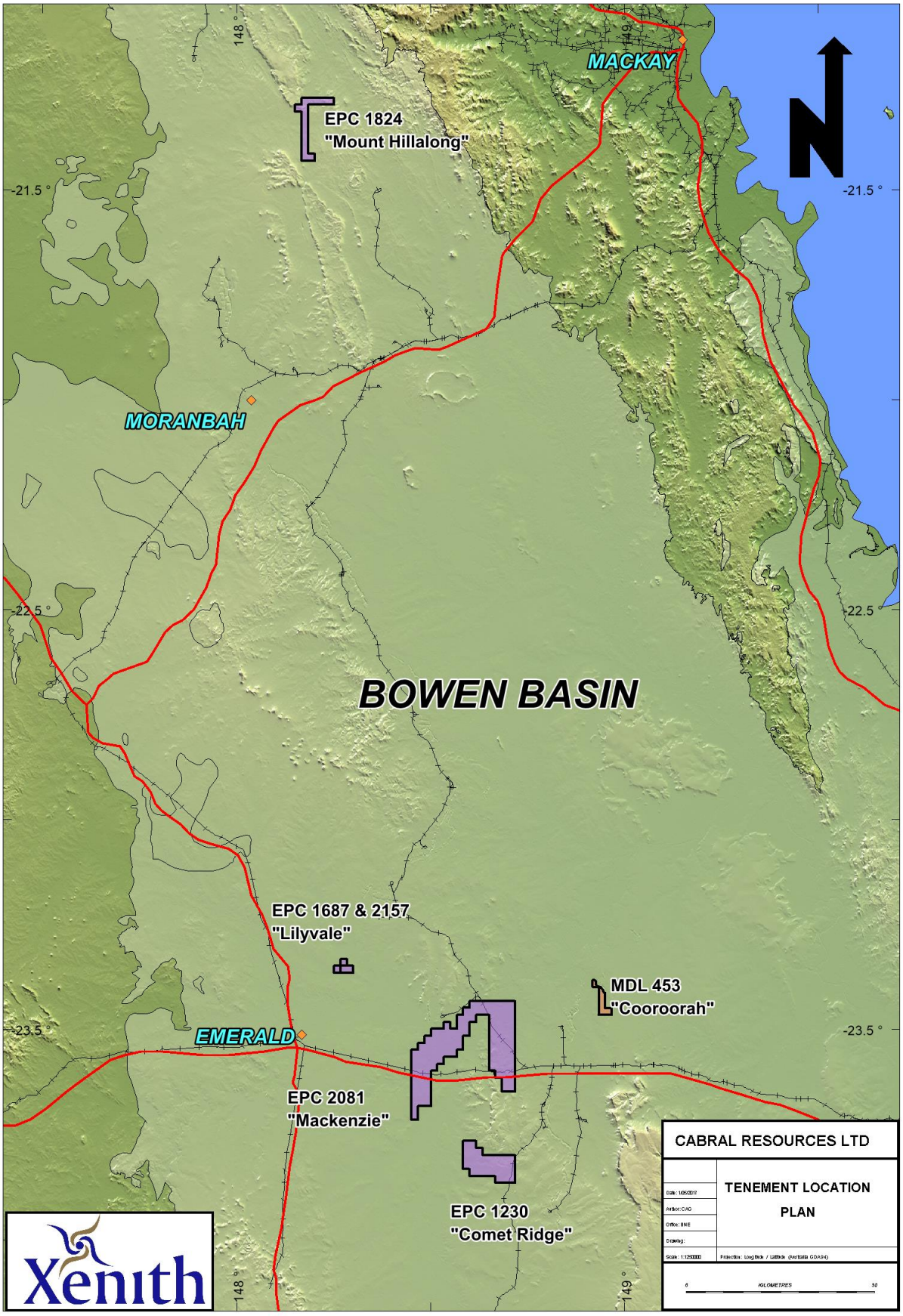
The Mt Hillalong and the Mackenzie projects do not have a defined coal resource.

A summary of the project coal resources and compliance is detailed in Table 1.2.

Table 1.2 – Summary of Project Coal Resources

Project	In accordance with JORC 2012	Total Resource Tonnes (Mt)	Cabral Resources Share (%)	Cabral Resources Tonnes (Mt)
Mt Hillalong	No	0.00	100.00%	0.00
Lilyvale	Yes	33.00	15.00%	4.95
Mackenzie	No	0.00	5.00%	0.00
Comet Ridge	Yes	57.00	100.00%	57.00
Cooroorah	Yes	124.90	100.00%	124.90

Figure 1.1 – Tenements Location Plan



2 MT HILLALONG – EPC 1824

2.1 Geological Setting

EPC 1824 “Mt Hillalong” is located in the north-eastern margin of the Bowen Basin, bounded by basement rocks of the “Connors Arch” and is situated within the structural domain of the Nebo Synclinorium. The synclinorium is characterised by a number of northwest-southeast striking folds, thrusting and high angle faulting. The synclinorium is filled with Late Permian to Early Triassic sediments.

Permian sediments include the Lizzie Creek Volcanics, considered to be the basal sequence of the Bowen Basin, the overlying marine-dominated Back Creek Group sediments through to the coal bearing Moranbah Coal Measures, Fort Cooper Coal Measures and the Rangal Coal Measures of the Black Water Group.

Triassic sediments include the Rewan Formation and the overlying Clematis Sandstone that forms the dominant topography in the local region. Numerous significant Cretaceous age igneous intrusions including sills, dykes and plugs penetrate the Permian and Triassic sediments.

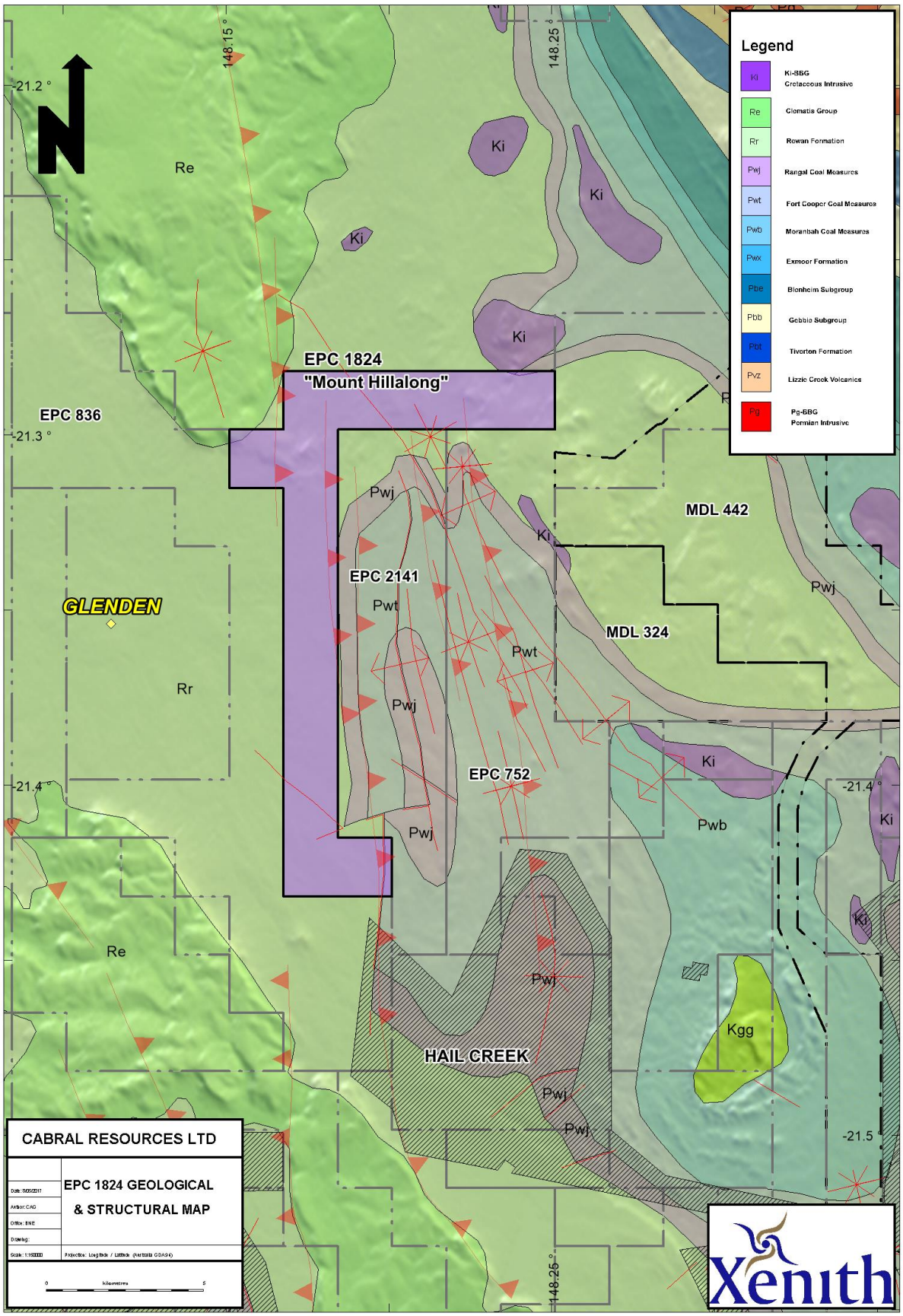
The tenement contains the Rangal Coal Measures at depths of at least 150m. The seams sub-crop in the adjacent lease to the east (EPC 2141) and steeply dip to the West on the western limb of the Hillalong anticline. Within the EPC 1824 the strata are interpreted to flatten out at depth. The shallowest coal is believed to occur in the far north and south of the tenement.

Intruded coal seams are known to be common in the surrounding area.

EPC 1824 is located 100 km south west of Mackay in central Queensland. The EPC is 10 km by road Southeast of Glenden and approximately 65 km by road Northwest of Nebo. Access is via the sealed Suttor Development and Collinsville-Elphinstone Roads and then via unsealed access roads through pastoral properties.

There are a number of exploration and mining projects within the region. The major projects within closest proximity include Burton Coal Mine and New Lenton to the West, and Hail Creek and Walker Creek Mines towards the south-east. All target the Rangal and to a lesser degree the upper Fort Cooper Coal Measures.

Figure 2.1 – EPC1824 Geological Map



2.2 Geological Structure

EPC 1824 is dominated structurally by the Hillalong Anticline which is situated to the immediate east of the tenement (Figure 2.1). The western limb of the anticline contains Rangal sediments that dip to the west and continue underneath EPC 1824 and are interpreted to flatten out at depth. A number of thrusts and steep faults penetrate the Hillalong anticline and strike in a general north-south direction and have been interpreted to continue through to the north of EPC 1824.

2.3 Stratigraphy

In descending order of age the geological sequences can be summarised as follows;

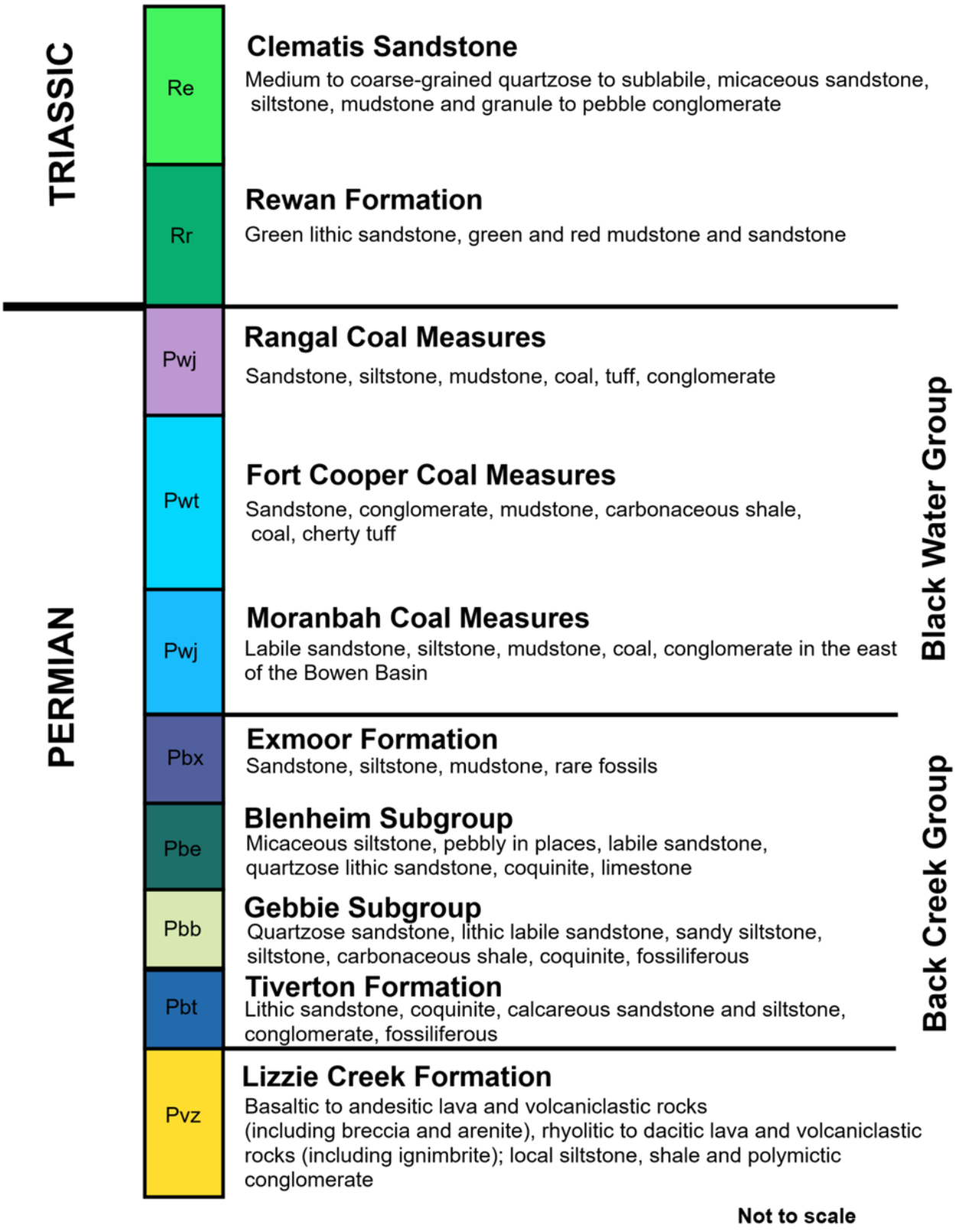
- Clematis Group (youngest)
- Rewan Formation
- Rangal Coal Measures (RCM)
- Fort Cooper Coal Measures (FCCM)
- Moranbah Coal Measures (MCM)
- Exmoor Formation
- Blenheim Formation
- Gebbie Formation
- Tiverton Formation
- Lizzie Creek Volcanics (oldest)

The Lizzie Creek Volcanics form the basal sequence of the Bowen Basin in the region and are overlain by the mostly marine transgressive sequences of the Back Creek Group which contains the Tiverton, Gebbie, Blenheim and Exmoor Formations. Overlying the Back Creek Group sediments are those of the Late Permian Blackwater Group which includes the Moranbah Coal Measures, Fort Cooper Coal Measures and the Rangal Coal Measures and are interpreted as fluvial/deltaic sediments with common marine transgressions. The Triassic is represented by the Rewan Formation and the Clematis Group which the latter comprises the nearby topographic high of the Redcliffe Tableland.

The main target of exploration activities is the Elphinstone and Hynds seams (Leichardt and Vermont equivalents) within the Rangal Coal Measures which are extracted at the nearby Hail Creek Mine

Figure 2.2 provides a generalised stratigraphic column and lithological description of depositional units in the region.

Figure 2.2 – Mt Hillalong Generalised Stratigraphic Column



2.4 Historic Exploration

Limited historic exploration has been undertaken in the immediate bounds of EPC 1824 however CRA Coal Group identified outcropping coal in the north of the tenement and historic seismic surveys conducted by MGC Resources Australia Pty Ltd (survey name: Northern Bowen Basin 90) during the 1990"s identified potential deep coal reflectors (Line MGC90-1B), however these surveys are of limited value due to poor quality processing.

Blue Energy shot a series of seismic lines in October 2008 as part of their BE08 Glenden Seismic Survey for ATP 814P (company report: 60432), Figure 2.3. Lines BE08-01A and BE08-03A cross the northern part of EPC 1824 and confirms Rangal Coal Seams are interpreted to dip steeply west from the Hillalong Anticline underneath EPC 1824 and flatten out at a depth of approximately 500m, (Figure 2.4 & Figure 2.5).

Figure 2.3 – Blue Energy - Seismic Line Locations

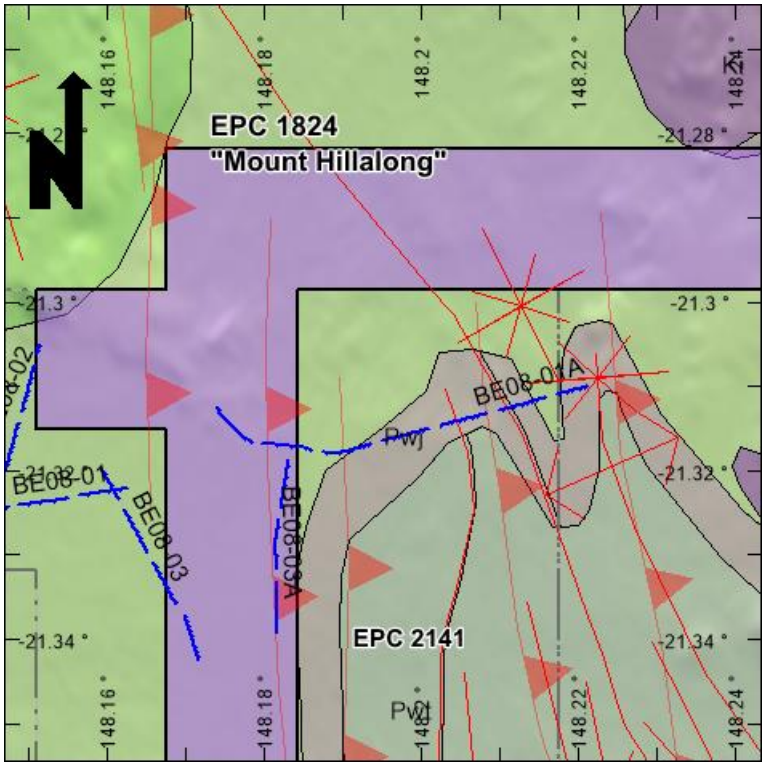


Figure 2.4 – Blue Energy - Seismic Line BE08-01A (Yellow - Elphinstone Reflector)

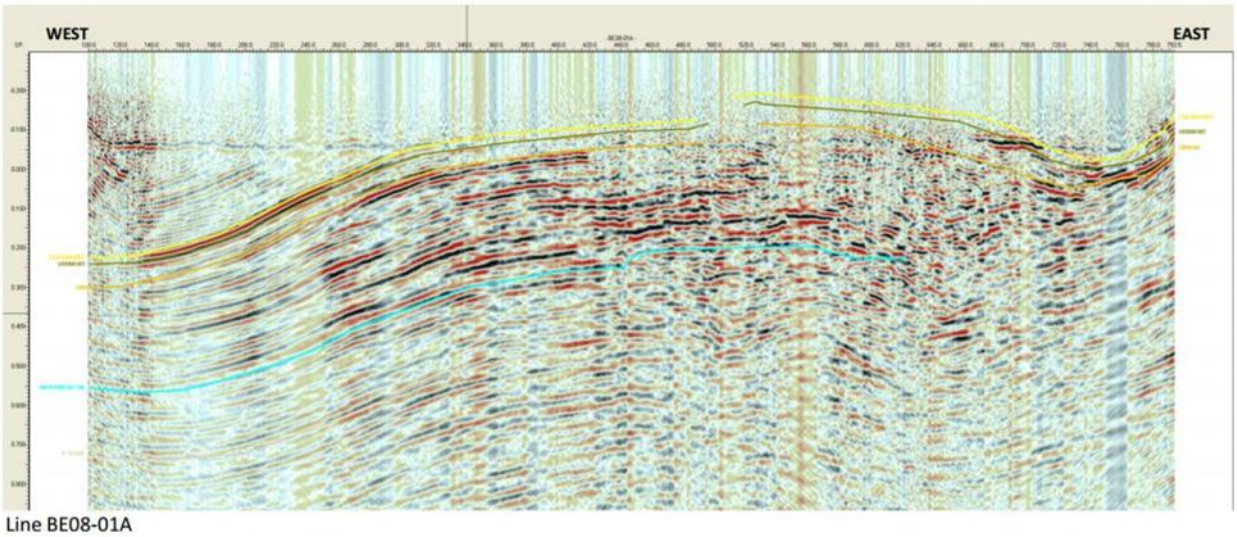
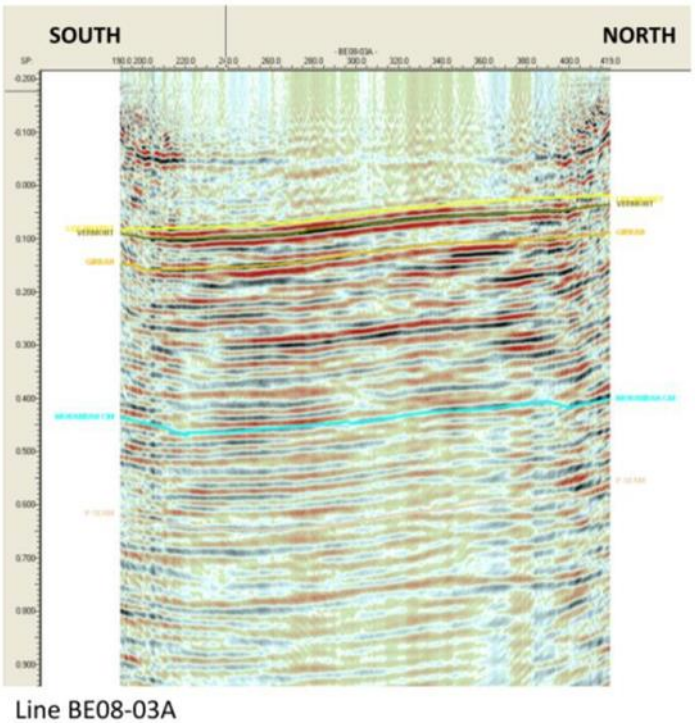


Figure 2.5 – Blue Energy - Seismic Line BE08-03A (Yellow - Elphinstone Reflector)



2.5 Recent Exploration

As part of the Mt Hillalong Joint Venture between Area Coal Pty Ltd and Rio Tinto, Rio Tinto undertook an in-depth desktop study to compile open file data relating to the tenements within the Hillalong orbit area which are in close proximity to Rio Tinto's operating Hail Creek Mine. Based on this work Rio Tinto conducted its first exploration program on EPC 2141 in 2012/13.

Exploration drilling was carried out in 2012/2013 with 6 holes drilled in the EPC and 3 seismic lines were shot along with a ground magnetics survey (Figure 2.6). Seismic sections for lines 1 & 2 (Figure 2.7) re-affirm previous seismic with coal reflectors steeply dipping under Mt Hillalong.

As part of the initial results from the 2013 exploration Rio Tinto provided the following report on two drillholes;

- *HILL0002 intersected 12m net coal between 320m and 460m depth from the Leichardt, Vermont and Girrah Seams.*
- *HILL0003 intersected 11m net coal between 155m and 185m depth from the Leichardt and Vermont seams.*

Rio Tinto subsequently terminated their exploration, Option and Joint Venture Agreement with Area Coal Pty Ltd.'s parent company, Australia Pacific Coal (AQC) and transferred the Mt Hillalong tenement from Rio Tinto Exploration Pty Ltd back to AQC's 100% owned subsidiary, Area Coal Pty Ltd.

Figure 2.6 – Location Plan of Seismic and Drilling Activities on EPC 2141 & EPC 1824

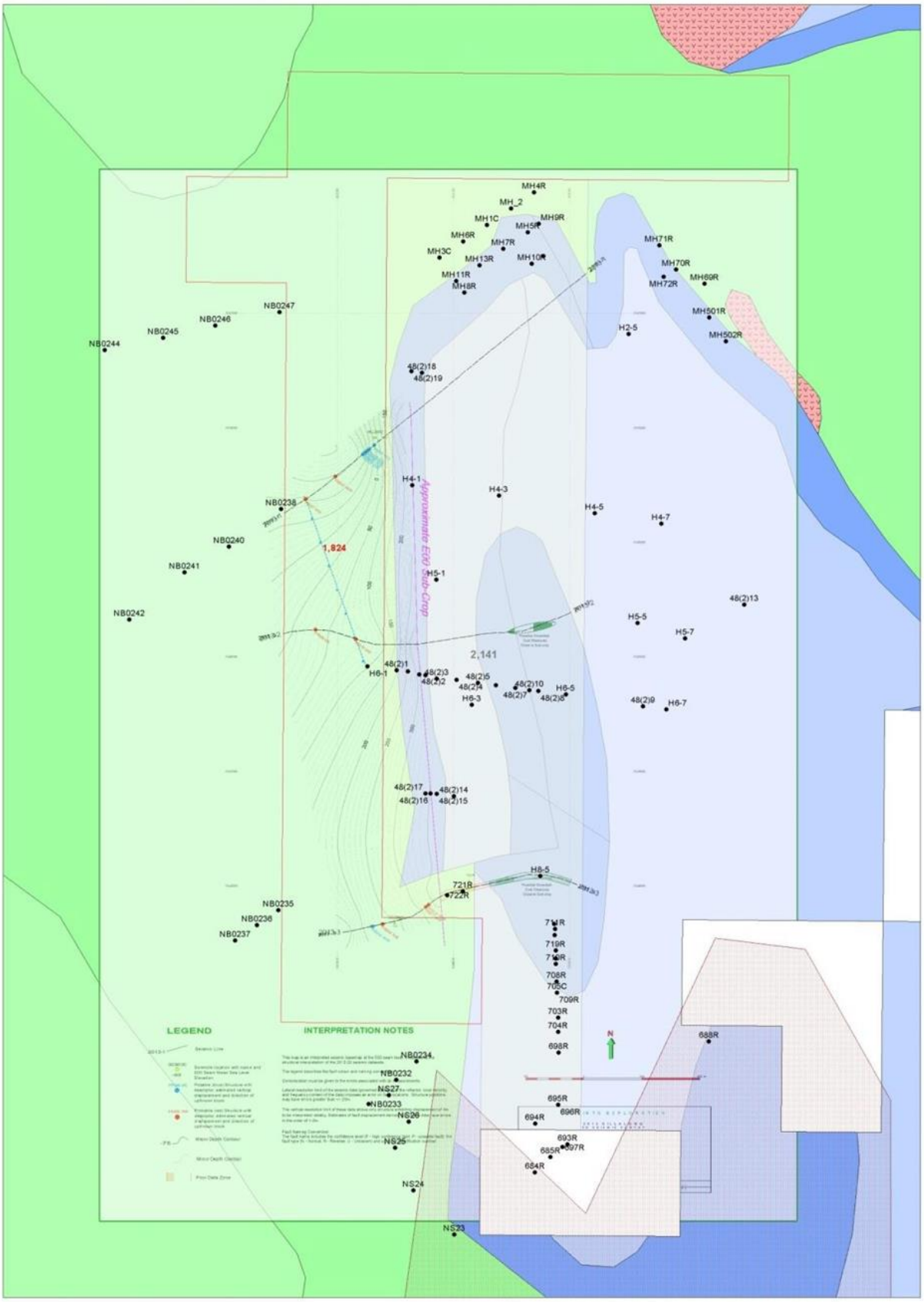


Figure 2.7 – Seismic Profiles Lines 1 & 2 - Rio Tinto Exploration EPC 2141 & 1824

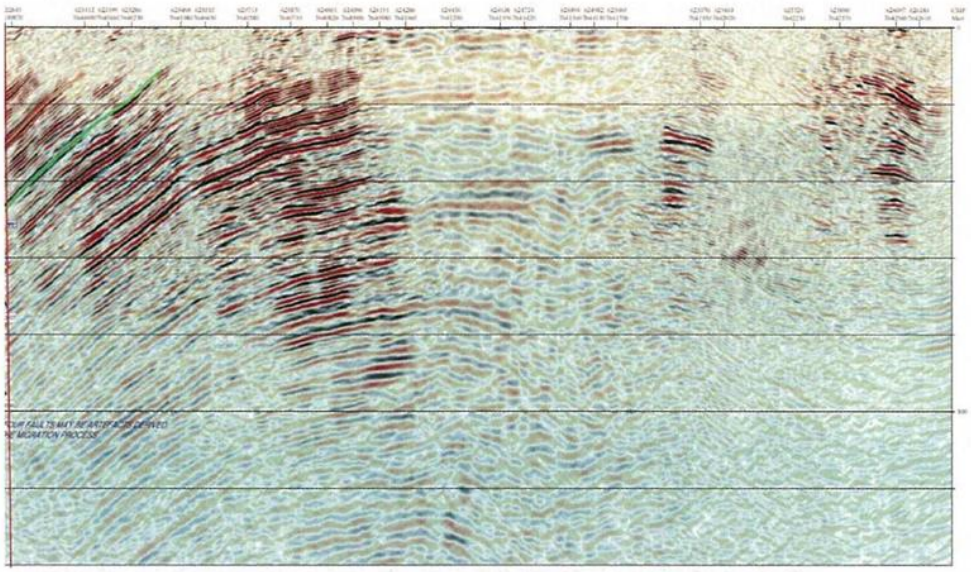


Figure 5 Seismic Line 1.Interpretations of the Elphinstone (Orange) and Hynds (Green) seams are shown to the west of the line. Vertical line separations are 100ms.

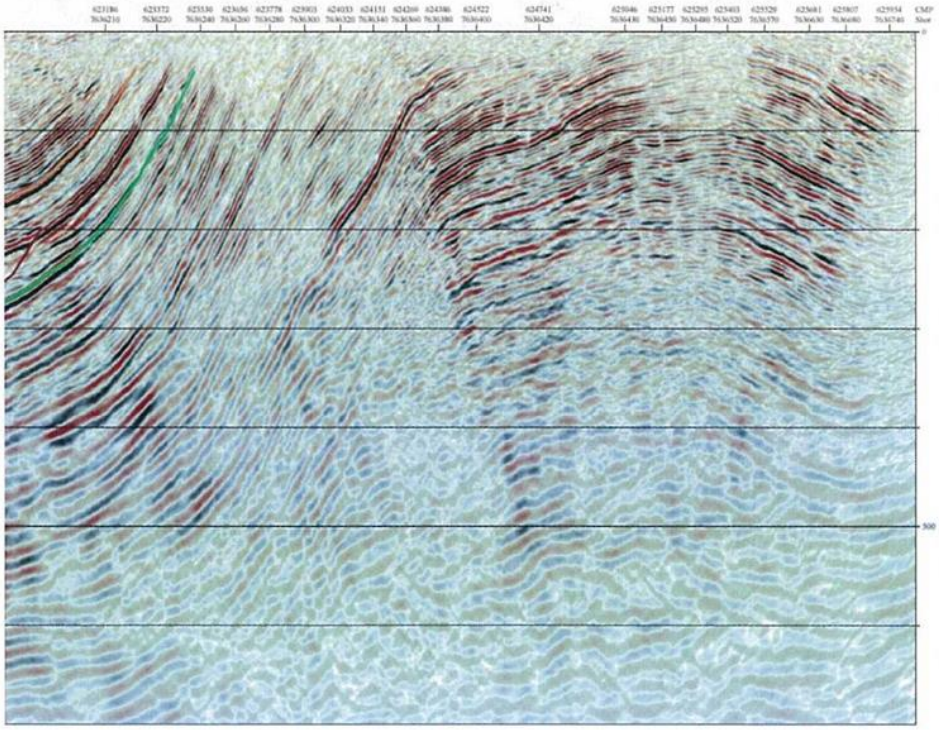


Figure 6 Seismic Line 2. Interpretations of the Elphinstone (Orange) and Hynds (Green) seams are shown to the west of the line. Vertical line separations are 100ms.

2.6 Coal Quality

Coal quality data is not available for the immediate area and historic exploration has highlighted the detrimental effects on coal quality resulting from the numerous intrusions in the area and this has been confirmed through drilling in EPC 2141.

However, a drill hole in the North of the tenement (MH_2) displays some very positive coking coal properties with a rank of 0.94, and 100 ddm fluidity, as can be seen in Table 2.1.

Further work would be required to evaluate the coal quality parameters along the strike length of the deposit.

Table 2.1 – Drillhole MH_2 Quality Data

			MH2			
		Unit	Seam 3 Ply 1 Raw Coal	Seam 3 Ply 2 Raw Coal	Seam 3 Composite Raw Coal	Seam 3 Composite F 1.50
	Width	m	0.85	2.62	3.47	
	Relative Density		1.82	1.46	1.55	
Ultimate Analysis	Ash Content	%	44.1	14	21.2	9.3
	Volatile Matter		18.9	26.8	24.9	26.8
	Fixed Carbon		34.9	57.6	52.0	61.5
	Sulphur	%	0.21	0.35	0.32	0.34
	Phosphorus	%	not available			0.03
	Calorific Value	MJ/kg	17.54	29.4	26.5	31.63
Coking Properties	CSN	mmr	1	4.5		7.5
	Gray King		not available			G3
	Rank					0.94
	Fluidity	max ddm				101
Maceral Analysis	Vitrinite	Vol %				54
	Sporinite					1
	Micrinite					15
	Semifusinite					23
	Clay					6

2.7 Exploration/Resource Potential

Two economic coal seams, Elphinstone and Hynds (Leichardt and Vermont equivalents) within the RCM are currently being mined within the Mining Leases that surround the EPC's. These two seams coalesce in some areas where they are termed the "Main Seam". The Rangal Coal measures have historically been the primary target for exploration in the northern part of the basin.

The project does not currently have a resource or reserve estimate as insufficient exploration has been conducted to estimate a resource in accordance with JORC 2012.

Although Rio Tinto Exploration Pty Ltd terminated the JV with Australia Pacific Coal Pty Ltd this is likely to reflect Rio's focus on large, long-life assets. Notwithstanding there may be potential to find pods of coal relatively "untouched" by igneous intrusives.

Given the depth the most likely mining method would be by underground methods.

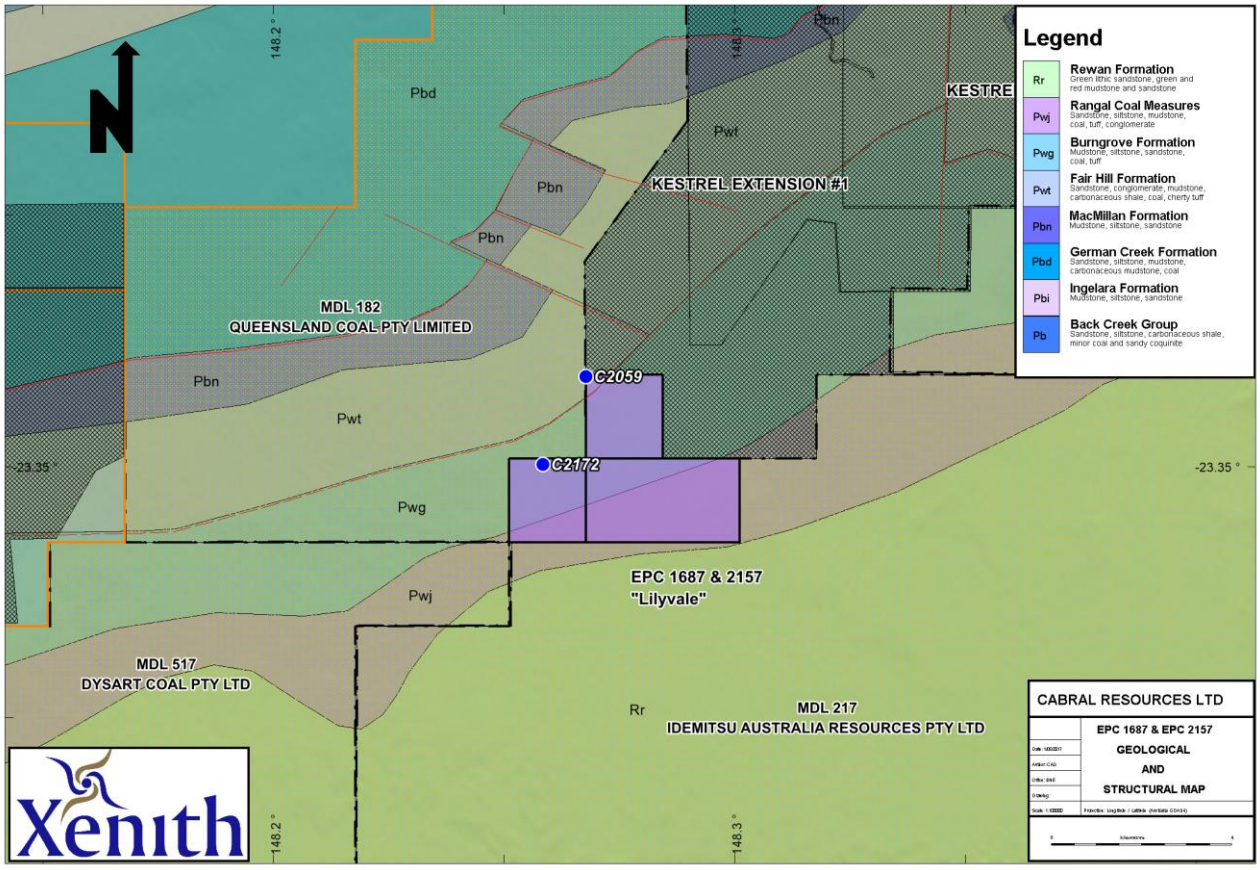
3 LILYVALE – EPC 2157 & EPC 1687

3.1 Geological Setting

EPC 2157 and EPC 1687 are located within the central Bowen Basin. This portion of the Bowen Basin contains two coal bearing formations of economic significance, the Rangal Coal Measures (RCM) and the German Creek Formation (GCF) which contains the German Creek seam.

The GCF is typically located approximately 400m vertically below the RCM. The German Creek seam supplies most of the high quality, export hard coking coal from Oaky Creek, Gregory/Crinum and Kestrel mines.

Figure 3.1 – EPC 1687 & 2157 Geological Map



3.2 Geological Structure

The controlling structural features of the area are the Comet Ridge to the east and the broad gently plunging syncline which trends southwest across the area. Strata gently dip at low angles, from 3º-8º to the east and southeast.

Based on the drill hole data that is available there is no significant geological structures noted.

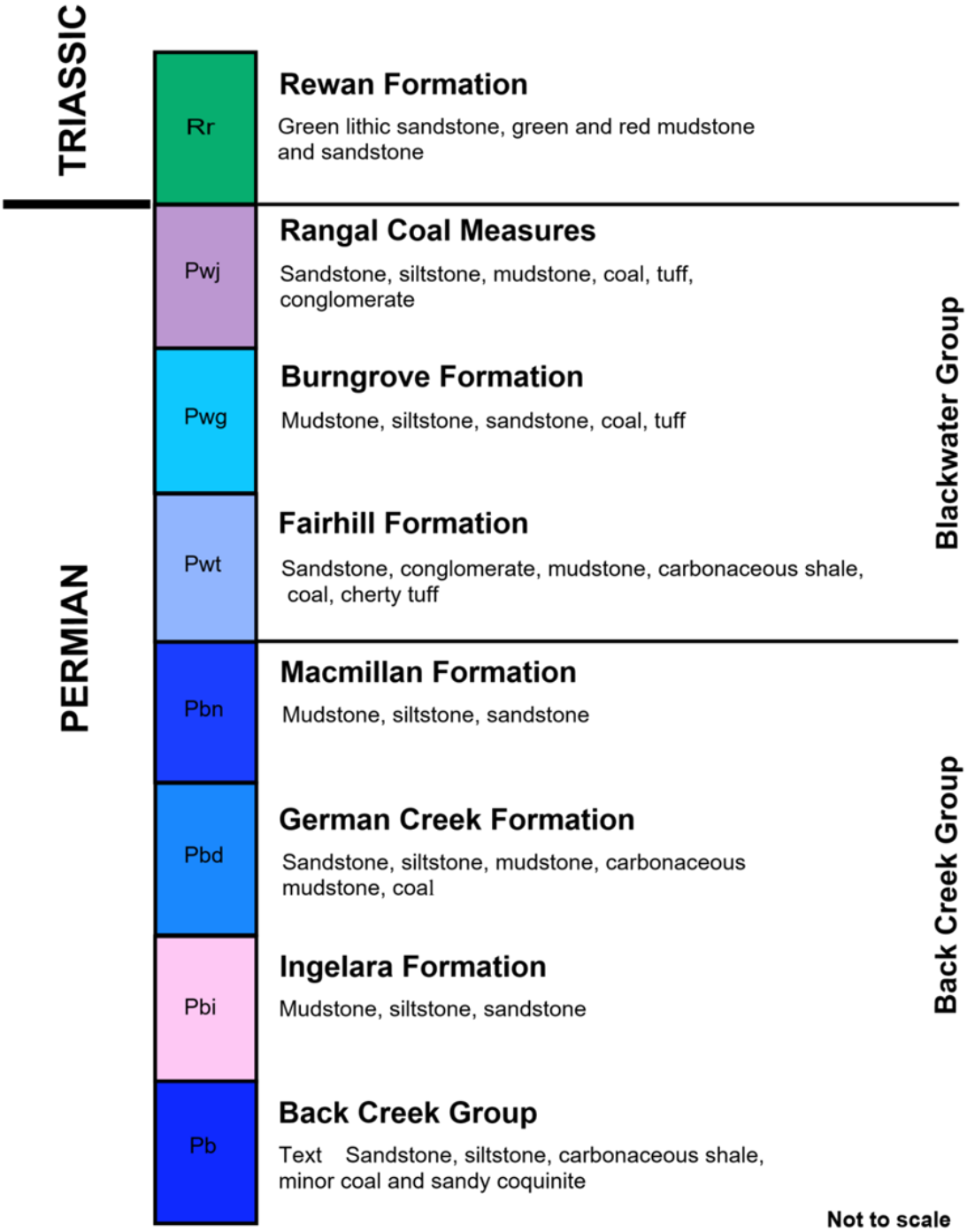
3.3 Stratigraphy

The stratigraphy of the Blackwater Group and Back Creek Group in the area around Ensham comprises in descending stratigraphic order;

- Rangal Coal Measures (youngest)
- Burngrove Formation
- Fair Hill Formation
- MacMillan Formation
- German Creak Formation (oldest)

In the relinquishment report (Ensham Resources, 1997) no RCM has been identified and only the GCF is present.

Figure 3.2 – Lilyvale Generalised Stratigraphic Column



3.4 Historic Exploration

There are six historic boreholes that were drilled to target the German Creek Seam including three drilled in the 1970's by the Department of Mines, two by Ensham (1980's) and one by Oil Company Australia (2001). Two drill holes were internal and four were drilled external to the lease boundary. Of the six holes, three were used as points of observations (POB's) in the geological model. All six holes were captured using the IRTM and QDEX websites.

Ensham Resources drilled two deep core holes, C2059 and C2172. Neither of these holes intersected sediments of the RCM. C2059 intersected 2.4m of the German Creek seam at 336m. C2172 intersected 2.5m of the German Creek seam at 397m (Table 3.1).

It was noted in the Ensham relinquishment report (Ensham Resources, 1997) that the quality of the German Creek seams present had comparable quality to the nearby Kestrel mine.

Table 3.1 – Historic Drillholes within the Lilyvale Project

HOLE	EASTING	NORTHING	TD (m)	BOW (m)	SEAM	FROM (m)	THICKNESS (m)
C2059	629496	7419003	345.1	104	German Creek	336.29	2.41
C2172	628520	7417080	397.3	94.7	German Creek	390.52	2.46

3.5 Recent Exploration

There has been no recent exploration.

3.6 Coal Quality

The coal quality results for holes C2059 and C2172 showed that there were excellent yields at low ashes with moderate sulphur, very low phosphorus and high specific energy (SE). The coal is at the lower end of the rank range for coking coals but it showed reasonable CSN values and fluidity. It has the potential to be a blended coking coal.

Table 3.2 shows the coal quality results for holes C2059 and C2712.

Table 3.2 – Coal Quality Results for Drillholes C2059 & C2172

QUALITY DATA	C2059	C2172
THICKNESS (m)	2.41	2.46
RD	1.40	1.41
YIELD (RD 1.60)	86.7	87.7
Proximate Analysis (% ad)		
IM	2.8	2.3
Ash	8.6	8.4
VM	34.7	35.5
Sulphur (% ad)	0.60	0.57
Phosphorus (% ad)	0.006	0.009
SE (MJ/kg ad)	30.8	30.3
SE (Kcal/kg ad)	7352	7235
CSN	5.50	6.50
Fluidity (ddpm)	130	130
Vitrinite %	69	73
Vitrinite Reflectance %	0.82	0.77

3.7 Exploration/Resource Potential

The target German Creek coal seam extends approximately 2.0 km along strike and approximately 4.0 km perpendicular to strike with an average thickness of 2.3 m within the inferred resource polygon. The current resource extent covers approximately 9.75 km2 of the tenement.

The depth of the modelled German Creek seam ranges from 335 m in the northwest corner of the tenement area to 425 m in the southeast, outside of the tenement.

Limits were placed on the JORC Resource Estimate with cut-off's at 1.5 m thickness for all coal seams, with the minimum parting thickness of 0.3 m to be considered within the seam. Stone bands greater than 0.3 m are not included within the seam, so modelling of the seam split occurs.

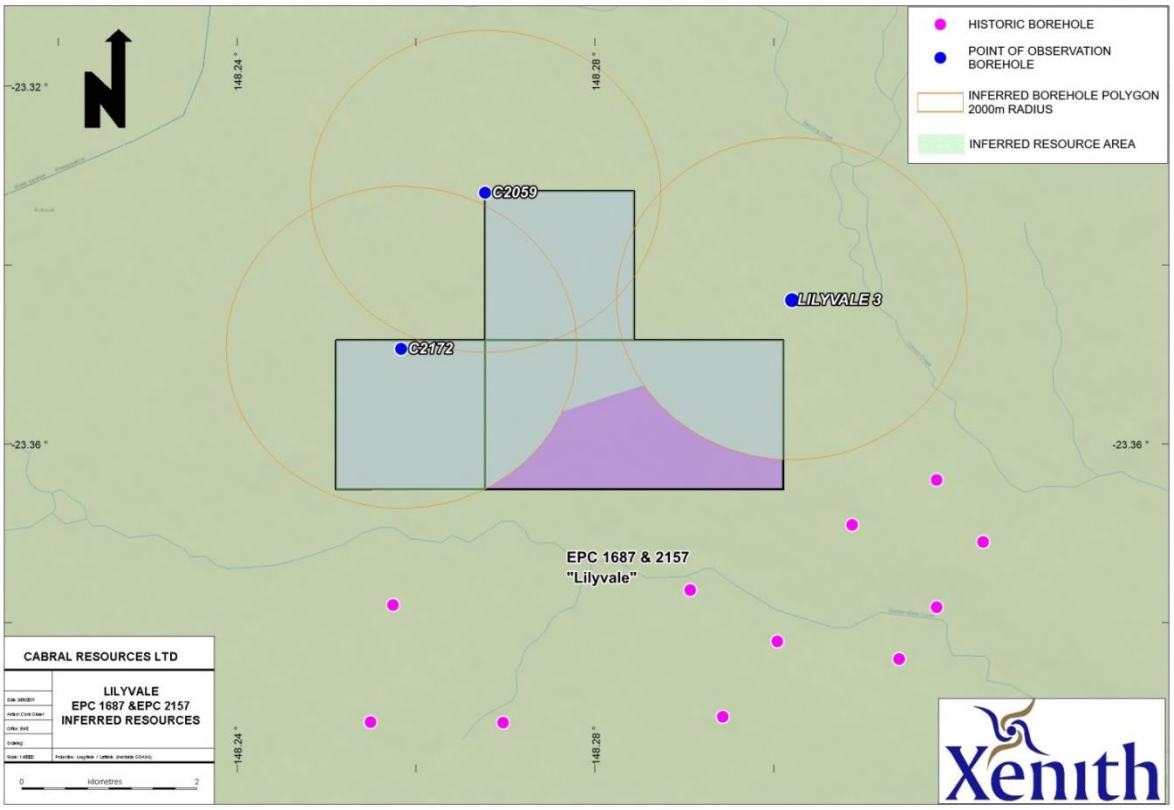
A JORC resource of 33Mt in the Inferred category was estimated in February 2014 by Xenith, on behalf of Stanmore Coal (Table 3.3). The maximum distances between valid points of observation (PoB) for the resource category are 2,000 m, as shown in Figure 3.3.

Cabral Resources' holding of Lilyvale is 15% of the project; therefore Cabral controls 4.95 Mt of the inferred resource.

Table 3.3 – 2014 Lilyvale Project Inferred Resource

Inferred Coal Resources - Lilyvale Project						Quality - Raw Air Dried Basis (adb)						
Seam	Average Thickness [m]	Coal Area [Ha]	Coal Volume [M bcm]	PRD [g/cc]	Mass [Mt]	Seam	IM [%]	ASH [%]	VM [%]	FC [%]	RD [g/cc]	In Situ Moisture [%]
German Creek	2.36	1,003	24	1.39	33	German Creek	2.5	15.7	33.4	49.4	1.41	5.6
				Total Tonnes	*33*							

Figure 3.3 – Lilyvale German Creek JORC Resource Area



The Table 1 from the 2014 JORC resource report is attached to this IGR as “Annexure A” on page *i*.

The deposit would be conducive to underground mining methods, most likely longwall given the seam depth and thickness.

The shared boundary with the Rio Tinto Kestrel mine may be beneficial in developing the panels and mains.

3.8 JORC Statement

The information in this report relating to exploration results and coal resources for the Lilyvale project 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 2012 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
M AusIMM
227689

3.9 Summary of Coal Resource Estimate – Lilyvale Project

3.9.1 Background

The Coal Resource estimate for Lilyvale is supported by the JORC Code 2012 Table 1 (Sections 1 to 3) documents provided in "*Annexure A. JORC Code, 2012 Edition – Table 1 for the 2014 Lilyvale Resource*" on page i.

The following summary of information for the Lilyvale Coal Resource estimate is provided in accordance with Listing Rule 5.8 of the ASX Listing Rules.

3.9.2 Geology and Geological Interpretation

The Lilyvale Project area lies within the Central Bowen Basin, and is situated to the east of the structural zone known as the Comet Platform. The project area contains sediments from the Late Permian Rangal Coal Measures and the Burngrove Formation. At depth sediments from The Fairhill Formation and German Creek Formation have been intersected through drilling with coal seams in the German Creek Formation being the primary target. Sediments in the project area generally dip at low angles from 3-8º to east-southeast.

Structurally there have been no major geological structures identified from the historic drilling used in producing the 2014 Resource Estimate

The German Greek Seam intersected in two holes drilled within the Lilyvale Project (C2059 and C2172) is typically over 2.4m thick, is low in phosphorous and sulphur and has 85%+ yield washed at 1.6 RD. The coal provides moderate CSN and fluidity values and the coal has the potential to be a blended coking coal.

3.9.3 Sampling and Sub-sampling techniques

Details of the field practices are not available within the historical data. It is unclear from the available historical data on what assessments of core recovery were made at the time of drilling. The laboratory utilised in the analysis of samples, Allied Testing, complies with Australian Standards for sample preparation and sub sampling.

3.9.4 Drilling Techniques

All the holes used in the model are historical, and were extracted from publicly available data sources. It is unclear of the size of the core barrel used in the process of drilling the core holes however it is most likely HQ diameter. Truck-mounted drill rigs would most likely been used to drill by the various historical stakeholders. Structural holes were fully chipped using blade bit and air/mud drilling fluids.

It is unclear from the available historical data on what assessments of core recovery were made at the time of drilling. All chipped holes were geologically logged and cores were geologically logged with geological/geotechnical features identified and reported.

All holes were geophysical logged with a minimum density, caliper, gamma, unless operational difficulties prevented logging or part logging of a hole.

3.9.5 Criteria Used for Classification

Drill hole spacing has been dictated by the characteristics and consistency of the German Creek seam in the deposit and the surrounding operations. Maximum drill hole spacing within the project area is currently approximately 2,000 m. Considering the continuity of the main seams in the deposit, this spacing has proven to be sufficient to give adequate control to the model and give the required confidence in the geological interpretation for an inferred resource. Inferred resources and exploration targets have only been reported in this study and reflect the low data density. The inclusion of boreholes from neighbouring areas has given the model a reasonable amount of lateral continuity in all directions.

3.9.6 Sample Analysis Method

Raw and washed coal quality results have been utilised and are reported on an air dried basis. When washed quality results were the only data found, Xenith used a formula developed by M Resources, to back calculate the raw Ash using the Relative Density values and reject ash assumptions. Washed coal was processed at a density of 1.6.

3.9.7 Estimation Methodology

The geological model and resource estimate were constructed using Ventyx Minescape software (version 5.4) using the Finite Element Method (FEM) interpolator with 1, 1, 0 parameters for thickness, surface, and trend respectively. A maximum extrapolation distance of 2,000 m from a data point was used.

Tonnages are estimated using calculated Preston Sanders Insitu density using air dried moisture, total moisture and moisture holding capacities from coal samples.

Insitu moisture was determined by using the ACARP formula (ACARP report C10041), relating insitu moisture to the average air dried moisture of the coal. ISM = 2.2168 + 1.3335 x Mad. Using the available air dried moisture for the six holes in the model; the range of insitu moisture was 5.3% - 6.1% with an average of 5.6%.

Limits were placed on the JORC Resource Estimate with cut-offs at 1.5 m thickness for all coal seams, with the minimum parting thickness of 0.3 m to be considered within the seam. Stone bands greater than 0.3 m are not included within the seam, so modelling of the seam split occurs.

3.9.8 Cut-off Grade

No ash cut-offs have been applied to the deposit, because all the seams were below the nominal cut-off of 50%.

3.9.9 Mining and Metallurgical Methods and Modifying Factors

It is Xenith's opinion that at this stage of the project that there are no limiting mining factors. A minimum thickness of 1.5m was used across the resource to account for the potential underground mining method, most likely retreat longwall mining or bord/pillar techniques.

Detailed metallurgical testing was undertaken for the two Idemitsu holes. The average washed Ash (air dried basis) was 8.5%, an average CSN of 6, and an average maximum fluidity of 100-200 dd/min.

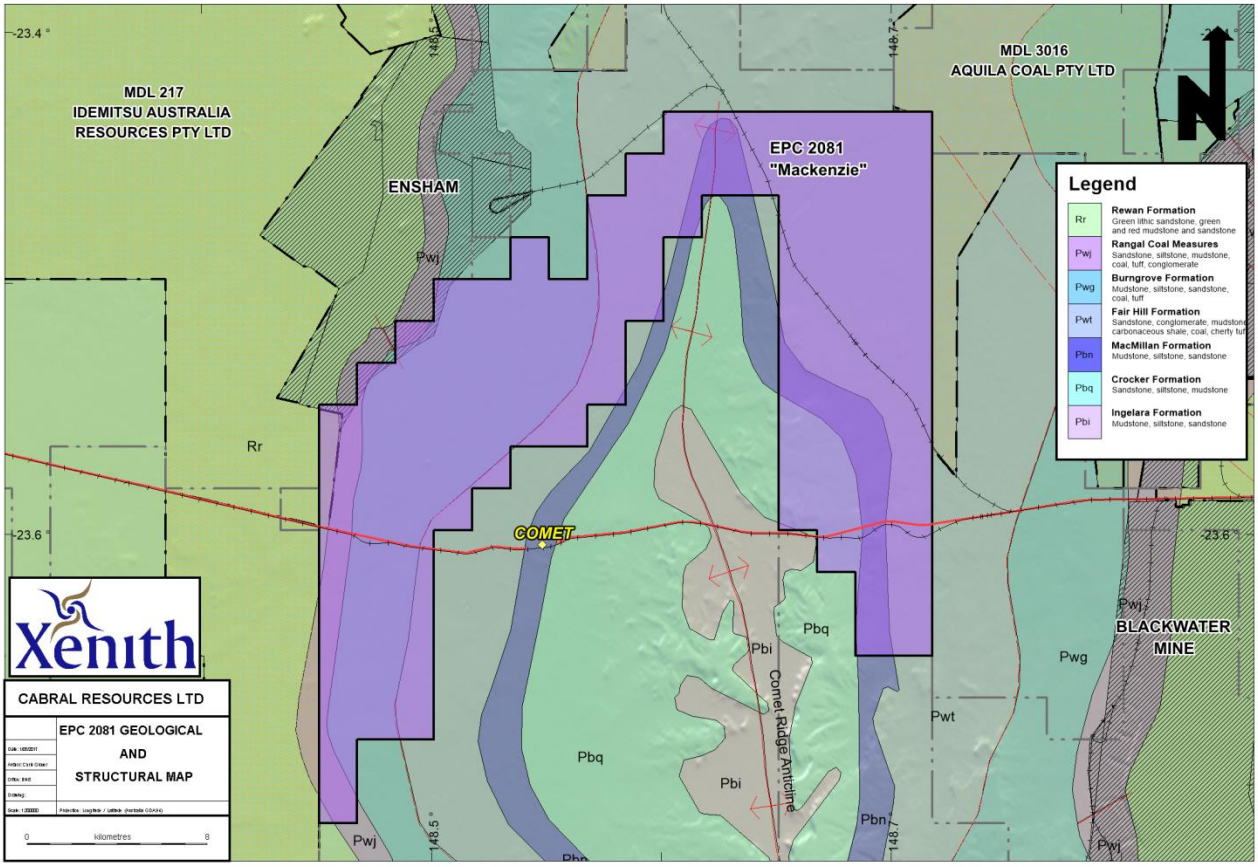
M Resources reviewed the available product quality data and made observations that this quality compares to neighbouring mines. Experience from other Bowen Basin operations suggests the coal will require washing into a saleable product. Potential washing yields are in the 70-80% range.

4 MACKENZIE – EPC 2081

4.1 Geological Setting

The Mackenzie Project area lies within the Central Bowen Basin, and is contained within the structural zone known as the Comet Platform. The Comet platform contains both Triassic and Permian sediments, which have been mildly deformed both during and post deposition to form the Comet Anticline. The anticline has multiple closures, one of which is located immediately South of the township of Comet. The anticline axis plunges to the South, and to the North it is cut-off by other regional structures close to the Gregory-Crinum mine. The Comet Anticline trends North South and runs approximately through the centre of EPC 2081, such that rocks of the Burngrove, Fairhill, Macmillan and Crocker Formation occur at outcrop, dipping both eastward and westward with a closure in the south of their outcrop zones. Dips anticipated over much of this area are in the order of 2-4º.

Figure 4.1 – EPC 2081 Geological Map



4.2 Geological Structure

As outlined in Section 4.1, EPC 2081 is located over the northern closure of the Comet Ridge Anticline with the lease straddling sediments from the Fair Hill Formation, Burngrove Formation and Rangal Coal Measures in the west of the lease, and the eastern portion

enclosing sediments from Crocker, Macmillan and Fair Hill Formations. Other than the weak folding of strata no major faulting or structures have been identified.

4.3 Stratigraphy

The stratigraphic units in the project area were most extensively mapped and described by Prouza within numerous bodies of work in the 1970's. Prouza's work was aimed at mapping the German Creek Coal Measures within the Comet region.

Operational coal mines in the area are currently exploiting coal seams found in either the Rangal Coal Measures or the German Creek Formation. Recent coal exploration in the region has also begun to target the Burngrove or Fairhill Formations, the Burngrove Formation being the principal target formation within the western Mackenzie River project area.

The German Creek Formation is not present within the tenure area; rather the marine influenced Crocker Formation. The Crocker Formation correlates as an equivalent time unit to the "upper part of the German Creek Coal Measures". The unit is noted as dominantly arenaceous, with mudstone and siltstone averaging 10 to 15 per cent and locally up to 30 per cent within the region. Prouza also notes that cyclicity is not as distinct as in the corresponding part of the German Creek Formation and that environment of deposition was partly deltaic, fluviatile and transitional, with occasional marine incursions. Elsewhere the German Creek Coal Measures are dominated by shallow marine sediments.

The Macmillan Formation conformably overlies the Crocker Formation, and is a marine influenced sedimentary sequence devoid of any coal seam development.

The Fairhill Formation conformably overlies the Macmillan Formation, and consists predominantly of arenaceous rocks, with thick coal bearing cyclothems interbedded with finely interbedded mudstone siltstone. Coal seams occur at the top of the cyclothems and are usually thick, (up to 16m) but of generally inferior quality, featuring numerous mudstone and tuffaceous mudstone bands. The sequence of Fairhill seams (top to base) is Hercules, Canis, Lepus and Fairhill.

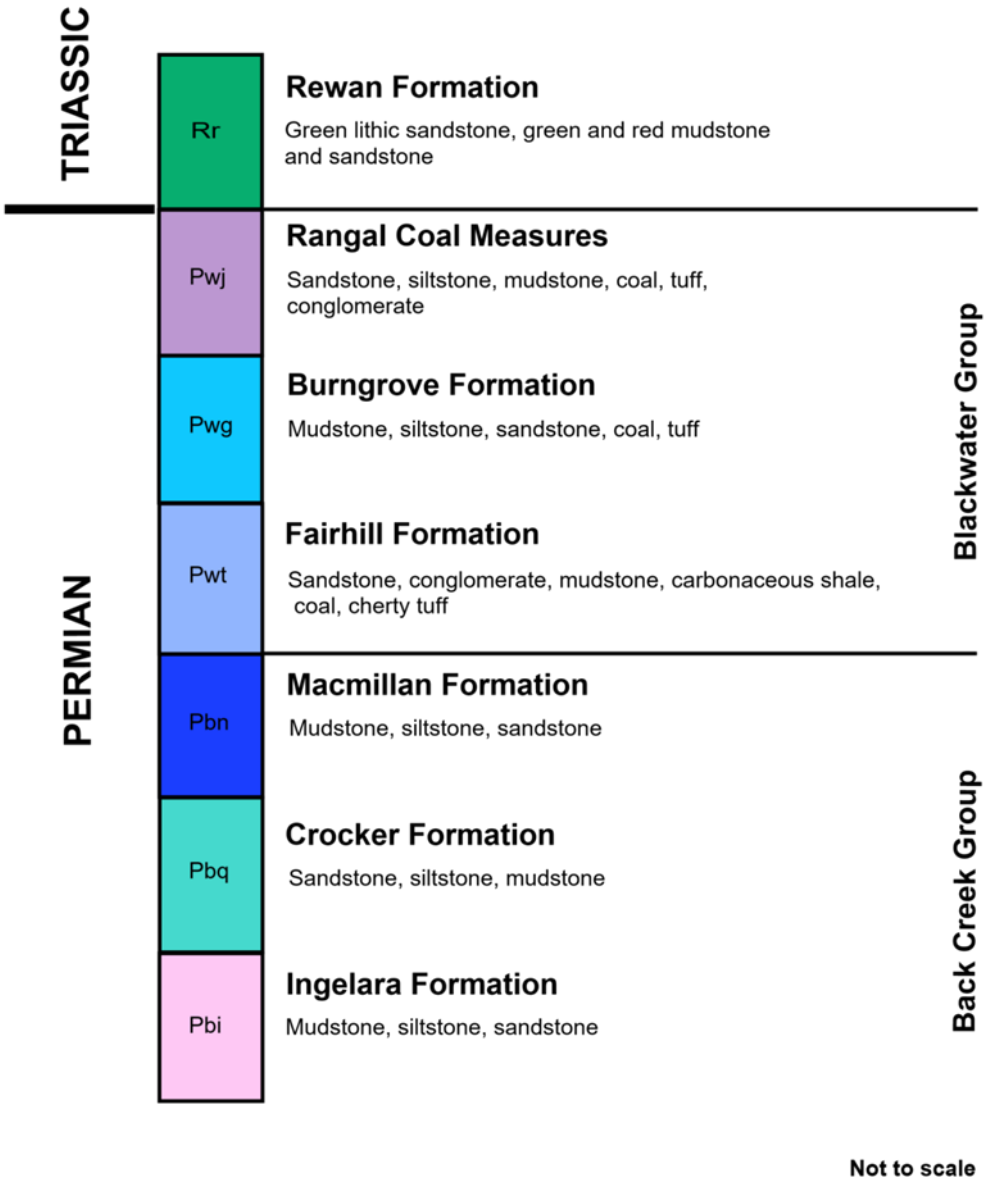
The overlying Burngrove Formation also contains coal bearing cyclothems, with coal seams tending towards the top of the formation. In the Burngrove Formation, the Pisces Lower coal seam is located below the Yarrabee Tuff Bed and represents the uppermost horizon. Other regional seams in descending order are the Virgo, Libra, Leo, Aquarius, Scorpio and Centaur (Pattison, 2009). Fine to medium grained sandstones, with subordinate cross-grains, regularly occur between the seams. Burngrove seams are generally thick and banded with high ash values.

The Rangal Coal Measures overlie the Burngrove Formation conformably and consist of sub-labile arenite with minor lithic labile arenite, siltstone mudstone and coal seams (Aries, Castor, Pollux, Orion and Pisces Upper). The seams are extracted at numerous mines in the Blackwater area, and commonly coalesce and split from each other, these relationships being controlled structurally by differential subsidence in different areas during deposition (LeBlang 1997). Although mapped as occurring inside the western margin of EPC 2081, Stanmore concludes that the tenement does not contain any Rangal Coal Measures, with the sub-crop of Rangal Coal Measure seams occurring to the near west (i.e. Ensham Mine) and also further east (i.e. Blackwater & Curragh Mines).

Within EPC 2081, Stanmore Coal focused its exploration efforts on the Burngrove Formation. Three Burngrove Formation coal seams exist within the within the immediate area of EPC 2081 and in descending stratigraphic order they are: the Virgo, Leo and Aquarius seams. Stanmore has drilled the Leo and Aquarius seams as the principal targets. The Burngrove coal bearing sequence was deposited in sub-aerial delta environment, in which minor sea level changes produced alternating peat swamp and clastic deposition. Pyroclastic activity was intense throughout the depositional period.

The Burngrove Formation coal bearing unit subcrops in the western part of the project area, with the main coal seams within the drilled out area of the EPC occurring at depths of between 10 and 110 metres. The seams strike in a general North South direction over an approximate 27km strike length, and dip towards the west at approximately 2 degrees. The Aquarius seam has been more extensively drilled as it is the thickest seam and has the greatest areal extent within the lease.

Figure 4.2 – Mackenzie Generalised Stratigraphy



4.4 Historic Exploration

There have been fourteen EPC's that previously covered parts of the current project area:

- A – P 11C: Theiss Bros Pty Ltd
- A – P 27C: New Consolidated Goldfields (Asia) Pty Ltd
- A – P 42C: Mount Isa Mines Ltd
- A – P 426C: Idemitsu Qld Pty Ltd (Ensham)
- EPC 505: Bligh Coal Ltd, Idemitsu Qld Pty Ltd, LG International Aus Pty Ltd
- EPC 525: Arco Coal Aust Inc. & Mitsui Coal Development (Aust) Pty Ltd
- EPC 603: Curragh Queensland Mining Pty Ltd
- EPC 622: Ingwe Australia Pty Ltd
- EPC 966: Aquila Resources Ltd
- EPC 1060: Comet Coal & Coke Pty Limited
- EPC 1062: Comet Coal & Coke Pty Limited
- EPC 1547: Stanmore Coal Ltd
- EPC 1671: Stanmore Coal Ltd
- EPC 1688: Stanmore Coal Ltd

Within the boundaries (and immediate surrounds) of EPC 2081 itself, there have been 16 historic coal exploration drill holes completed by previous explorers.

New consolidated Goldfields (Asia) Pty Ltd conducted the initial drilling of the area with their A series holes during the 1960's of which A2 is located within the northwest EPC 2081 and holes A15a and A15b which are adjacent to the eastern boundary. Holes A15a and A15b were drilled to depths of 61 and 107 metres respectively and both holes intersected banded seams of the Fair Hill Formation. In A2, two seams (Leo and Aquarius Seams) were intersected over an interval of 30m, with the lower of these at a depth of 47.25m (the Aquarius Seam) consisting of 2.2m of banded coal. The Seam contained several individual coal plies amounting to 75% of the interval, with contained raw ash contents averaging 25%.

In the late 1970's, the Geological Survey of Queensland (GSQ) commenced the "Emerald" regional drilling program and conducted 3 holes within the current Mackenzie Project area. NS11 & NS50 were spudded in the Burngrove Formation and NS48 within the lower Rangal Coal Measures. The Aquarius Seam was noted in NS11 as a 3.4m seam at a depth of 58.8 metres. NS11 also intersected the underlying Fair Hill Formation, with a 6.4m interval of the banded Hercules Seam noted at 213.38m depth.

The GSQ followed up with the "Blackwater" regional drilling program and a further three holes were completed within the project area; NS181, NS182 & NS185.

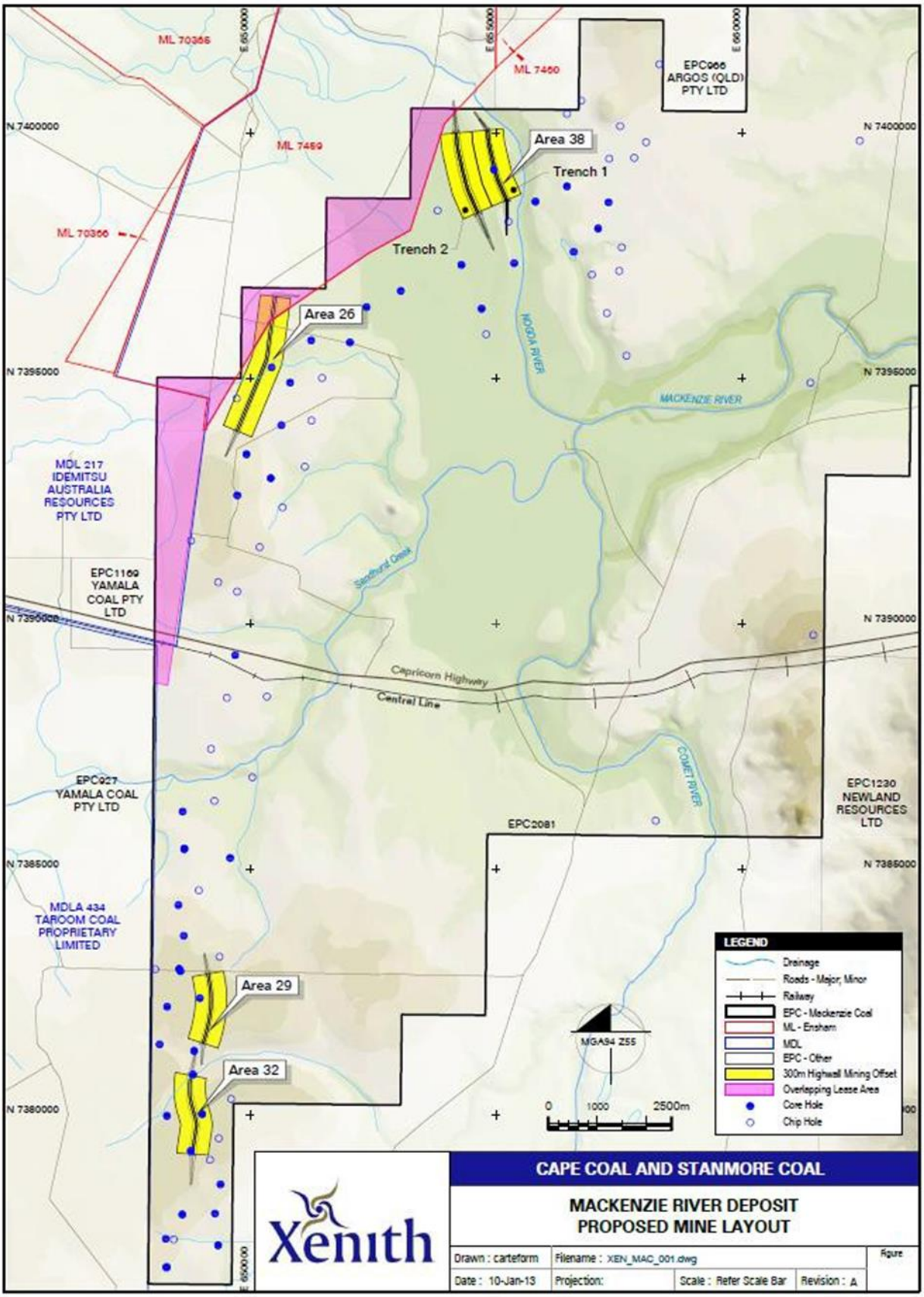
NS181 & 182 intersected four banded seams within the Fair Hill Formation, in descending order being the: Hercules, Canis, and Lupus & Fair Hill Seams. Of these 4 seams limited coal analysis was undertaken; however, it is thought that the seam with greatest potential is the Fair Hill Seam. This seam was analysed by New Consolidated Goldfields (Asia) Pty Ltd at drill site (A2) and the upper 0.7 metres of a 1.37m intersection was found to have a raw ash value of 16%.

During the 1990's Ingwe drilled the Yamala series of holes to investigate the potential of the Crocker Formation (German Creek equivalent), with Yamala 6, 7, 8, 10, 11 and 12 located within the project area. The Crocker Formation was found to be poorly developed although it did have a vitrinite reflectance of 1.04%, a level indicative of the coal having the potential to be prime coking coal.

4.5 Recent Exploration

Stanmore Coal completed a total of 102 drill holes (8546.41m) under the EPC 2081 permit. Drilling works were undertaken between April and December 2011. The work consisted of 47 partial core (4C size) drillholes and 55 open "chip" drillholes Figure 4.3.

Figure 4.3 – Location of Mackenzie River Drilling



4.6 Coal Quality

The results show the raw ash for the coal plies in the Leo Seam has a range of 35% to 44% adb. The raw ash for the Aquarius Seam resource has a more variable range of 26% to 49% adb. Inherent moisture values for all the coal plies are found to average 3.2% adb.

Generally, drill holes in the northern part of the area do show higher coal ply ash results and in some cases greater than 50% adb. Much lower raw coal ash results are observed in the far southern area of the deposit with some results in the 20% to 30% adb range.

Raw Crucible Swelling Number (CSN) has an average range of 1 - 3 across the coal deposit, however some ply CSN results of up 7 have been observed.

Washability testing was conducted on 21 holes in 2011 with the aim to achieve a product ash of 15% adb. The modelled washability simulation results for the individual plies are variable with a yield range from 9% to 57%, when excluding fines, and 11% to 62% when including fines material. Product CSN results were rounded to the nearest 0.5.

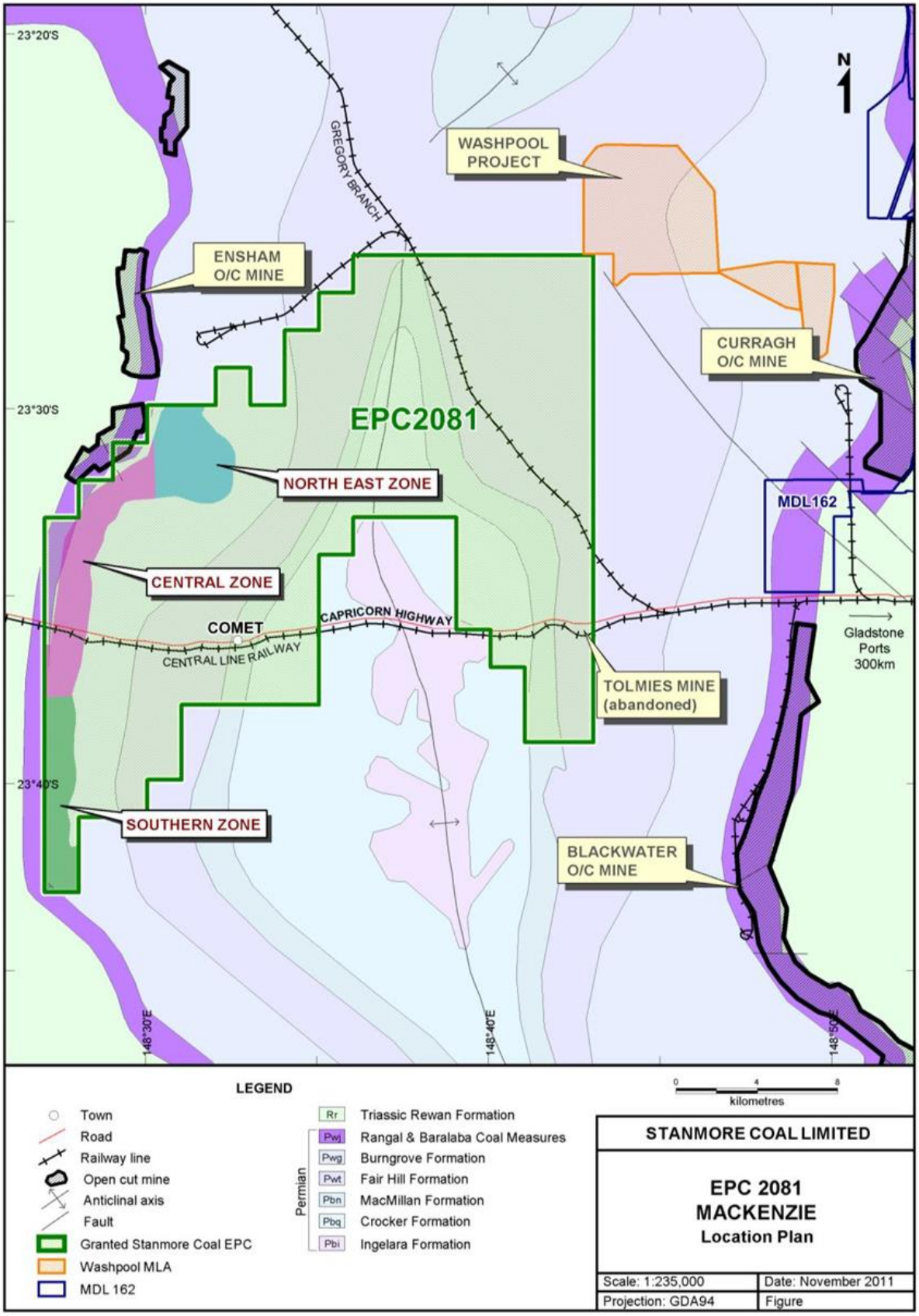
Yields are higher when including the fines material, but the process struggles to achieve the targeted product ash of 15% adb.

4.7 Further Exploration Required

Further work is required within the north eastern, central and southern zones to confirm a coal resource for the Mackenzie project (Figure 4.4).

A Table 1 (section 1 and section 2) along with borehole information is attached to this document as “Annexure B” on page *xvii.*

Figure 4.4 – EPC 2081 Deposit Zones



5 COMET RIDGE – EPC 1230

5.1 Geological Setting

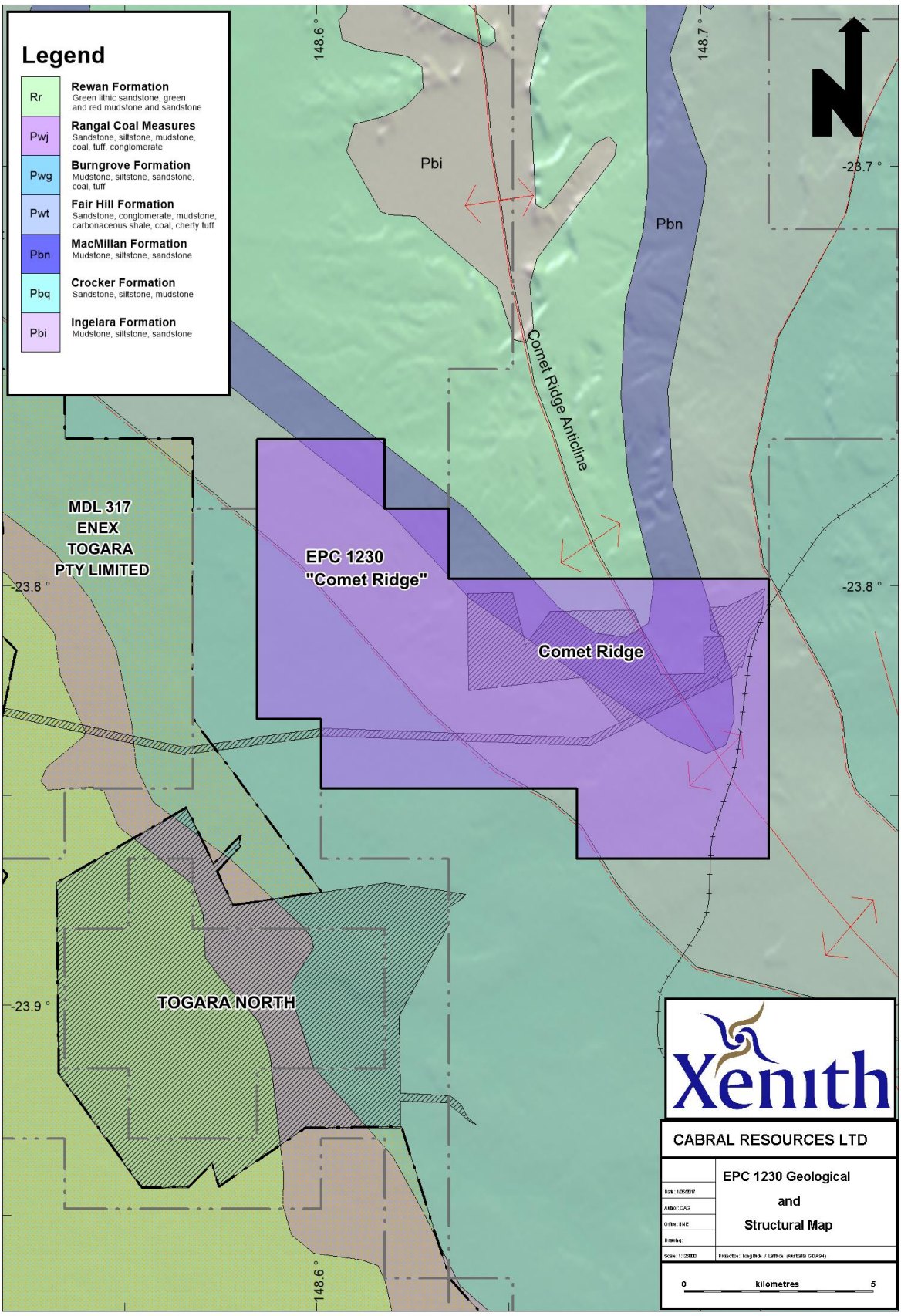
EPC 1230 is located at the southern end of the Comet Ridge Anticline on the stable basement block known as the Comet Platform. The block is bound to the east by the Taroom Trough and to the west by the Denison Trough (Dyson, 2014).

The Comet Ridge tenement contains sediments from Crocker and Macmillan formations broadly grouped in the Back Creek Group of sediments, and sediments from the Fair Hill and Burngrove Formations which are interpreted to be a part of the Blackwater Group. Sediments deposited during the Permian and Early Triassic were weakly deformed and folded resulting in the Comet Ridge Anticline axis striking (generally) north west-south east and plunging gently to the south. The limbs of the Comet Ridge Anticline dip shallowly to the east and west at an average of 2-4º and the axis of the Comet Ridge Anticline traces through north eastern corner of the EPC (Figure 5.1).

The Back Creek Group sediments as elsewhere in the Bowen Basin are dominated by marine facies; these are conformably overlain by the Blackwater Group sediments that are dominated in the most part by fluvial/deltaic sedimentation with common marine transgressions.

Rangal Coal Measures subcrop to the south west of the tenement and are currently covered by the Togara North Mining Lease and MDL 317.

Figure 5.1 – EPC 1230 Geological Map



5.2 Geological Structure

As outlined in Section 5.1, EPC 1230 is located over the southern end of the Comet Ridge Anticline with most the lease overlying the western limb of the structure. Other than the weak folding of strata no major faulting or structures have been identified.

5.3 Stratigraphy

The stratigraphy of the Blackwater Group and Back Creek Group in the area around EPC 1230 comprises in descending stratigraphic order;

- Rewan Formation (youngest)
- Rangal Coal Measures
- Burngrove Formation
- Fair Hill Formation
- Macmillan Formation
- Crocker Formation
- Ingelara Formation (oldest)

A generalised stratigraphy with lithological descriptions of the formations is detailed in Figure 5.2. The Ingelara formation is represented in the area in the core of the Comet Ridge Anticline. The Ingelara, Croker and Macmillan formations are grouped into the Back Creek Group with the overlying Fairhill, Burngrove and Rangal Coal Measures grouped into the Blackwater Group.

Coal Seam Targets

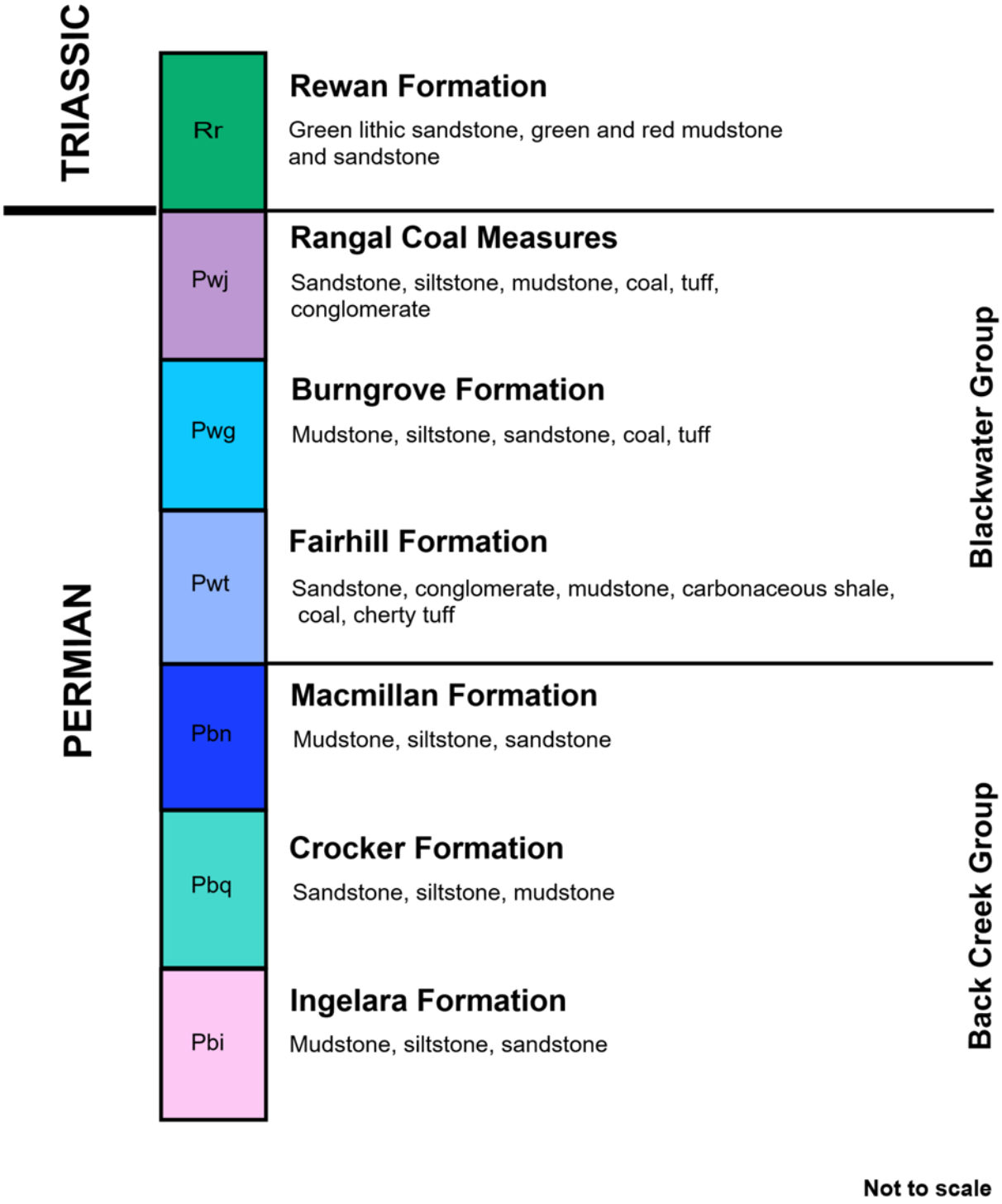
Four main seams in descending order have been recognised within the Fair Hill Formation and are identified as:

- Hercules (youngest)
- Canis
- Lepus
- Fair Hill (oldest)

Acacia Coal is targeting the Fair Hill Seam and the stratigraphically lower Triumph Seam which was discovered during subsequent exploration, for mining. The Fair Hill Seam is typically (for Fair Hill Formation coals) predominantly dull coal and highly interbedded with carbonaceous siltstones and tuffaceous claystone. Thin bands of bright vitrinite occur throughout the coal. The Fair Hill seam can vary between 9-14m in thickness and is broken down into 20 individual coal plies named A to M.

The Triumph Seam lies approximately 25m below the Fair Hill Seam and is generally less banded and up to 2m in thickness. The Triumph Seam is sub-divided into 4 plies named T1 to T4.

Figure 5.2 – Comet Ridge Generalised Stratigraphy



5.4 Historic Exploration

In 1996 INGWE Australia Pty Ltd, the holders of pre-existing EPC 596 drilled 5 holes within their tenement which occupies ground covered by EPC 1230. 3 stratigraphic holes and 2 twinned core holes were drilled to test coal seam intersections. Since the granting of EPC 1230 in 2008 over 200 holes have been drilled by Acacia Coal and can be summarised in the following Table 5.1.

Table 5.1 – Historic and Recent Exploration Phases - EPC 1230

Year	Tenement	Holder	Total Holes	Non-Core	Core
1996	EPC 596	INGWE Australia Pty Ltd	5.00	2.00	3.00
Early 2011	EPC 1230	Acacia Coal Pty Ltd	27.00	25.00	2.00
Early 2011	EPC 1230	Acacia Coal Pty Ltd	27.00		
2012	EPC 1230	Acacia Coal Pty Ltd	137.00	125.00	12.00
2013	EPC 1230	Acacia Coal Pty Ltd	46.00	35.00	11.00

5.5 Recent Exploration

All recent exploration work has been carried out by Acacia Coal Pty Ltd and has resulted in a database of 223 holes suitable for modelling the deposit. All holes have been geophysically corrected and the coal seams and plies correlated for the Fair Hill and Triumph seams.

In 2015, a total of 5 holes were drilled consisting of non-core and partial core holes with four holes targeting the Fair Hill Seam and one targeting the Triumph Seam.

In conjunction with the 2015 drilling Acacia Coal management oversaw the extraction of a bulk sample from the Triumph Seam within EPC1230. The Triumph Seam was intersected at a depth approximately 10m from surface and was in fresh rock directly below the base of weathering.

The bulk sample pit dimensions at surface were approximately 20m by 20m (400m2) while the excavated pit at Triumph Seam level was 3.7m long by 1.6m wide by 2.5m deep. Coal and inter-seam stone partings comprising a total of 23 tonnes were excavated using a 30 tonne excavator with a 1.5 cubic metres bucket. The bulk sample was hauled to a quarry at Springsure for trial processing and dry screening to separate coal and claystone. The test procedure was designed as an up sized version of the drop shatter and screening tests conducted on bore cores from past exploration programs.

A total spend of $7.55M has been recorded on undertaking the exploration and technical studies on the project since 2011.

The recent phases of exploration have facilitated the definition of the characteristics of the resource and subsequently 3 shallow pit areas have been identified in the deposit.

5.6 Coal Quality

The Fair Hill Seams of the Fair Hill Formation typically have high raw ash values exceeding 70%. Through studies conducted by Acacia Coal Limited 9 plies (A, C1, D2, D3, E, F, H2, and M1 & M2) from the Fair Hill Seam and 4 from the Triumph Seam (T1-T4) have been identified as a coal resource. Average Raw coal quality for each ply was derived from up to 10 core holes for the Fair Hill and Triumph Seam and average raw coal qualities for each ply is detailed in Table 5.2.

Table 5.2 – Average Raw Quality Ply Data for the Fair Hill and Triumph Seams

Ply	Length	Relative Density (ad)	Moisture (ad)	Ash (ad)	Volatile Matter (ad)	Fixed Carbon (ad)	Total Sulphur (ad)	Calorific Value (ad)
	(m)	g/cc	%	%	%	%	%	Mj/kg
A	0.8	1.74	3.1	44.1	21.9	30.3	1	16.8
C1	0.43	1.93	2.1	61.4	17.1	19.5	0.95	11.42
D2	0.34	1.82	2.1	53.2	19.8	25.1	1.28	14.55
D3	0.22	1.82	1.6	54.3	19.4	24.7	0.88	14.45
E	0.18	1.87	1.5	58.9	16.6	23.1	0.55	12.83
F	0.55	1.77	2.3	49.2	20.7	28	0.56	15.71
H2	0.32	1.8	1.9	52.8	18.3	27.2	0.37	14.94
M1	0.36	1.63	1.5	36.2	26.4	36	3.14	20.7
M2	0.25	1.78	1.7	52.5	17.9	28.1	0.96	15.38
Average	**0.38**	**1.80**	**1.98**	**51.40**	**19.79**	**26.89**	**1.08**	**15.20**
T1	0.4	1.42	2.12	14.74	29.47	53.67	3.02	-
T2	0.28	1.55	2.17	30.22	23.33	42.28	3.33	-
T3	0.48	1.78	2.6	50.28	19.2	27.92	2.68	-
T4	0.37	1.7	2.19	39.8	23.24	34.76	3.67	-
Average	**0.38**	**1.61**	**2.27**	**33.76**	**23.81**	**39.66**	**3.18**	

Average raw quality data for the Fair Hill Seam indicates a high density, high ash, low moisture and high sulphur coal, the Triumph Seam records overall lower density and ash than the Fair Hill Seam however the total sulphur is very high.

Based on the washability data available, the high inherent ash coking yields are low (10-30%). CSNs for the Fair Hill Seam and Triumph Seam typically report at 7+ and 8+ respectively. A secondary thermal product yield is dependent on the target coking product ash specifications.

Product coal is intended to be marketed as a low ash, coking coal along with a high ash thermal by-product. Laboratory work indicates that the target coal seams can be optimised in-pit and up to 45-65% of stone can be removed prior to washing.

5.7 Resource Potential

The July 2014 Updated Resource Report produced by Mr. Rob Dyson of McElroy Bryan Geological Services Pty Ltd (MBGS) quotes the combined cumulative thickness of the 9 Fair Hill Seam plies and the 4 Triumph Seam plies as 57 Mt (Table 5.3).

Table 5.3 – Resource Summary for EPC 1230

Seam Name	Overburden Interval (m)[1]	Resource Block		Cumulative Coal Thickness (m)[2]	In Situ Density (g/cc)[3]	Moisture (% ad)	Ash (% ad)	Volatile Matter (% ad)	Fixed Carbon (% ad)	Total Sulphur (% ad)	Calorific Value (Mj/kg ad)	Resource (Mt)		
		Name	Area (km^2)									Measured	Indicated	Inferred
Fair Hill	BOW - 30 m	IFH30A	0.97	2.9	1.75	2.8	50.7	20.8	25.7	0.77	14.8			4
		IFH30B	0.46	3.2	1.73	3.3	49.9	19.6	27.3	0.97	14.9			1
		IFH30C	0.56	2.3	1.73	2.1	49.9	20.6	27.8	0.97	15.6			1
		DFH30A	0.8	3.1	1.76	2.0	50.4	20.8	26.9	1.08	15.1		2.7	
		MFH30A	0.28	3.4	1.75	3.0	52.3	18.9	25.8	0.89	13.9	1.3		
		MFH30B	0.93	3.3	1.73	1.8	53.1	19.5	27.3	0.81	14.7	4.2		
		Total Fair Hill Seam Resources BOW to 30 m										5.5	2.7	6
Triumph		ITR30A	0.44	1.5	1.62	2.5	38.2	22.7	36.6	2.36	-			1
		ITR30B	0.36	1.5	1.61	2.4	37.7	22.8	37.0	2.36	-			1
		DTR30A	0.54	1.1	1.58	2.2	31.3	27.0	39.7	6.31	-		0.9	
		MTR30A	0.31	1.5	1.61	2.4	37.9	22.9	36.8	2.54	-	0.7		
		MTR30B	0.27	1.6	1.60	2.3	36.4	23.2	38.2	2.89	-	0.6		
		Total Triumph Seam Resources BOW to 30 m										1.3	0.9	2
Total Resources BOW to 30 m												6.8	3.6	8
Fair Hill	30 m - 50 m	IFH50A	3.73	3.1	1.74	2.6	51.6	19.9	26.3	0.81	14.6			19
		IFH50B	2.27	3.1	1.74	1.9	50.2	20.8	27.6	1.01	15.1			10
		DFH50A	0.89	3.1	1.74	1.9	49.5	21.2	27.5	1.09	15.1		4.4	
		Total Fair Hill Seam Resources 30 m to 50 m										-	4.4	29
Triumph		ITR50A	2.39	1.5	1.62	2.4	38.4	22.7	36.6	2.38	-			6
		ITR50B	0.23	1.5	1.58	2.5	34.6	25.1	40.0	3.63	-			1
		DTR50A	0.9	1.0	1.57	2.2	31.1	26.6	40.5	5.64	-		1.4	
		MTR50A	0.3	1.5	1.59	2.3	36.8	23.2	37.9	2.82	-	0.7		
		Total Triumph Seam Resources 30 m to 50 m										0.7	1.4	6
Total Resources 30 m to 50 m												0.7	5.8	35
Total Resources												7.5	9.3	43
Total Resource (Rounded)												8	9	40

Notes:
(1) BOW = Base of Weathering
(2) Fair Hill Plies- A, C1, D2, D3, E, F, H2, M1 & M2. Triumph Plies- T1, T2, T3 & T4.
(3) In situ density calculated from lab RD using Preston and Sanders formula at 6 % moisture.

Total coal resources equals 57 Million tonnes (Mt) with 17Mt in the Measured and Indicated category and 40 Mt in the inferred category. The updated resource estimate included the results from drilling 46 holes in 2013. A Table 1 from the 2014 Competent Person Report is attached to this report as “Annexure C” on page *xlvii*.

An application for a mining lease (MLa 700005) was submitted to the Queensland Department of Natural Resources and Mines in March 2015. An Environmental Impact Management Report (EIMR) was submitted concurrently with the mining lease application (Figure 5.3). At time of writing the Mining Lease Application had not yet been granted by the Queensland Government.

Figure 5.3 – Mining Lease Application Area

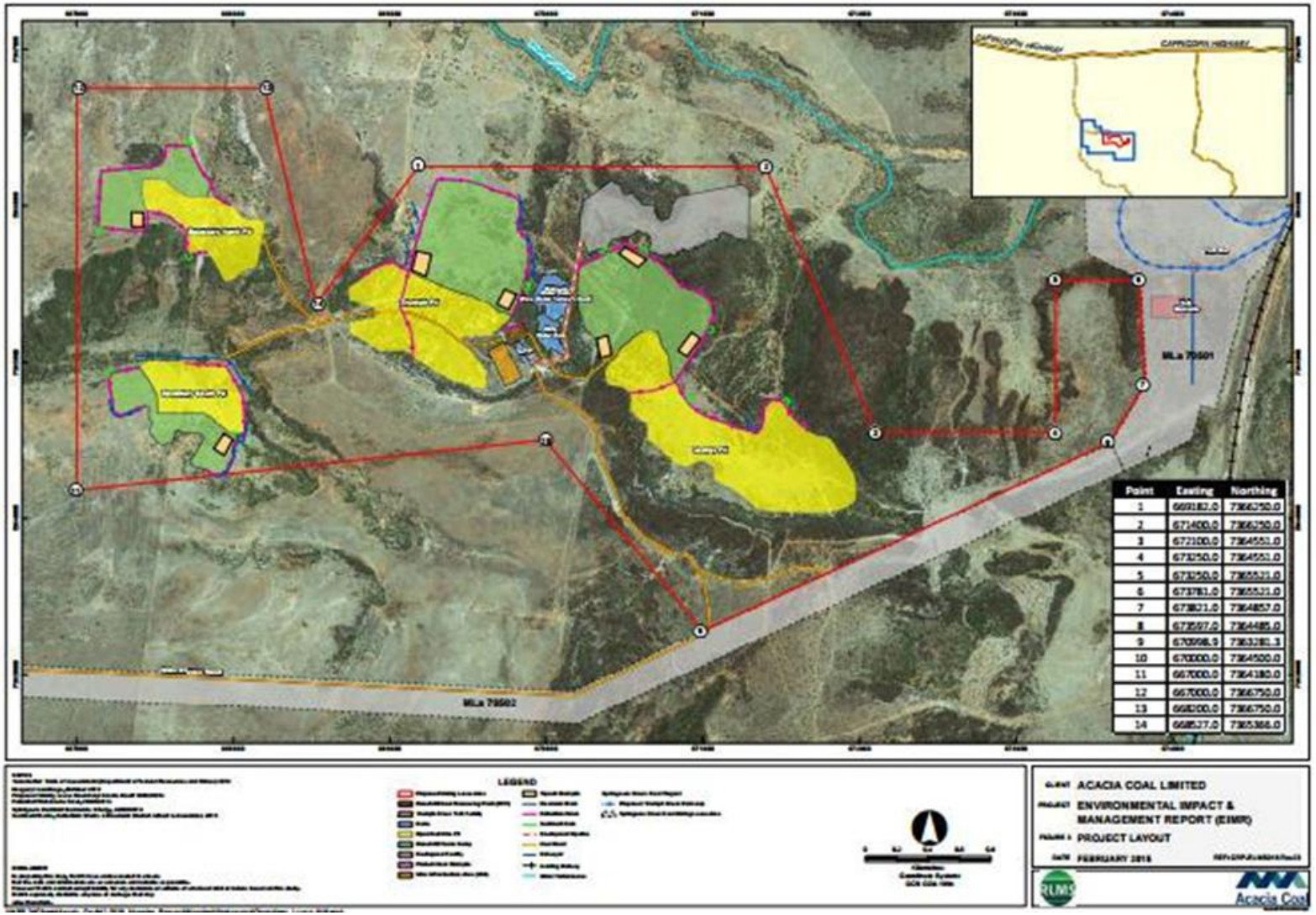
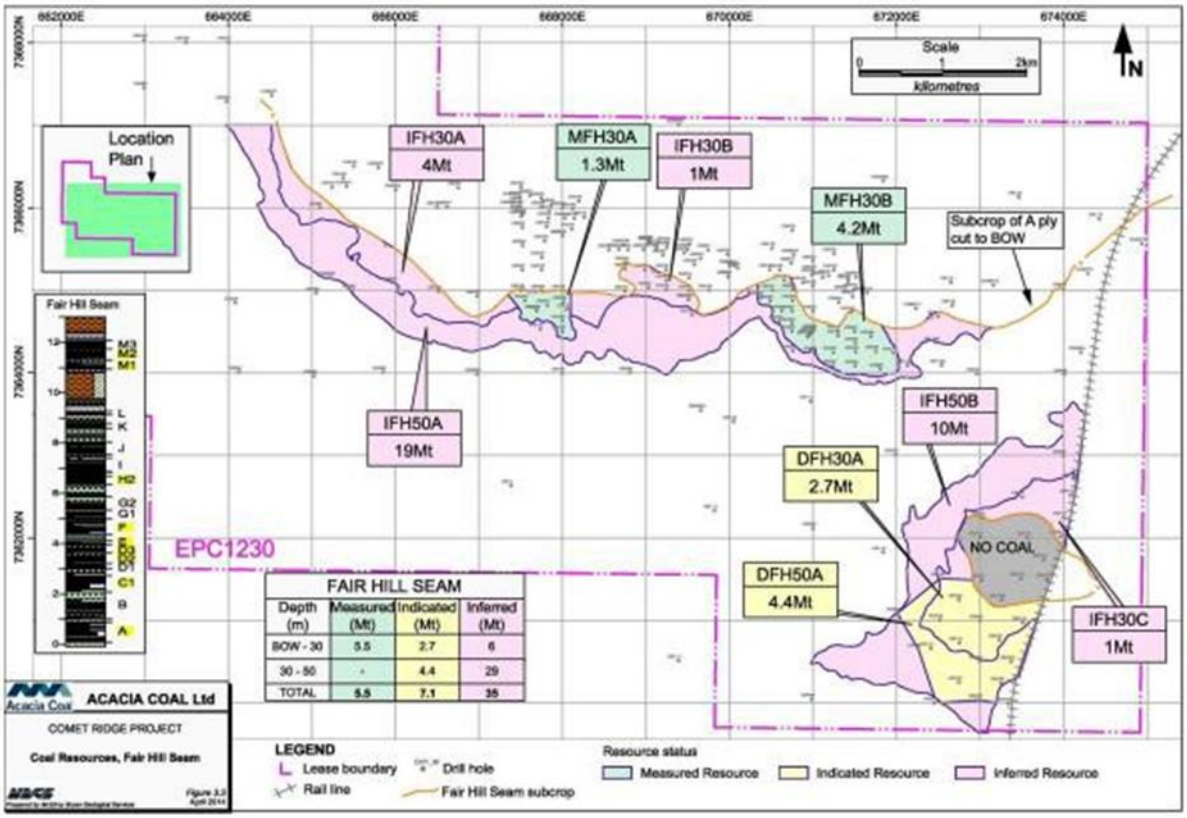
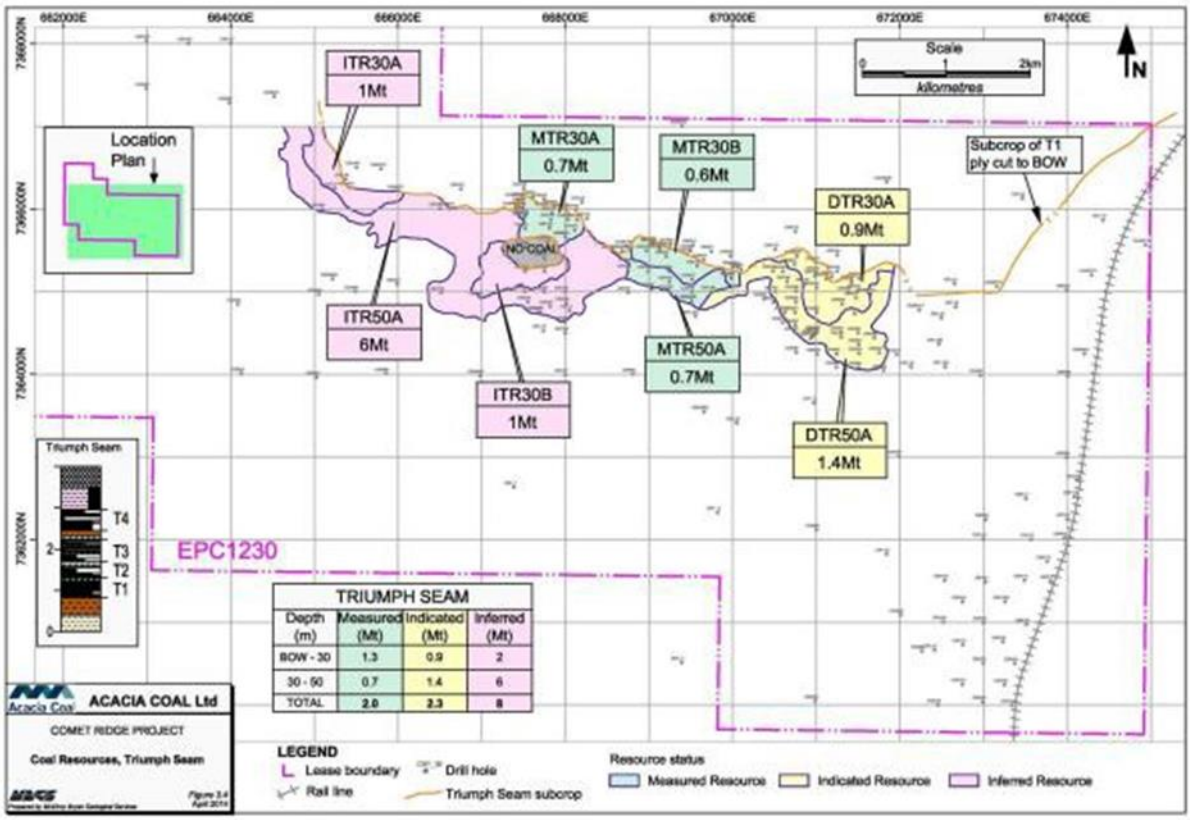


Figure 5.4 – Summary of Resource Plans for the Fair Hill & Triumph Seam - Produced by MBGS





5.8 JORC Statement

The information in this report relating to exploration results and coal resources relating to the Comet Ridge project is based on information compiled by Mr. Rob Dyson who is a fellow of the Australasian Institute of Mining and Metallurgy and is a full-time employee of McElroy Bryan Geological Services Pty Ltd.

Mr. Dyson 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 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*."

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

Rob Dyson
F AusIMM
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5.9 Summary of Coal Resource Estimate – Comet Ridge

5.9.1 Background

The Coal Resource estimate for Comet Ridge is supported by the JORC Code 2012 Table 1 (Sections 1 to 3) documents provided in "*Annexure C. JORC Code, 2012 Edition – Table 1 for the 2014 Comet Ridge Resource Report*" on page xlvii.

The following summary of information for the Comet Ridge Coal Resource estimate is provided in accordance with Listing Rule 5.8 of the ASX Listing Rules.

5.9.2 Geology and Geological Interpretation

EPC 1230 is located at the southern end of the Comet Ridge Anticline on the stable basement block known as the Comet Platform. The block is bound to the east by the Taroom Trough and to the west by the Denison Trough

The Comet Ridge tenement contains sediments from Crocker and Macmillan formations broadly grouped in the Back Creek Group of sediments, and sediments from the Fair Hill and Burngrove Formations which are interpreted to be a part of the Blackwater Group. Sediments deposited during the Permian and Early Triassic were weakly deformed and folded resulting in the Comet Ridge Anticline axis striking (generally) north west-south east and plunging gently to the south. The limbs of the Comet Ridge Anticline dip shallowly to the east and west at an average of 2-4º and the axis of the Comet Ridge Anticline traces through north eastern corner of the EPC.

EPC 1230 predominantly comprises sediments from the Late Permian MacMillan, Fair Hill and Burngrove Formations with the main target of investigation being the identified Fair Hill Seam and the stratigraphically lower Triumph Seam.

Other than the weakly folded Comet Ridge Anticline there are no major structures identified within the lease.

5.9.3 Sampling and Sub-sampling techniques

Industry standard 4C (100mm) partially cored holes have been drilled to recover that Fair Hill and Triumph seams for analytical testing.

All drill holes since 2011 have been geophysically logged. Geophysical tools were calibrated every 14 days in accordance with manufacturer's guidelines. Long and short spaced density, natural gamma and calliper were typically used in logging bore holes.

Eight core holes intersecting the Fair Hill seam were selected for drop shatter pre-treatment testing prior to 2013. Full Fair Hill Seam and conceptual in-seam mining sections underwent drop shatter pre-treatment and were then sent to ALS Brisbane for float sink and quality analysis. Two holes intersecting the full Triumph Seam (T4-T1 plies) were selected for drop shatter pre-treatment testing and were sent to ALS for washability analysis. Eleven holes were samples for raw coal quality on a ply by ply basis including stone bands.

In 2013, two core holes intersecting the Fair Hill Seam were selected for drop shatter pre-treatment testing of conceptual mining sections and one hole for ply by ply quality analysis. Three core holes that intersected the Triumph Seam were selected for drop shatter pre-treatment and five core holes for ply by ply coal quality analysis. All samples were sent to ALS Brisbane for analysis.

During drop shatter testing, material was weighed, screened and arranged into sized samples and placed into sample bags. Sample information/identification indicating; project, hole details, seam, size fraction, drop details and weight were written on sample bags and tags. The details were recorded on an advice sheet and a copy was sent to the laboratory upon dispatch of the samples.

In coal quality core holes, coal plies and stone partings were individually sampled. Samples were placed into plastic sample bags (double bagged) with sample information indication; project, hole, seam, ply details written on the sample bag and tag. The same details were recorded on an analytical advice sheet, copied and then provided to the lab on dispatch of samples.

All core sent for analysis after drop shatter testing or by ply sampling was dropped/sampled as full core diameter. No sub sampling or core splitting was undertaken.

5.9.4 Drilling Techniques

A combination of slim non-core drilling and diamond core drilling was carried out up to 2011. From 2012 onwards non-core holes were typically drilled utilising a 125mm PCD bit on air and partially cored holes utilised a conventional 150mm tungsten bit (100mm 4C core). All holes drilled 2011-13 were logged with a down hole density tool.

Core recovery was assessed by comparing length of core drilled against length recovered. The thickness of coal recovered was reconciled to geophysics with the coal compared to the density trace. A recovery of at least 95% was required from the Fair Hill and Triumph Seams. Logged core intervals and losses recorded in the field were verified against 1:20 geophysics. Larger diameter core was utilised to maximise sample recovery.

Core logging was carried out to centimetre scale and non-core chip logging has been logged to 0.5m intervals. Data was encoded on hardcopy in the field and subsequently entered into a computer database. For all 2013 holes geotechnical logs and samples were preserved. Drill chips and core were photographed from 201 to 2013 programs. No photography from earlier holes was sighted. Geological and geotechnical logging data was acquired at industry standard and level of detail that supports Coal Resource estimations.

5.9.5 Criteria Used for Classification

Prior to 2011were drilled close to property tracks and therefore did not adhere to a drill grid. Holes drilled between 2011-2012 employed a 1km grid to locate proposed holes. In shallower parts of the deposit drill spacing was reduced to less than 500m, in open cut areas close to subcrop the distance between bores was reduced to 250m and further down to 125m in other areas.

Through geological modelling and seam correlation the Fair Hill and Triumph Seams are continuous within the EPC and have reasonably consistent thickness and character. The drill hole spacing and consistency of the target seams support the estimated Coal Resources and Resource Classifications within EPC 1230 to Measured, Indicated and Inferred resource categories.

5.9.6 Sample Analysis Method

In field, coal cores were enveloped in 'lay-flat' plastic tubing, boxed, labelled and stowed undercover until time of sampling. During sampling, coal samples were placed in double-bagged plastic sample bags, and all identification information was recorded on the bags, sample tags and analysis sheets. Sample sheets were distributed to the lab electronically at time of dispatch. Samples were stored at the laboratory in a cool room. ALS Brisbane was the lab utilised in coal analysis.

5.9.7 Estimation Methodology

Coal resources were estimated for nine (A, C1, D2, D3, E, F, H2 and M1-2) of the 20 coal plies identified in the Fair Hill Seam. Up to four plies were selected (T1-T4) if present for the Triumph Seam. Coal plies from both seams selected as a resource, were based upon raw coal quality and washability results indicating those plies having a coking coal fraction.

Coal ply thicknesses were determined from geophysics and composited in Minex to form a cumulative coal thickness for each seam in the resource estimation process. Clay and tuffaceous bands within both seams were not included in the resource estimation.

The estimation was completed using in-situ density and ply thickness grids in Minex Software (version 6.1.3), using vertical sided polygon areas. Drill hole data vas validated in Minex prior to modelling and anomalous values were reviewed against the original data (including photos, field logs and geophysics) and corrected where necessary. The geological model was validated by posting seam thickness and quality values at drill holes, which are compared to output contours from model grids.

5.9.8 Cut-off Grade

Resource tonnages and coal quality parameters are reported to an in-situ moisture content of 6%.

5.9.9 Mining and Metallurgical Methods and Modifying Factors

The Fair Hill Seam is up to 12m thick and the Triumph Seam is up to 2m thick, both contain numerous carbonaceous/tuffaceous claystone bands and partings interbedded with high-ash coal plies containing very thin, bright (vitrinite) coal bands. To liberate coal from both seams the mining method will incorporate dry separation techniques prior to washing.

Following extraction of the proposed mining sections in both seams, ROM coal will pass through a rotary trammel located at the pit to generate a coal concentrate with most of the stone removed. Additional separation techniques may be carried out with FGX dry separation or x-ray coal sorting methods.

Coal resources have been considered to 50m overburden depth. A preliminary mining study indicated resources beyond 30m overburden thickness may have been uneconomic in economic conditions at the time of the original JORC classification.

Using the above in-pit dry separation techniques and subsequent beneficiation by wash plant a coking fraction and high-ash thermal product could be produced.

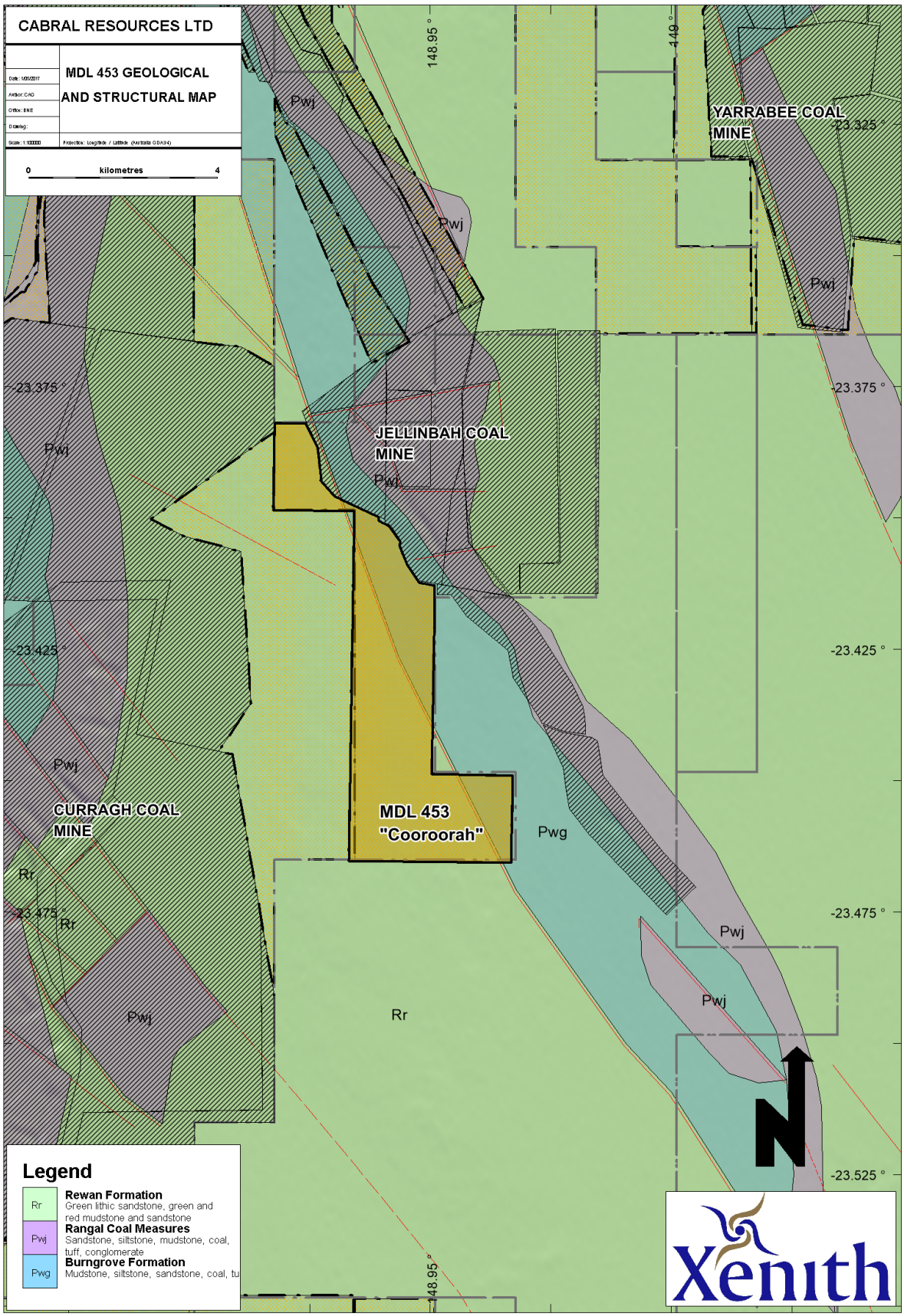
No environmental assumptions were made for the resource estimate and Acacia Coal Limited has not specified environmental factors that could affect JORC resources.

6 COOROORAH – MDL 453

6.1 Geological Setting

Three Permo-Triassic units occur within the MDL 453 (Figure 6.1). These are, in descending stratigraphic order, the Triassic Rewan Group, the Late Permian Rangal Coal Measures (RCM) and the Late Permian Burngrove Formation, an upper unit of Blackwater Group. The RCM provide high quality hard coking coal, but dominantly supply semi-hard to semi-soft coking, high quality PCI and thermal coal for export, and lower quality thermal coal for domestic power generation. The Burngrove Formation contains several thick, high ash; heavily tuff banded coal seams, which until now have not had any commercial potential because of their very low yields at high ashes. However, because of their excellent coking properties, seams of the Burngrove Formation are actively being explored by several companies in the area between Curragh and Ensham, to the west of MDL 453.

Figure 6.1 – MDL 453 Geological Map



6.2 Geological Structure

Regionally, MDL453 lies on the eastern flank of the Comet Ridge; a broad anticlinal structure that lies between the Denison Trough and the Mimosa Syncline, in the Bowen Basin. The area is structurally complex, dominated by compressional fold-and-thrust style features.

The most prominent structural feature within the MDL is the Jellinbah Fault, a major reverse fault that dips steeply to the east and is up-thrown to the east. Maximum displacement is up to 600m, but the amount of dislocation varies according to the intensity of folding on the up thrust side of the fault. The strata have a north-north-westerly strike and regional dip of 3° to 5° to the north-east. This dip continues only as far east as the Jellinbah Fault. Immediately beyond this major break, the dip is up to 15° in drilling further to the east and the strata are folded to varying degrees of intensity within this folded zone.

6.3 Stratigraphy

The Rangal Coal Measures (RCM) contains several coal seams of variable thickness and quality. Four potentially economic seams are present: these being the Aries, Castor, Pollux, and Pisces seams.

Three of the seams (the Castor, Pollux, and Pisces) have suitable thickness to host underground coal resources in parts of the MDL. The Aries seam is generally too thin to potentially support this, however in places the interburden between the Aries and Castor is very thin, perhaps offering some potential for joint removal.

- Aries Seam: The uppermost seam, the Aries seam is the thinnest seam, typically 0.6m to 1.5m thick. The seam thickens towards the north; however, data is insufficient and limited.
- Castor Seam: The Castor seam is located generally less than 10m below the Aries seam. The Castor seam maintains a relatively consistent thickness of 2.5m to 3m through the southern part of the MDL, but thins to less than 1m through the central part of the MDL before thickening to between 2m and 3m in the north-west corner of the MDL.
- Pollux Seam: The Pollux seam is located around 50m to 60m below the Castor seam over the southern half of the MDL, but the interburden thins to less than 30m in the north portion of the MDL. The Pollux seam maintains a consistent thickness of 2m to 2.5m through the southern part of the MDL, but thins to less than 1m through the central part of the MDL before thickening to between 3m and 4m in the north-west corner of the MDL.
- Pisces Seam: Sitting some 20m to 30m below the Pollux seam, the Pisces seam is typically 2m to 3m thick in holes drilled in the south of the MDL, the seam thins to less than 1m near the north-western corner of the MDL.

6.4 Historic Exploration

Eight deep stratigraphic holes were drilled in or adjacent to the MDL by the Geological Survey of Qld (GSQ) in the 1970s as part of the Department's regional stratigraphic drilling program. These holes intersected seams of the RCM at depths ranging from approximately 200m to in excess of 400m.

Fourteen shallow holes (NC9704-NC9707, NC9710-NC9713, and NC9901-NC9906,) were drilled in or adjacent to the MDL between 1997 and 1999 to depths ranging from 27m to 72m, in an unsuccessful attempt to find shallow RCM in up-thrown fault blocks. Eight holes drilled in the south, and NC9901, intersected sediments of the Rewan Group below unconsolidated Tertiary cover. The remaining five holes intersected mainly tuffaceous, banded seams of the Burngrove Formation.

Although not intersecting coal seams of any economic interest, holes NC9901 to NC9906 have been useful in refining the location of the Jellinbah Fault through the central part of the MDL.

During the period through 2009 to 2010, BOW CSG Pty Ltd drilled one HQ core hole (BW1) and four open holes (BW33 to BW36) in the southern part of the MDL while conducting exploration for coal seam gas in EPP 1025, which overlies MDL 453.

In addition to providing the hole summary data, BOW also provided access to the down hole geophysics of the holes and to the coal seam gas results from BW1. The down hole geophysics indicate that the thicker intersections of the Aries seam in BW33 and BW35 result from minor reverse faulting rather than genuine seam thickening.

6.5 Recent Exploration

The most recent exploration activity was conducted by AQC (DDH series holes) during 2012. Five coal quality holes were drilled within the tenement and the coal quality information was added to the data obtained from historic drilling (Table 6.1) tenement.

Table 6.1 – Historic and Recent Drilling conducted at MDL 453

Bore Hole Series	Bore Hole Drilled by	No# of Holes	Bore Holes Within MDL 453	Bore Holes Outside MDL 453	Geophysical Logging	Coal Quality
BL	GSQ	4	0	4	0	2
HU	GSQ	10	2	8	1	5
BW/BWP	Arrow/Bow	6	4	2	6	1
DDH	APC	5	5	0	5	5

6.6 Coal Quality

13 coal quality holes exist for MDL 453. The raw quality data comprises Proximate Analysis, and in some cases:

- CSN (Crucible Swelling Number)
- SE (Specific Energy)
- Chlorine
- Sulphur
- Phosphorus
- HGI (Hardgrove Grindability Index)
- Free Moisture

Float Sink analysis has also been performed on the core samples, and F1.45 has been identified as the cut-off for a washed product.

A summary of composite raw coal qualities by seam are given below in Table 6.2. The coal quality data available continues to indicate a coal with PCI characteristics, and potential in some places for a semi-soft coking product.

Table 6.2 – Seam Raw Coal Quality Statistics

Seam	Category	IM % ad	ASH % ad	VM % ad	FC % ad	RD g/cc ad	CSN ad	SE MJ/kg	CHL % ad	TS % ad	Phos % ad	HGI ad
Aries	Valid Rows	6	6	6	6	3	5	6	3	6	6	3
	Min	0.80	10.40	17.70	52.80	1.42	2.5	24.68	0.02	0.39	0.04	97.00
	Max	1.50	28.00	21.10	70.40	1.57	8.0	31.29	0.04	0.64	0.08	98.00
	Mean	1.12	15.90	18.82	64.00	1.50	5.5	29.06	0.03	0.51	0.06	97.33
Castor	Valid Rows	6	6	6	6	5	6	6	5	6	6	5
	Min	0.80	9.49	16.10	65.35	1.39	1.0	29.29	0.02	0.38	0.06	87.34
	Max	1.80	15.89	18.76	72.40	1.48	4.5	32.63	0.05	0.50	0.14	92.59
	Mean	1.17	12.65	17.31	68.86	1.44	2.0	30.73	0.04	0.44	0.07	90.35
Pollux	Valid Rows	8	8	8	8	5	8	8	5	8	7	5
	Min	0.87	11.85	13.41	57.38	1.42	1.5	25.20	0.02	0.38	0.05	83.52
	Max	1.40	27.90	17.60	70.51	1.56	5.0	31.36	0.06	0.56	0.19	89.08
	Mean	1.21	16.59	16.00	66.19	1.49	2.5	29.50	0.03	0.43	0.13	87.01
Pisces	Valid Rows	8	8	8	8	5	7	7	5	7	7	5
	Min	0.85	12.50	15.20	60.34	1.45	1.0	26.98	0.02	0.30	0.05	83.84
	Max	1.90	22.21	17.40	70.50	1.49	3.5	31.30	0.04	0.39	0.09	86.84
	Mean	1.32	16.03	16.45	66.19	1.46	2.5	29.62	0.03	0.36	0.06	85.25
Pisces Lower	Valid Rows	2	2	2	2	2	2	2	1	2	2	1
	Min	1.20	20.20	16.60	43.70	1.48	1.0	19.79	0.01	0.22		92.00
	Max	1.20	38.50	16.90	61.70	1.74	5.0	27.92	0.01	0.35		92.00
	Mean	1.20	29.35	16.75	52.70	1.61	3.0	23.85	0.01	0.28		92.00

All seams exhibit a low to moderate ash, with a generally high yield. Sulphur ranges between 0.4% and 0.6% (adb), with Phosphorus between 0.06% and 0.08% (adb). Ash ranges between 10% and 19% (adb) and Volatile Matter between 14% and 18% (adb). Specific Energy falls between 25 and 32 MJ/kg. While the CSN values are generally low, between 1 and 3, values in the lower parts of both the Pisces and Pollux seam rise significantly in places.

6.7 Exploration/Resource Potential

HDR/Salva Resources Pty Ltd completed a resource estimate in accordance with the JORC code 2012, in July 2013 for EPC 1827/MDL 453 – see Table 6.3. All seams within the Rangal Coal Measures, Burngrove Formation, and Fairhill Formation (from the Cancer seam to the Fairhill seam) were modelled. 25 drillholes were included in the model, 10 of which are located within or immediately adjacent to MDL 453. The 10 boreholes are all located in the Southern part of the tenement.

A maximum distance between Points of Observation was defined for each of the resource categories. The distances were derived using the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources, and Coal Reserves (“the Guidelines”) (2003).

Additionally, variogram modelling of the Pollux seam Raw Ash was used to determine the appropriate maximum distance between POBs for the Indicated category. The rationale was the raw ash was directly related to the main economic driver such as Yield. It was decided to use 2/3rd of the variogram sill from the Pollux seam raw ash% variogram, as the basis for the classification of Indicated Coal Resources for all reported seams within the tenement. This distance is 1,500 metres.

Table 6.3 – Resource Summary MDL 453 (2013)

Seam	Classification	Volume (1000 CU Metres)	Area (Hectares)	Mass (Mt)	True Vertical Thickness (Metres)	Raw Ash %	Raw CSN	Raw Volatile Matter %	Raw Inherent Moisture %	Raw Relative Density g/cc	Raw Specific Energy MJ/Kg	Raw Total Sulphur %	Product (f1.45) Ash %	Product (f1.45) Yield %
AR	IND	409	41	0.6	1.0	22.0	7	20.5	0.9	1.51	28.5	0.53	8.2	74.3
AR	INF	4779	339	7.0	1.4	17.6	5	21.0	0.9	1.47	28.5	0.53	8.2	73.3
CT	IND	19039	624	27.2	3.1	12.8	3	17.5	1.0	1.43	29.3	0.54	8.3	84.3
CT	INF	5537	298	7.9	1.9	12.9	2	17.4	1.1	1.43	29.3	0.54	8.4	85.2
PO	IND	12019	542	17.5	2.2	16.5	2	15.7	1.2	1.45	30.5	0.36	8.2	83.4
PO	INF	7156	383	10.4	1.9	16.0	2	15.8	1.2	1.45	29.2	0.39	8.2	83.5
PI	IND	16449	625	24.3	2.6	16.0	3	16.4	1.1	1.48	29.5	0.38	9.7	77.2
PI	INF	16525	598	29.9	2.7	16.1	3	16.3	1.4	1.50	29.5	0.38	9.7	77.4
TOTAL	INDICATED			**69.6**										
TOTAL	INFERRED			**55.3**										
TOTAL				**124.9**										

Resources have been reported on an air-dried basis, and the tonnages estimated without converting the relative density to insitu moisture. Nearby deposits use insitu moisture of 3 – 4%. If the same was to be applied to the Cooroorah project, a decrease in the total resource of approximately 1% - 1.5% could be expected. Xenith does not see this potential change as material.

The Aries seam does not reach 1m thickness in any hole within the tenement boundary. It is questionable whether any indicated resource is justified for this seam given the uncertainty related to the thickness. However, the thin interburden between the Aries and Castor could mean that these seams could be mined together. As such, there is a potential for increasing the resource where the parting is sufficiently thin.

The Castor and Pollux seams have reasonable coverage in the South area, and show moderate variability in seam thicknesses. The Pisces seam is very uniform in thickness within the focus area.

The project is currently estimated to contain a total resource of 125Mt, comprising 70 Mt of the Indicated and 55 Mt of the Inferred resource. A Table 1 for the 2013 resource update is attached as “Annexure D” on page *lix*.

6.8 JORC Statement

The information in this report relating to exploration results and coal resources is based on information compiled by Mr. Craig Williams who is a member of the Australasian Institute of Mining and Metallurgy and was a full-time employee of HDR Salva.

Mr. Williams 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 2012 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*."

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

Craig Williams
M AusIMM (CP)
301717

6.9 Summary of Coal Resource Estimate – The Cooroorah Project

6.9.1 Background

The Coal Resource estimate for Cooroorah is supported by the JORC Code 2012 Table 1 (Sections 1 to 3) documents provided in "*Annexure D. JORC Code, 2012 Edition – Table 1 for the November 2013 Cooroorah Resource Report*" on page lix.

The following summary of information for the Cooroorah Coal Resource estimate is provided in accordance with Listing Rule 5.8 of the ASX Listing Rules.

6.9.2 Geology and Geological Interpretation

MDL 453 Cooroorah is situated immediately adjacent and south of Jellinbah Coal Mine. It contains within its limits sediments from the Late Permian Rangal Coal Measures and Burngrove Formation and Early Triassic Rewan Formation. The main target of exploration is coal seams from the Rangal Coal Measures that occur at depth. The main structural element is the Jellinbah Fault which runs northwest-southeast through the MDL and can have a maximum displacement of up to 600m. Dip of strata is to the northeast at 3 to 5°on the south western portion of the MDL. Dips become much steep at 15°to the northeast on the north eastern side of the Jellinbah Fault.

Rangal Coal Measures are widely exploited in the local area and are primarily marketed as PCI and semi-soft coking coal.

6.9.3 Sampling and Sub-sampling techniques

Sampling was undertaken by utilising 63mm (HQ) or 61mm (HQ3) coring diameters. Methods used in drilling included rotary percussion open hole drilling for non-core chip holes and rotary coring for partially cored holes. Raw coal quality and float sink analysis has been performed on sampled seams and a density of F1.45 was identified as the cut-off for a washed product.

No details were provided on what lab was utilised however Table 1 section1 for the Resource Estimate mentions the coal quality laboratory adheres to internal QA/QC and inter-laboratory QA/QC checks. All determinations performed were to Australian Guidelines.

6.9.4 Drilling Techniques

Rotary percussion open hole chip drilling and partial rotary coring was utilised with the use of truck mounted drill rigs. Core loss was documented in the field data lithological logs and core recovery sheets. Core loss was verified against geophysical logs for the modelled intervals. Core recovery from all AQC intersections was generally over 90% except for the Aries seam (87.1%) and the Pisces Seam (85.3%) in the hole DDH012.

Core recovery from historical GSQ and BOW Energy holes was not known.

6.9.5 Criteria Used for Classification

Variography was utilised as a basis for Indicated Resources. Standard Coal Guidelines spacings have been used for the Measured and Indicated categories. The approach has produced borehole spacing ranges for the three categories which are considered to adequately reflect the degree of confidence in the underlying estimate.

6.9.6 Sample Analysis Method

Historical core sampling by BOW Energy was the remaining ½ of the original core. No information was provided on in-field sampling methodology for 2012 APC coal quality holes.

6.9.7 Estimation Methodology

Indicated and Inferred resource categories have been classified in the project depending on the level of confidence in the seam structure and continuity plus the level of variability in the coal quality data. Down hole geophysics provided a high degree of confidence in seam picks correlated. Historical holes with no geophysics contain picks that are consistent with the overall structural model. Consistent and smooth structural contours provided no evidence of major faulting however with tighter drill patterns smaller faults (<5m) may be detected.

Geophysically corrected data was input into a relational database (GDB) and the GDB table data used to create a Minescape geological model. A FEM interpolator was used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout. A search radius of 2500m was used for full seam structural parameters and a search radius of 2000m used for all coal quality attributes. A grid cell size of 20m for the topographic model, 20m for the structural model and 20m for the coal quality model was utilised throughout. Visual validation of the seam structures and quality grids was carried out against borehole data.

Variography was performed on the coal quality attributes deemed most likely to influence project economics was used as the basis for classification of Indicated Resources. Standard Coal Guidelines spacings were used for Measured and Inferred Resources. Therefore, classification of the three resource category radii is; Measured 250m, Indicated 750m and Inferred 200m.

6.9.8 Cut-off Grade

All tonnages were estimated on a dry basis. Seams less than 1m in thickness and over 40% raw ash was excluded.

6.9.9 Mining and Metallurgical Methods and Modifying Factors

All tonnages estimated on a dry basis. The project would likely suit underground extraction methods such as bord and pillar or longwall mining techniques. The deposit would produce a coal with PCI characteristics and some potential for semi-soft coking product.

7 REFERENCES

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Annexure A. JORC Code, 2012 Edition - Table 1 for the 2014 Lilyvale Resource Report

SECTION 1 SAMPLING TECHNIQUES AND DATA

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

Criteria	JORC Code Explanation	CP Comments
Sampling Techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where „industry standard‟ work has been done this would be relatively simple (e.g. „reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay‟). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• All holes used within this study were historical. The data was found using publicly available information websites, including IRTM and QDEX. Due to the historical nature of the data, there is a lack support for what sampling techniques were used. • Not all holes drilled for this project were sampled. There were 6 core holes that were drilled to the target German Creek seam. Of the 6 holes drilled, 4 of them are outside the tenement. • There were 6 historical holes that were drilled to the target German Creek seam, including 3 by the Department of Mines (DoM) drilled in the 1970‟s, 2 by Idemitsu Resources (Idemitsu) drilled in the 1980‟s, and 1 by Oil Company Australia (OCA) drilled in 2001. All 6 holes were used in the creation of the geological model with data obtained from publicly available sources, such as IRTM and QDEX. A further 13 holes were drilled in the 1980‟s, within the general area but they did not go deep enough to intersect the German Creek seam. These holes were used to establish structure. 2 of the 19 total holes within the model are within the boundary of the tenement. • The coal quality samples from the 1 core hole drilled by OCA were sent to Allied Testing Pty Limited (Allied) coal quality laboratory. The original quality sheets for the two Idemitsu core holes were not found, the data was extracted from an online spread sheet.
Drilling Techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face- sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• All the holes used in the model are historical, and were extracted from publicly available data sources. It is unclear of the size of the core barrel used, but it is most likely HQ size. • Structural holes were fully chipped using blade bit and air/mud drilling fluids. • A full list of drill holes and drilling methods is available in Table 1.

Criteria	JORC Code Explanation	CP Comments
Drill Sample Recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• It is unclear from the available historical data on what assessments of core recovery were made at the time of drilling.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• All cores were geologically logged; geological/geotechnical features identified were reported. • All chipped holes were geologically logged. • All holes were geophysical logged with a minimum density, caliper, gamma, unless operational difficulties prevented logging or part logging of a hole.
Sub- Sampling Techniques and Sample Preparation	• If core, whether cut, sawn and whether quarter, half or all core take • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality, and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• The lab, Allied Testing, complies with Australian Standards for sample preparation and sub sampling. • Details of the field practices are not available within the historical data.

Criteria	JORC Code Explanation	CP Comments
Quality of Assay Data and Laboratory Tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• The coal quality laboratory, Allied Testing, complies with Australian Standards for all coal quality tests and is certified by the National Association of Testing Authorities, Australia (NATA).
Verification of Sampling and Assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Many levels of analysis results verification are included in the Australian Standards relating to coal quality analysis. • Raw and washed coal quality results have been received, and the results of the quality on an air-dried basis are listed in Table 2. When washed quality results were the only data found, Xenith used a formula developed by M Resources, to back calculate the raw Ash using the Relative Density values and reject ash assumptions.
Location of Data Points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Hole locations were listed on the logs found on publicly available resources, such as IRTM and QDEX. • One topographic dataset has been used: • The topography surface was generated from ASTER Global Digital Elevation Model (“ASTER GDEM”) survey. It has been captured with 1.5 arc-second resolution, equivalent to approximately 32.0 m.
Data Spacing and Distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drill hole spacing has been dictated by the characteristics and consistency of the German Creek seam in the deposit and the surrounding operations. Maximum drill hole spacing within the project area is currently approximately 2,000 m. • Considering the continuity of the main seams in the deposit, this spacing has proven to be sufficient to give adequate control to the model and give the required confidence in the geological interpretation for an inferred resource. • Inferred resources and exploration targets have only been reported in this study and reflect the low data density. • The inclusion of boreholes from neighbouring areas has given the model a reasonable amount of lateral continuity in all directions.

Criteria	JORC Code Explanation	CP Comments
Orientation of Data in Relation to Geological Structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The orientation and spacing of the drilling grid is deemed to be suitable to display coal seam continuity within the target area.
Sample Security	• The measures taken to ensure sample security.	• The previous lease owner was Idemitsu. OCA controlled the overlapping EPP and they were drilling for coal seam gas (CSG.) Idemitsu and OCA were responsible for their own sample security when drilling.
Audits or Reviews	• The results of any audits or reviews of sampling techniques and data.	• Idemitsu and OCA were responsible for implementing the sampling techniques and data collection.

Drill Holes

Hole Name	Lease Domain	Hole Type	Aries Thickness (m)	Castor Thickness (m)	Pollux Thickness (m)	Pliedies Thickness (m)	Aquilla Thickness (m)	Tieri 1 Thickness (m)	Tieri 2 Thickness (m)	Corvus Thickness (m)	German Creek Thickness (m)	Aries Quality	Castor Quality	Pollux Quality	Pliedes Quality	Aquilla Quality	Tieri 1 Quality	Tieri 2 Quality	Corvus Quality	German Creek Quality	JORC PoB	Geophysical Tools Run	Date Drilled	Datum	Projection	Easting (m)	Northing (m)	RL (m)	TD (m)
G=Gamma, D=Density, C=Caliper, V=Sonic, Z=Verticality, N=Neutron, S=Scanner, R=Resistivity, I=Dipmeter, A=Acoustic Scanner, P=Spontaneous Potential, E=Electric Survey, M=Micro Inverse, H=Photo Density Sonde, T=DTCM, E=PEDN, L=PDL, W=WSS, B=PS-BEF																													
R2095	EPC2157	CORE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2/10/1989	GDA 94	MGA Z55	631,131.68	7,415,504.02	191.00	94.00
C2059	EPC2157	CORE	NA	NA	NA	0.84	0.62	0.20	0.70	0.83	2.41	NA	NA	NA	No	No	No	No	No	Yes	GC only	DGCZVNR	2/8/1989	GDA 94	MGA Z55	629,609.80	7,419,184.08	191.00	345.13
C2172	EPC2157	CORE	NA	NA	NA	NA	NA	0.50	0.70	0.80	2.46	NA	NA	NA	NA	NA	NA	No	No	Yes	GC only	DGCV	22/9/1991	GDA 94	MGA Z55	628,633.69	7,417,261.00	175.00	397.33
Lilyvale3	EPC505	CORE	NA	NA	NA	NA	0.43	0.07	0.66	0.77	2.35	NA	NA	NA	Yes	Yes	Yes	No	Yes	Yes	GC only	DGCZVNR	25/4/2001	GDA 94	MGA Z55	633,091.00	7,417,829.49	186.00	441.31
EMERALD_NS7	EPC505	CORE	2.20	1.50	0.50	NA	1.50	NA	NA	2.00	3.00	YES	No	No	NA	NA	NA	NA	NA	No	NA	GDR	16/2/1972	GDA 94	MGA Z55	635,250.50	7,414,826.23	172.00	701.82
EMERALD_NS32	EPC505	CORE	2.70	0.05	NA	NA	NA	NA	NA	NA	NA	No	No	NA	NA	NA	NA	NA	NA	NA	NA	NA	9/10/1972	GDA 94	MGA Z55	628,486.13	7,414,117.66	180.00	140.95
EMERALD_NS49	EPC389	CORE	NA	NA	NA	0.60	0.90	1.00	NA	1.00	3.00	NA	NA	NA	NA	NA	NA	NA	NA	No	NA	NA	10/9/1973	GDA 94	MGA Z55	627,965.14	7,419,535.68	187.30	235.02
EMERALD_NS53	EPC389	CORE	NA	NA	NA	1.00	0.40	0.70	NA	1.00	1.70	NA	NA	NA	NA	NA	NA	NA	NA	No	NA	NA	24/9/1973	GDA 94	MGA Z55	626,015.21	7,417,368.58	185.54	358.25
EMERALD_NS54	EPC505	CORE	2.20	0.60	0.80	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	15/10/1973	GDA 94	MGA Z55	631,894.81	7,414,272.15	167.90	147.29
TALBOT_847R	EPC505	CORE	1.95	NA	0.72	NA	NA	NA	NA	NA	NA	YES	NA	No	NA	NA	NA	NA	NA	NA	NA	NA	15/2/1983	GDA 94	MGA Z55	634,718.00	7,415,600.09	167.03	132.20
TALBOT_849R	EPC505	CORE	1.89	0.29	0.81	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	2/3/1983	GDA 94	MGA Z55	633,747.57	7,415,055.23	180.25	133.80
TALBOT_312	EPC505	CORE	2.29	0.4	0.94	NA	NA	NA	NA	NA	NA	No	No	No	NA	NA	NA	NA	NA	NA	NA	NA	1/2/1980	GDA 94	MGA Z55	634,272.00	7,413,389.48	166.54	148.10
TALBOT_339	EPC505	CORE	2.17	0.24	0.87	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	27/1/1982	GDA 94	MGA Z55	634,703.73	7,414,031.48	166.08	151.73
TALBOT_599	EPC505	CORE	2.25	0.91	0.89	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	9/2/1982	GDA 94	MGA Z55	632,249.86	7,412,700.27	174.76	159.55
TALBOT_601	EPC505	CORE	1.95	1.6	0.86	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	15/2/1982	GDA 94	MGA Z55	632,882.73	7,413,617.36	166.86	150.04
TALBOT_603	EPC505	CORE	2.33	0.67	0.97	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	19/2/1982	GDA 94	MGA Z55	633,270.23	7,412,506.53	185.64	210.86
TALBOT_808	EPC506	CORE	2.54	0.79	0.22	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	30/6/1982	GDA 95	MGA Z56	635,808.00	7,413,683.00	173.39	203.60
TALBOT_814	EPC507	CORE	2.74	0.96	0.56	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	4/8/1982	GDA 96	MGA Z57	634,979.00	7,413,136.00	161.28	180.99
TALBOT_837	EPC505	CORE	1.56	0.17	0.37	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	18/11/1982	GDA 94	MGA Z55	628,218.05	7,412,674.34	189.28	217.39
TALBOT_840	EPC505	CORE	2.08	0.47	0.97	NA	NA	NA	NA	NA	NA	YES	No	No	NA	NA	NA	NA	NA	NA	NA	NA	9/12/1982	GDA 94	MGA Z55	629,741.08	7,412,660.94	176.23	195.20

SECTION 2 REPORTING OF EXPLORATION RESULTS

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

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>CP Comments</th></tr>
<tr><td>Mineral Tenement and Land Tenure Status</td><td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• Stanmore Coal holds two tenements that cover the Lilyvale project area.
• The tenement is located approximately 20km northeast of Emerald, 10km east of the Gregory Highway, and 3km south of Lilyvale road.
<table>
<tr><th>Tenure Type</th><th>Tenure No.</th><th>Date Logged</th><th>Area in Hectare</th><th>Sub-Blocks</th><th>Holder</th></tr>
<tr><td>EPC</td><td>1687</td><td>2/2/2009</td><td>626</td><td>2</td><td>Stanmore Coal Limited</td></tr>
<tr><td>EPC</td><td>2157</td><td>1/7/2010</td><td>2629</td><td>2</td><td>Area Coal Pty Ltd</td></tr>
</table></td></tr>
<tr><td>Exploration Done by Other Parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• Exploration drilling undertaken by other parties in the Lilyvale area has been reviewed as a part of this report.
• There are six historic boreholes that were drilled by DoM, Idemitsu and OCA, two internal and four external to the lease boundary. Of the six holes, three were used as points of observations (POB"s) in the geological model. All six holes were captured using the IRTM and QDEX websites.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting, and style of mineralisation.</td><td>• The Lilyvale area lies within the Central Bowen Basin. The Bowen Basin covers an area estimated at 60,000 Km^2 and is categorised as a back arc extensional foreland basin of Permo– Triassic age.
• The target seam for this study is the German Creek with a thickness range of approximately 2.3 to 2.5m. The German seam is a prolific producer of coking coal products in the region over the last 40 years.</td></tr>
</table>

Criteria	JORC Code Explanation	CP Comments
Drill Hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All drill holes have been modelled from vertical.
Data Aggregation Methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All seams where multiple coal quality samples were taken and given a composite value (generated within the Ventyx Minescape software) weighting each quality by thickness and insitu density, except for insitu density which is weighted on thickness.
Relationship between Mineralisation Widths & Intercept Lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. „down hole length, true width not known").	• The current data within the Lilyvale area demonstrates, with sufficient confidence, that the deposit has lateral continuity. As such, data has been extrapolated to a maximum of 2,000 m past the last drill hole or to the lease boundary limits, whichever is closer.

Criteria	JORC Code Explanation	CP Comments
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• All appropriate diagrams are contained within the report. • A cross section map is shown on page *XV of Annexure A* • The resource polygon, with bore hole locations is shown in Figure3.3
Balanced Reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All exploration results, including coal quality lab results, within the Lilyvale area have been fully collated and reported to Xenith.
Other Substantive Exploration Data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Geotechnical logging, sampling, and testing from the overburden, interburden, was not done within the scope of the previous drilling programs.
Further Work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

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

Criteria	JORC Code Explanation	CP Comments
Database Integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	• Data was validated by Xenith by checks run in Ventyx Minescape software, version 5.4.
Site Visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• Xenith did not undertake a site visit. The drilling program was completed before Xenith was commissioned to be a part of the project. Provided the geological nature of the deposit and the unchanged status of the Lilyvale area, the Competent Persons" existing knowledge of the area is deemed sufficient.
Geological Interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	• The drill hole density in the Lilyvale area allows reasonable level of confidence in the nature of seam thickness and quality consistency. • At this point no faults or discontinuities have been modelled, and further exploration would be required to define any such structures.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• The target German Creek coal seam extends approximately 2.0 km along strike and approximately 4.0 km perpendicular to strike with an approximate average thickness of 2.3 m within the inferred resource polygon. • The current resource extent covers approximately 9.75 km^2 of the tenement. • The depth of the modelled German Creek seam ranges from 335 m in the northwest corner of the tenement area to 425 m in the southeast, outside of the tenement.

Criteria	JORC Code Explanation	CP Comments
Estimation and Modeling Techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	• The geological model and resource estimate were constructed using Ventyx Minescape software (version 5.4) using the Finite Element Method (FEM) interpolator with 1, 1, 0 parameters for thickness, surface, and trend respectively. A maximum extrapolation distance of 2,000 m from a data point was used. • Limits were placed on the JORC Resource Estimate with cut-offs at 1.5 m thickness for all coal seams, with the minimum parting thickness of 0.3 m to be considered within the seam. Stone bands greater than 0.3 m are not included within the seam, so modelling of the seam split occurs.
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• Tonnages are estimated using calculated Preston Sanders Insitu density using air dried moisture, total moisture and moisture holding capacities from coal samples. • Insitu moisture was determined by using the ACARP formula (ACARP report C10041), relating insitu moisture to the average air dried moisture of the coal. ISM = 2.2168 + 1.3335 x Mad. Using the available air dried moisture for the six holes in the model; the range of insitu moisture was 5.3% - 6.1% with an average of 5.6%.

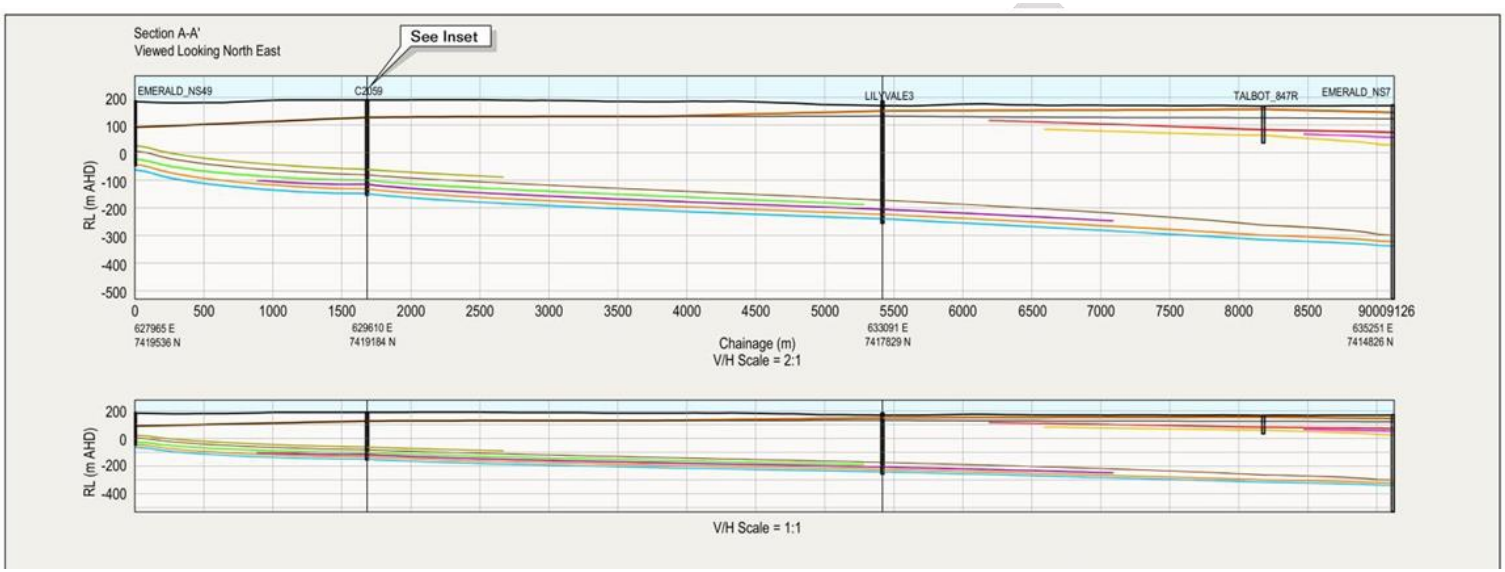
Criteria	JORC Code Explanation	CP Comments
Cut-Off Parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• No ash cut-offs have been applied to the deposit, because all the seams were below the nominal cut-off of 50%.
Mining Factors or Assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions.	• It is Xenith's opinion that at this stage of the project that there are no limiting mining factors. • A minimum thickness of 1.5m was used across the resource to account for the potential underground mining method, most likely retreat longwall mining or bord/pillar techniques.
Metallurgical Factors or Assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• Detailed metallurgical testing was undertaken for the two Idemitsu holes. The average washed Ash (air dried basis) was 8.5%, an average CSN of 6, and an average maximum fluidity of 100-200 dd/min. • M Resources reviewed the available product quality data and made observations that this quality compares to neighbouring mines. Experience from other Bowen Basin operations suggests the coal will require washing into a saleable product. Potential washing yields are in the 70-80% range.
Environmental Factors or Assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• An Environmental Impact Statement EIS report has not been completed at this time as the project is in its infancy.

Criteria	JORC Code Explanation	CP Comments
Bulk Density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size, and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	• Preston Sanders Insitu Relative Density Estimation – The insitu density of the coal seams has been estimated using the Preston Sanders insitu relative density estimation equation. Insitu moisture was determined by using the ACARP formula (ACARP report C10041.)
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity, and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	• One Resource category, Inferred, has been categorised in the project which was dependent on the level of confidence in the seam structure and continuity plus the level of variability in the coal quality data. The maximum distance between valid points of observation (PoB) for the resource category is: Inferred – 2,000 m.
Audits or Reviews	• The results of any audits or reviews of Mineral Resource estimates.	• No audits of this 2014 Resource Estimate have been conducted.
Discussion of Relative Accuracy/ Confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • The 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. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• No geostatistical modelling has been completed due to the small data set at this point in time. Factors that could affect the accuracy of the estimate include unknown fault or fold structures between completed boreholes, seam washouts in roof or inseam stone bands developing.

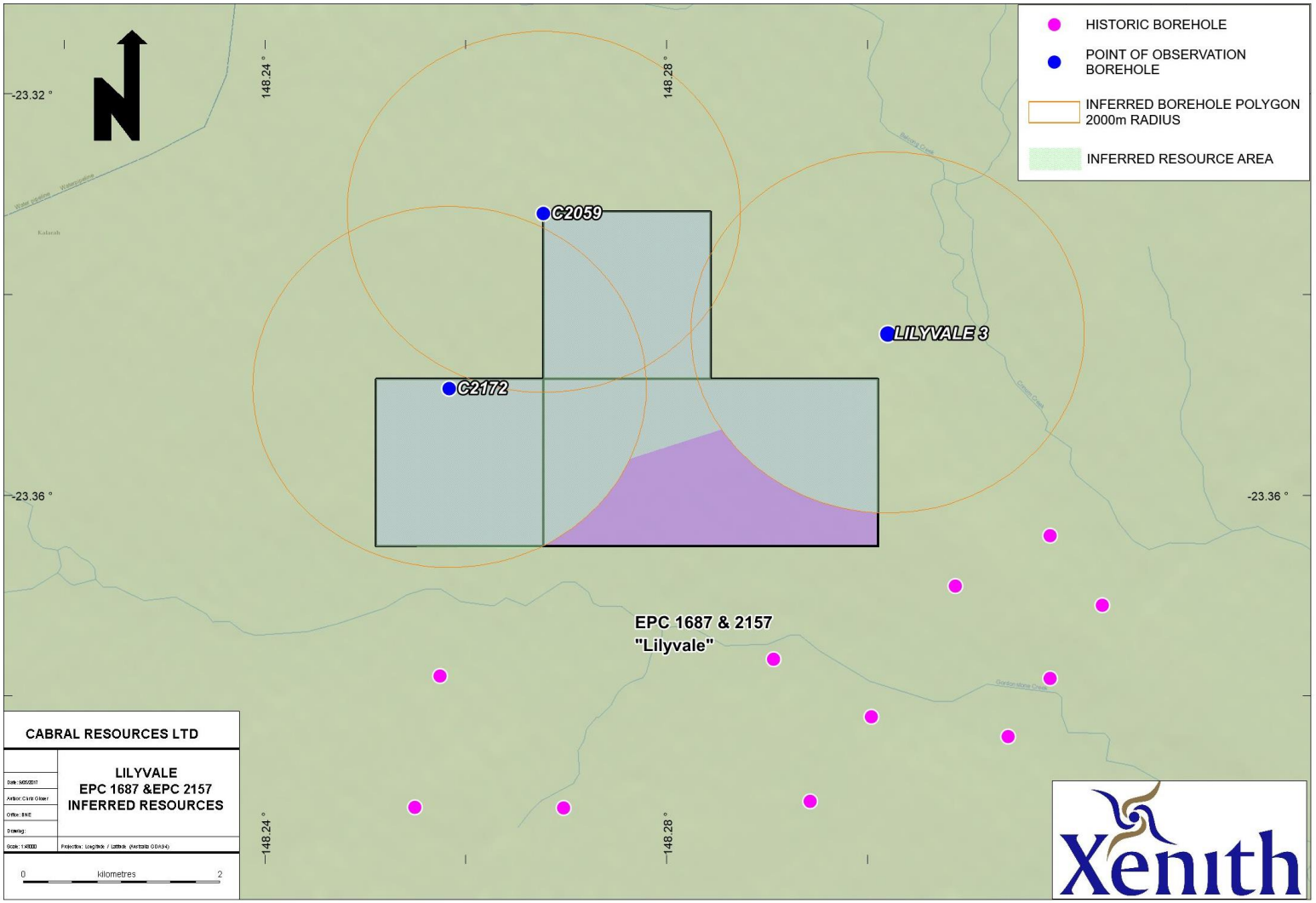
Resource Estimation

Inferred Coal Resources - Lilyvale Project						Quality - Raw Air Dried Basis (adb)						
Seam	Average Thickness [m]	Coal Area [Ha]	Coal Volume [M bcm]	PRD [g/cc]	Mass [Mt]	Seam	IM [%]	ASH [%]	VM [%]	FC [%]	RD [g/cc]	In Situ Moisture [%]
German Creek	2.36	1,003	24	1.39	33	German Creek	2.5	15.7	33.4	49.4	1.41	5.6
				Total Tonnes	**33**							

Cross Section Map NW-SE



Resource Polygon Coverage with Borehole Locations for German Creek



Annexure B. Table 1 - Section 1 and 2 for the Mackenzie Project

SECTION 1 SAMPLING TECHNIQUES AND DATA

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

Criteria	JORC Code Explanation	CP Comments
Sampling Techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where „industry standard" work has been done this would be relatively simple (e.g. „reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay"). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• Holes used in this study were from 2010 and 2011 drilling campaigns with additional historical drill hole data. • Core holes drilled for this project were ply sampled. There were 14 HQ core holes that were drilled in 2010 and 29 100mm core holes drilled in 2011 used in the 2011 model. A total of 80 holes are included in the 2011 model comprising 43 core holes and 37 rotary chip holes. • All core holes have been ply sampled and analysed for raw proximate analysis, raw crucible swelling number, total sulphur, specific energy and relative density. Product analysis has been undertaken on 21 of the cored holes. The detailed Washability testing program was managed by AB Mylec, and subsequent Washability simulations have been carried out by McMahon Coal Quality Resources.
Drilling Techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• Structural holes were fully chipped using a combination blade, PCD and hammer bits with air/mud drilling fluids. Types of bits used depended on pervading ground conditions. • A full list of drill holes and drilling methods is available in Table 1.

Criteria	JORC Code Explanation	CP Comments
Drill Sample Recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Core sample recovery utilized both HQ (2010) and 4C – 100mm (2011) core diameters. • Core was carefully cut and pulled by experienced coal drillers. Coal core was logged on site by experienced geologists and was measured before and after being placed on the table to account for handling discrepancies. • Loss and gain was carefully recorded at the rig. • Once borehole geophysical data was obtained the drill holes were corrected to geophysics. Core loss was reconciled against geophysics if it occurred.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• All cores were geologically logged; geological/geotechnical features identified were reported. • All chipped holes were geologically logged. • All holes were geophysical logged with a minimum density, caliper, gamma, unless operational difficulties prevented logging or part logging of a hole.
Sub-Sampling Techniques and Sample Preparation	• If core, whether cut, sawn and whether quarter, half or all core take • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality, and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• The labs, AB Mylec and McMahons Coal Quality Resources, comply with Australian Standards for sample preparation and sub sampling. • Details of the field practices are not available within the historical data.

Criteria	JORC Code Explanation	CP Comments
Quality of Assay Data and Laboratory Tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• The coal quality laboratories, AB Mylec and McMahons Coal Quality Resources, comply with Australian Standards for all coal quality tests and are certified by the National Association of Testing Authorities, Australia (NATA).
Verification of Sampling and Assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Many levels of analysis results verification are included in the Australian Standards relating to coal quality analysis.
Location of Data Points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Hole locations have been surveyed to sub-meter accuracy for position and rl. • One topographic dataset has been used: • The topography surface was generated from ASTER Global Digital Elevation Model (“ASTER GDEM”) survey. It has been captured with 1.5 arc-second resolution, equivalent to approximately 32.0 m.
Data Spacing and Distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drill hole spacing varies across the deposit, but is now less than 1000m for core holes. Rotary chip holes are variably spaced as they were predominantly drilled targeting subcrop zones and structures. • Considering the continuity of the main seams in the deposit, this spacing has proven to be sufficient to give adequate control to the model and give the required confidence in the geological interpretation for **an inferred** resource. • Inferred resources and exploration targets have only been reported in this study and reflect the low data density.

Criteria	JORC Code Explanation	CP Comments
Orientation of Data in Relation to Geological Structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The orientation and spacing of the drilling grid is deemed to be suitable to display coal seam continuity within the target area.
Sample Security	• The measures taken to ensure sample security.	• Sample security and transport was carried out by Stanmore Coal.
Audits or Reviews	• The results of any audits or reviews of sampling techniques and data.	• Stanmore were responsible for implementing the sampling techniques and data collection.

Borehole Data Utilised In Producing The Mackenzie Project "Exploration Target" 2011

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
106003	649613.38	7380322.14	186.34	119.00	20.00	20.00	0.00	CHIP	BUTE
					49.00	49.00	0.00		BHWE
106004	649364.83	7379518.78	184.81	119.00	27.00	27.00	0.00	CHIP	BUTE
					35.00	35.00	0.00		BHWE
106010	648958.44	7384571.73	175.34	119.40	9.00	9.00	0.00	CHIP	BUTE
					29.00	29.00	0.00		BHWE
					50.83	51.10	0.27		A2
					51.65	51.85	0.20		B
					52.20	53.00	0.80		C
					53.20	53.40	0.20		D
					53.75	54.30	0.55		E
106032	649273.05	7386392.26	159.96	119.00	5.00	5.00	0.00	CHIP	BUTE
					25.00	25.00	0.00		BHWE
					30.15	30.40	0.25		A2
					30.60	31.00	0.40		B
					31.10	31.40	0.30		C1
					31.50	31.70	0.20		C2
					31.80	32.60	0.80		D
					32.80	33.40	0.60		E
106034	649205.04	7387450.28	170.52	107.00	16.00	16.00	0.00	CHIP	BUTE
					40.20	40.50	0.30		LEO1
					40.50	40.50	0.00		BHWE
					46.80	47.90	1.10		L2B
					73.85	74.45	0.60		A2
					76.45	76.70	0.25		A3
					77.00	77.30	0.30		B
					77.50	78.00	0.50		C
					78.40	78.80	0.40		D1
					78.95	79.20	0.25		D2
					82.35	82.93	0.58		E
106201	674821.00	7399222.00	154.00	120.00	26.20	26.50	0.30	CHIP	CAN1
					39.20	43.10	3.90		CAN2
					57.80	60.00	2.20		LEP
					75.60	78.70	3.10		FH
106203	673701.00	7400272.00	156.00	120.00	19.00	19.00	0.00	CHIP	BHWE
					46.50	49.45	2.95		CAN1
					55.70	59.10	3.40		CAN2
					69.40	70.70	1.30		LEP
					86.80	89.80	3.00		FH
106206	674817.00	7396985.00	160.30	113.00	10.00	10.00	0.00	CHIP	BHWE
					10.00	12.00	2.00		HER
					50.05	60.10	10.05		CAN
					71.10	73.40	2.30		LEP
					89.60	92.30	2.70		FH
106207	675096.00	7395880.00	159.80	119.00	6.00	6.00	0.00	CHIP	BHWE
					19.80	21.80	2.00		HER
					58.00	66.20	8.20		CAN
					76.85	78.80	1.95		LEP
					95.70	98.20	2.50		FH
106208	675076.00	7395044.00	165.22	120.00	7.00	7.00	0.00	CHIP	BHWE
					20.50	21.70	1.20		HER
					56.70	68.00	11.30		CAN
					79.10	81.25	2.15		LEP
					98.80	101.45	2.65		FH

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
106210	675137.00	7393921.00	176.96	119.00	16.30	16.30	0.00	CHIP	BHWE
					35.50	37.05	1.55		HER
					62.60	74.75	12.15		CAN
					83.80	86.00	2.20		LEP
					103.80	106.55	2.75		FH
106211	675081.90	7391948.00	184.57	119.00	5.00	9.00	4.00	CHIP	PHX
					9.00	9.00	0.00		BHWE
					14.30	15.15	0.85		PEG
					30.00	30.20	0.20		HER
					44.20	56.85	12.65		CAN
					68.20	70.40	2.20		LEP
					90.20	92.70	2.50		FH
106212	674856.00	7393026.00	180.12	119.50	12.00	12.00	0.00	CHIP	BHWE
					22.20	27.00	4.80		PHX
					31.55	32.50	0.95		PEG
					53.60	55.85	2.25		HER
					70.55	82.85	12.30		CAN
					91.45	93.60	2.15		LEP
					111.30	113.95	2.65		FH
106213	674766.00	7400395.00	144.60	119.25	5.60	5.60	0.00	CHIP	BHWE
					10.20	10.70	0.50		HER
					30.50	33.10	2.60		CAN1
					38.00	42.00	4.00		CAN2
					52.80	54.30	1.50		LEP
					56.10	56.55	0.45		LEP2
					71.25	73.95	2.70		FH
A15B	675929.00	7391585.00	185.00	107.30	39.33	43.60	4.27	CHIP	CAN
C1	648800.00	7391691.00	180.00	247.00	20.00	20.00	0.00	CHIP	BUTE
					41.00	41.00	0.00		BHWE
					56.57	58.20	1.63		VGO
					72.40	73.70	1.30		L2B
					105.50	106.20	0.70		B
					106.60	107.10	0.50		C
					107.70	108.10	0.40		D
					108.20	108.70	0.50		E
					211.71	213.21	1.50		PHX
					217.08	217.60	0.52		PEG
					225.28	226.26	0.98		HER
					241.26	246.00	4.74		CAN1
C106015	649352.28	7377340.53	162.55	149.00	6.00	6.00	0.00	CORE	BUTE
					16.99	17.00	0.01		L2B
					17.00	17.00	0.00		BHWE
					55.76	56.02	0.26		A
					56.36	56.78	0.42		B
					57.03	57.36	0.33		C
					57.96	58.73	0.77		D
					59.07	59.24	0.17		E
C106019	650813.33	7394910.53	159.55	119.40	12.00	12.00	0.00	CORE	BUTE
					13.20	13.50	0.30		L3C
					17.00	17.00	0.00		BHWE
					27.23	27.62	0.39		A
					29.15	29.92	0.77		B
					30.47	30.74	0.27		UN
					30.92	31.32	0.40		C
					31.70	32.40	0.70		D1
					32.40	32.72	0.32		D2
					32.72	33.30	0.58		E

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
C106020	648653.71	7383644.87	189.01	119.00	4.00	4.00	0.00	CORE	BUTE
					30.00	30.10	0.10		L2B
					32.00	32.00	0.00		BHWE
					63.50	63.85	0.35		A1
					64.29	64.56	0.27		A2
					64.93	65.15	0.22		B
					65.42	66.20	0.78		C
					66.33	66.65	0.32		D
					66.86	67.57	0.71		E
C106022	648665.11	7385420.34	172.60	87.05	17.00	17.00	0.00	CORE	BUTE
					29.00	29.00	0.00		BHWE
					49.00	49.90	0.90		L2B
					75.94	76.33	0.39		A2
					78.51	78.66	0.15		A3
					79.00	79.24	0.24		B
					79.77	79.94	0.17		C
					80.04	80.31	0.27		D1
					80.48	80.71	0.23		D2
					81.09	81.48	0.39		E
C106024	649927.47	7393449.16	175.36	118.00	22.00	22.00	0.00	CORE	BUTE
					36.34	36.34	0.00		BHWE
					38.78	39.32	0.54		L2A
					41.37	41.51	0.14		L2B
					41.91	42.38	0.47		L2C
					74.60	75.18	0.58		B
					75.96	76.38	0.42		C
					76.78	77.40	0.62		D
					77.48	77.94	0.46		E
C106026	653063.36	7396778.62	150.25	117.00	9.00	9.00	0.00	CORE	BHWE
					13.00	13.70	0.70		L2C
					16.30	16.60	0.30		L3C
					17.60	17.95	0.35		L3E
					43.12	43.17	0.05		UN
					43.21	43.53	0.32		A
					43.73	43.80	0.07		UN
					44.18	45.00	0.82		B
					45.93	46.01	0.08		UN
					46.66	46.85	0.19		C
					46.87	47.46	0.59		UN
					47.82	48.11	0.29		D
					48.26	48.36	0.10		UN
					48.44	48.83	0.39		E
C106028	649740.49	7392614.90	176.63	118.00	35.00	35.00	0.00	CORE	BUTE
					45.00	45.00	0.00		BHWE
					74.00	74.62	0.62		B
					75.35	75.69	0.34		C
					76.22	76.51	0.29		D
					76.51	76.98	0.47		E
C106031	648621.86	7377969.01	173.65	119.00	6.00	6.00	0.00	CORE	BUTE
					27.00	27.10	0.10		L2B
					28.00	28.00	0.00		BHWE
					70.76	71.04	0.28		A
					71.14	71.85	0.71		B
					72.10	72.41	0.31		C
					72.76	73.16	0.40		D1
					73.26	73.50	0.24		D2
					73.91	74.29	0.38		E

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
C106035	648303.07	7376900.47	175.45	115.50	10.00	10.00	0.00	CORE	BUTE
					24.00	24.00	0.00		BHWE
					52.00	53.10	1.10		L2B
					103.95	104.30	0.35		A1
					104.40	104.87	0.47		A2
					105.08	105.81	0.73		B
					105.97	106.32	0.35		C
					106.58	107.52	0.94		D
					107.67	108.16	0.49		E
C106036	649398.80	7378582.67	176.06	119.00	17.00	17.00	0.00	CORE	BUTE
					32.00	32.00	0.00		BHWE
					46.42	46.53	0.11		A1
					46.60	47.05	0.45		A2
					47.55	48.02	0.47		B
					48.11	48.43	0.32		C
					48.99	49.75	0.76		D
					50.21	50.50	0.29		E
C106037	648310.56	7379977.46	182.01	119.00	24.00	24.00	0.00	CORE	BUTE
					48.00	48.10	0.10		L2B
					49.00	49.00	0.00		BHWE
					89.03	89.26	0.23		A
					89.50	89.80	0.30		B
					90.22	90.81	0.59		C
					91.02	91.35	0.33		D
					91.62	92.05	0.43		E
C106209	673581.00	7399100.00	156.00	90.80	7.00	7.00	0.00	CORE	BHWE
					35.25	37.20	1.95		CAN1
					40.90	44.80	3.90		CAN2
					57.40	59.50	2.10		LEP
					76.00	78.90	2.90		FH
C2A	649352.00	7390843.00	174.00	192.00	30.00	30.00	0.00	CHIP	BUTE
					37.85	38.77	0.92		VGO
					52.66	53.73	1.07		L2B
					53.73	53.73	0.00		BHWE
					57.73	58.00	0.27		L2C
					85.30	86.10	0.80		B
					86.20	86.60	0.40		C
					87.20	87.80	0.60		D
					88.00	88.40	0.40		E
C3	649726.00	7394587.00	162.00	192.00	12.00	12.00	0.00	CHIP	BUTE
					26.16	27.13	0.97		AR
					37.00	37.00	0.00		BHWE
					54.23	55.21	0.98		L2B
					86.20	86.85	0.65		A
					88.40	88.70	0.30		B
					89.50	89.60	0.10		C
					90.00	90.10	0.10		D
					90.50	90.95	0.45		E

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
C5	648074.00	7382961.00	183.00	100.00	22.00	22.00	0.00	CHIP	BUTE
					23.50	25.30	1.80		VGO
					30.92	30.92	0.00		BHWE
					56.82	57.21	0.39		LEO1
					58.77	59.62	0.85		L2B
					91.57	91.80	0.23		A1
					92.05	92.30	0.25		A2
					92.80	93.20	0.40		B
					93.50	93.70	0.20		C
					94.00	94.40	0.40		D
CR005	668346.00	7363261.00	235.00	68.28	53.54	63.38	9.84	CHIP	FH
					73.37	73.78	0.41		D
					73.78	74.39	0.61		E
MR014R	653810.41	7398412.86	152.20	148.00	13.00	13.00	0.00	CHIP	BHWE
					76.50	77.10	0.60		L2B
					77.60	78.40	0.80		L2C
					78.65	78.85	0.20		L3A
					79.60	79.80	0.20		L3B
					80.55	81.35	0.80		L3C
					81.55	82.20	0.65		L3D
					83.78	83.92	0.14		L3E
					84.20	84.40	0.20		A1
					84.60	85.30	0.70		A2
					85.95	86.65	0.70		B
					93.50	93.85	0.35		C1
					94.30	94.50	0.20		C2
					95.50	95.80	0.30		D
					96.20	96.75	0.55		E
MR015R	655250.74	7398185.87	150.96	190.00	21.00	21.00	0.00	CHIP	BHWE
					33.55	33.97	0.42		LEO1
					41.10	41.35	0.25		L2A
					41.45	42.10	0.65		L2B
					42.65	43.15	0.50		L3A1
					43.60	43.90	0.30		L3A2
					44.50	44.85	0.35		L3B
					46.65	47.55	0.90		L3C
					47.95	48.25	0.30		L3D
					48.65	49.05	0.40		L3E
					74.40	74.70	0.30		A
					75.30	76.15	0.85		B
					77.00	77.35	0.35		C1
					77.50	78.10	0.60		C2
					78.60	78.93	0.33		D
					79.07	79.55	0.48		E
MR016R	656138.94	7399965.31	156.27	203.00	2.00	2.00	0.00	CHIP	BHWE
					108.00	121.00	13.00		CAN1
					126.00	127.00	1.00		CAN2
					142.00	145.80	3.80		LEP
					162.00	170.00	8.00		FH
					187.60	188.70	1.10		TI

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
MR017C	656440.38	7398906.95	155.71	203.00	12.00	12.00	0.00	CORE	BHWE
					16.79	17.10	0.31		A1
					17.27	17.38	0.11		A2
					17.49	17.59	0.10		UN
					17.88	18.51	0.63		B
					18.83	19.10	0.27		C1
					19.53	19.72	0.19		C2
					20.37	20.68	0.31		D
					20.87	21.45	0.58		E
					157.30	174.80	17.50		CAN1
MR018R	657516.41	7400129.12	172.11	113.00	3.00	3.00	0.00	CHIP	BHWE
					89.80	108.50	18.70		CAN1
MR020C	648543.13	7384269.88	179.18	179.65	25.00	25.00	0.00	CORE	BHWE
					28.00	28.40	0.40		LEO1
					31.70	32.10	0.40		L2B
					63.48	63.93	0.45		A1
					64.40	64.65	0.25		A2
					64.75	64.90	0.15		A3
					65.08	65.25	0.17		B
MR031C	649287.60	7377988.69	169.00	51.66	26.00	26.00	0.00	CORE	BHWE
					46.50	47.20	0.70		A
					47.32	47.36	0.04		UN
					47.46	48.28	0.82		B
					48.43	48.80	0.37		C
					49.16	49.90	0.74		D
					50.05	50.66	0.61		E
MR032C	649025.83	7380012.43	186.22	63.71	42.56	42.56	0.00	CORE	BHWE
					42.90	44.80	1.90		UN
					51.35	52.81	1.46		A
					52.81	53.19	0.38		B
					53.28	53.51	0.23		C
					53.83	54.42	0.59		D
					54.63	55.54	0.91		E
MR033C	648842.11	7380819.03	175.02	60.00	32.00	32.00	0.00	CORE	BHWE
					43.88	45.24	1.36		A
					45.24	45.63	0.39		B
					45.80	46.08	0.28		C
					46.43	46.47	0.04		UN
					46.50	46.90	0.40		D
					47.19	47.53	0.34		E1
					47.70	48.40	0.70		E2
MR034C	650420.78	7392964.05	167.27	48.00	23.00	23.70	0.70	CORE	L2A
					24.60	25.10	0.50		L2B
					25.60	26.10	0.50		L2C
					34.00	34.00	0.00		BHWE
					38.15	39.28	1.13		B
					39.41	40.11	0.70		C
					40.23	41.41	1.18		D_E

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
MR035C	650635.46	7394043.72	173.47	169.51	14.50	14.50	0.00	CORE	BHWE
					16.85	17.10	0.25		L2B
					24.80	25.20	0.40		L3C
					27.10	27.32	0.22		L3D
					40.95	41.14	0.19		A1
					41.29	41.35	0.06		A2
					41.61	42.28	0.67		B
					42.49	42.94	0.45		UN
					43.20	43.57	0.37		C
					43.77	44.00	0.23		D1
					44.15	44.90	0.75		D2
					44.90	45.39	0.49		E
MR036C	648794.48	7379264.85	184.14	71.00	40.00	40.00	0.00	CORE	BHWE
					63.60	63.68	0.08		A1
					64.29	64.70	0.41		A2
					65.00	65.04	0.04		UN
					65.11	65.58	0.47		B
					65.80	66.08	0.28		C
					66.33	66.90	0.57		D
					67.10	67.36	0.26		E1
					67.52	68.05	0.53		E2
MR037C	656577.60	7397572.84	152.06	137.00	9.00	9.00	0.00	CORE	BHWE
					9.96	10.39	0.43		L3B
					11.21	12.40	1.19		L3C
					12.78	13.13	0.35		L3D
					13.49	13.87	0.38		L3E
					44.84	45.04	0.20		A1
					45.30	45.95	0.65		B
					46.25	46.52	0.27		C1
					46.72	47.31	0.59		C2
					48.10	48.40	0.30		D
					48.51	48.97	0.46		E
MR038C	654952.90	7399245.38	151.50	155.00	17.00	17.00	0.00	CORE	BHWE
					29.14	29.87	0.73		L2A
					31.14	31.95	0.81		L2B
					32.86	33.45	0.59		L2C
					38.70	38.85	0.15		L2D
					39.95	40.10	0.15		L3A1
					41.12	41.47	0.35		L3A2
					42.20	42.60	0.40		L3B
					42.71	44.05	1.34		L3C
					44.37	44.85	0.48		L3E
					54.91	55.04	0.13		A1
					55.53	55.86	0.33		A2
					56.11	56.36	0.25		A3
					56.98	57.83	0.85		B
					62.71	63.32	0.61		C
					64.30	65.27	0.97		E
MR039C	648558.69	7382971.04	192.70	80.00	37.67	38.46	0.79	CORE	L2B
					40.00	40.00	0.00		BHWE
					75.15	75.49	0.34		A1
					75.97	76.20	0.23		UN
					76.40	76.76	0.36		A2
					76.99	77.69	0.70		B
					77.78	78.07	0.29		C
					78.32	79.01	0.69		D

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
MR039C	648558.69	7382971.04	192.70	80.00	37.67	38.46	0.79	CORE	L2B
					40.00	40.00	0.00		BHWE
					75.15	75.49	0.34		A1
					75.97	76.20	0.23		UN
					76.40	76.76	0.36		A2
					76.99	77.69	0.70		B
					77.78	78.07	0.29		C
					78.32	79.01	0.69		D
MR040C	648314.60	7382202.58	187.01	100.00	42.75	42.98	0.23	CORE	L2B
					43.11	43.47	0.36		L2C
					80.61	80.75	0.14		A1
					81.13	81.34	0.21		UN
					81.43	82.33	0.90		A2
					82.33	82.62	0.29		B
					82.84	83.14	0.30		C
					83.42	84.06	0.64		D
MR041R	648450.82	7377458.33	170.28	120.00	34.00	34.00	0.00	CHIP	BHWE
					73.70	74.10	0.40		A
					74.50	75.10	0.60		B
					75.30	75.60	0.30		C
					75.80	76.24	0.44		D1
					76.55	76.65	0.10		D2
					76.80	77.30	0.50		E
MR042R	649737.35	7390652.67	174.92	118.00	41.00	41.00	0.00	CHIP	BHWE
					63.70	64.60	0.90		B
					64.87	65.21	0.34		C
					65.21	65.85	0.64		D
					66.05	66.50	0.45		E
MR043C	648286.53	7377472.23	172.65	110.00	18.00	18.00	0.00	CORE	BHWE
					43.55	44.55	1.00		L2B
					88.40	88.68	0.28		A
					89.18	89.54	0.36		B
					89.70	89.97	0.27		C
					90.21	90.60	0.39		D1
					90.83	91.00	0.17		D2
					91.13	91.70	0.57		E
MR044C	654705.36	7396414.98	148.72	100.00	18.00	18.00	0.00	CORE	BHWE
					31.15	31.37	0.22		A1
					31.58	31.72	0.14		A2
					31.72	31.96	0.24		A3
					32.84	33.56	0.72		B
					33.92	34.30	0.38		C1
					34.47	35.04	0.57		C2
					35.40	36.46	1.06		E
MR045R	650658.44	7392369.30	163.53	71.00	16.00	16.00	0.00	CHIP	BUTE
MR048R	651461.61	7395005.89	158.81	77.55	8.00	8.00	0.00	CHIP	BHWE
MR049C	652028.98	7395730.16	152.90	50.00	14.50	14.64	0.14	CORE	C
					15.59	16.35	0.76		D
					16.35	16.35	0.00		BHWE
MR050R	654796.66	7395891.50	147.85	100.00	11.00	11.50	0.50	CHIP	E

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
MR051C	655368.48	7397342.41	149.68	100.00	7.00	7.00	0.00	CORE	BHWE
					37.84	38.04	0.20		L3A2
					38.21	38.79	0.58		L3B
					41.21	41.68	0.47		L3C
					42.15	42.39	0.24		L3D
					42.71	43.00	0.29		L3E
					73.17	73.44	0.27		A1
					74.10	74.75	0.65		B
					75.23	75.51	0.28		C1
					75.67	76.27	0.60		C2
					76.69	77.19	0.50		D
					77.29	77.79	0.50		E
MR052C	655799.10	7398596.00	150.00	152.00	18.12	18.12	0.00	CORE	BHWE
					18.12	18.22	0.10		L3C2
					18.30	18.56	0.26		L3D
					18.90	19.20	0.30		L3E
					47.90	48.15	0.25		A1
					48.75	49.75	1.00		B
					50.40	50.55	0.15		C1
					51.00	51.50	0.50		C2
					52.10	52.30	0.20		D
					52.40	52.60	0.20		E1
					52.70	52.90	0.20		E2
MR054C	648585.67	7382923.88	193.41	80.00	37.54	38.40	0.86	CORE	L2B
					74.38	74.60	0.22		A1
					75.02	75.31	0.29		UN
					75.55	75.95	0.40		A2
					76.20	76.85	0.65		B
					77.00	77.30	0.30		C
					77.65	78.33	0.68		D
MR057C	657072.00	7398049.00	160.35	30.00	3.00	3.00	0.00		BHWE
					22.74	23.12	0.38		A1
					23.29	23.39	0.10		A2
					23.71	24.46	0.75		B
					24.62	24.88	0.26		C1
					25.04	25.67	0.63		C2
					26.22	26.61	0.39		D
					26.79	27.19	0.40		E
MR058R	658319.00	7401392.00	169.15	184.00	2.00	2.00	0.00	CHIP	BHWE
					29.30	47.00	17.70		CAN1
					95.50	103.50	8.00		LEP
					113.70	114.90	1.20		FH
MR059R	656438.00	7400384.00	154.93	144.00	3.00	3.00	0.00	CHIP	BHWE
					70.00	88.00	18.00		CAN1
					107.00	111.60	4.60		LEP
					125.00	132.00	7.00		FH
MR062R	656730.00	7400650.00	156.95	77.00	3.00	3.00	0.00	CHIP	BHWE
					60.20	77.00	16.80		CAN1
MR063R	657806.00	7399488.00	170.16	105.00	16.00	16.00	0.00	CHIP	BHWE

BOREHOLE ID	EASTING	NORTHING	RL	TOTAL DEPTH (m)	FROM (m)	TO (m)	THICK (m)	HOLE TYPE	SEAM/ HORIZON
MR064C	657284.00	7398583.00	167.80	50.00	16.57	16.90	0.33	CORE	B
					17.31	17.46	0.15		C
					17.46	17.46	0.00		BHWE
					17.46	17.91	0.45		C
					18.27	18.64	0.37		D
					18.75	19.38	0.63		E
MR069R	657552.00	7397664.00	164.78	101.25	9.00	9.00	0.00	CHIP	BHWE
					9.60	9.70	0.10		A1
					9.90	10.10	0.20		A2
					10.35	10.75	0.40		B
					10.80	11.50	0.70		C
					11.70	12.60	0.90		D_E
MR070R	657500.00	7397185.00	163.93	101.25	9.50	9.80	0.30	CHIP	C
					10.30	10.70	0.40		D_E
MR071R	656948.00	7397107.00	154.27	100.80	8.00	8.00	0.00	CHIP	BHWE
					29.85	30.00	0.15		A1
					30.25	30.40	0.15		A2
					30.70	31.35	0.65		B
					31.50	31.80	0.30		C1
					31.90	32.52	0.62		C2
					33.30	34.10	0.80		D_E
MR072R	657251.00	7396324.00	159.51	101.19	11.00	11.50	0.50	CHIP	UN
					12.00	12.00	0.00		BHWE
MR073R	657648.00	7395456.00	151.43	101.26	13.90	16.10	2.20	CHIP	UN
					53.00	64.00	11.00		CAN1
NS11	649526.00	7388492.00	180.00	222.82	25.00	25.00	0.00	CHIP	BUTE
					40.00	40.00	0.00		BHWE
					45.00	46.12	1.12		L2B
					73.84	74.30	0.46		A
					74.50	75.00	0.50		B
					75.20	75.60	0.40		C
					75.80	76.40	0.60		D
					76.50	77.14	0.64		E
					213.35	220.00	6.65		CAN1
NS181	675207.00	7398055.00	156.00	390.00	33.44	43.05	9.61	CHIP	CAN
					55.93	57.83	1.90		LEP
					74.37	77.11	2.74		FH
					244.75	245.40	0.65		TI2
NS182	672878.39	7400994.92	143.00	155.45	37.76	52.00	14.24	CHIP	CAN
					63.40	67.00	3.60		LEP
					81.32	84.62	3.30		FH
YM0006	669163.00	7389599.00	280.00	114.35	60.45	60.58	0.13	CHIP	GK
YM0007	661447.00	7389768.00	206.85	111.51	15.42	15.42	0.00	CHIP	BHWE
					49.89	50.16	0.27		GK
YM0008	661387.00	7394907.00	148.42	252.24	66.00	66.00	0.00	CHIP	BHWE
					144.86	145.34	0.48		COR
					183.75	184.25	0.50		GK
YM0010	662391.00	7399834.00	162.25	269.40	35.00	35.00	0.00	CHIP	BHWE
					187.51	187.67	0.16		COR
YM0011	658240.00	7385989.00	152.97	183.53	46.08	46.16	0.08	CHIP	GK

Raw Quality Core Holes

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
C106015	A	649352.28	7377340.529	55.76	56.02	1.88	1.00	4.10	44.80	30.60	20.50	0.30	12.00	1.82
	B			56.36	56.48	1.63	1.50	3.90	41.10	20.40	34.60	0.48	17.60	1.59
	B			56.48	56.78	1.44	7.00	5.10	21.50	29.40	44.00	0.58	25.10	1.42
	C			57.03	57.36	1.61	4.00	4.10	32.80	27.40	35.70	1.60	20.00	1.57
	D			57.96	58.26	1.59	1.00	4.70	36.70	23.50	35.10	0.82	19.80	1.56
	D			58.26	58.50	1.54	2.00	4.90	34.50	22.50	38.10	0.69	20.70	1.51
	D			58.50	58.73	1.71	1.00	4.40	48.70	18.70	28.20	1.00	15.70	1.67
	E			59.07	59.24	1.47	4.00	4.70	24.40	25.20	45.70	0.83	24.40	1.45
C106019	A	650813.33	7394910.531	27.23	27.62	1.80	1.00	3.90	49.20	20.10	26.80	0.22	14.70	1.74
	B			29.15	29.92	1.62	3.00	4.00	36.40	23.00	36.60	2.20	20.20	1.58
	C			30.92	31.32	1.90	1.00	3.80	58.10	15.80	22.30	1.20	12.30	1.83
	D			31.70	32.05	1.94	1.00	4.30	61.80	15.60	18.30	0.28	10.30	1.87
	D			32.05	32.40	2.05	-	4.00	71.80	-	-	-	-	1.96
	D			32.40	32.72	1.85	1.00	3.10	58.60	15.50	22.80	0.64	12.60	1.77
	E			32.72	33.30	1.85	1.00	3.90	55.10	16.40	24.60	1.40	13.20	1.79
C106020	A1	648653.71	7383644.869	63.50	63.85	1.86	0.50	2.60	55.90	18.20	23.30	0.16	12.50	1.78
	A2			64.29	64.56	1.83	1.00	2.60	50.10	23.70	23.60	0.17	13.30	1.75
	B			64.93	65.15	1.42	3.50	4.70	18.40	30.90	46.00	0.50	26.10	1.40
	C			65.42	65.63	1.82	1.00	3.20	51.80	12.50	32.50	0.36	13.80	1.75
	C			65.63	65.85	1.84	1.00	3.40	59.00	15.30	22.30	0.27	12.20	1.77
	C			65.85	66.20	1.54	5.00	4.00	32.50	26.10	37.40	0.50	21.60	1.51

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	D			66.33	66.65	1.65	4.00	3.50	42.50	21.00	33.00	0.64	18.10	1.60
	E			66.86	67.20	1.67	1.50	4.10	40.60	21.80	33.50	0.56	17.50	1.63
	E			67.20	67.57	1.64	1.00	3.40	43.40	21.40	31.80	0.53	18.80	1.59
C106022	A2	648665.11	7385420.34	75.94	76.33	1.73	1.00	3.60	45.90	21.70	28.80	0.48	16.50	1.67
	A2			76.33	76.48	2.05	-	4.00	69.50	-	-	-	-	1.96
	A3			78.51	78.66	1.54	5.00	3.30	30.00	26.70	40.00	0.70	22.40	1.50
	B			79.00	79.24	1.61	1.00	3.10	27.90	30.70	38.30	1.92	20.90	1.56
	C			79.77	79.94	1.54	1.00	3.30	27.30	27.30	42.10	0.62	23.10	1.50
	D1			80.04	80.31	1.50	5.50	3.50	27.80	27.70	41.00	0.54	23.40	1.47
	D2			80.48	80.71	1.68	2.50	3.20	43.50	21.20	32.10	1.72	17.80	1.63
	E			81.09	81.32	1.60	1.00	3.10	33.10	26.80	37.00	0.67	21.30	1.55
	E			81.32	81.48	1.79	1.00	2.10	54.50	16.70	26.70	0.59	14.40	1.71
C106024	LEO1	649927.47	7393449.16	38.78	38.87	2.05	-	4.00	69.90	-	30.10	-	-	1.96
	LEO1			38.87	39.03	2.05	-	4.00	83.10	-	16.90	-	-	1.96
	LEO1			39.03	39.32	2.05	-	4.00	72.10	-	27.90	-	-	1.96
	LEO2			40.57	40.94	1.83	1.00	1.90	54.80	16.80	26.50	0.46	14.40	1.74
	LEO2			40.94	41.37	2.05	-	4.00	72.20	-	27.80	-	-	1.96
	LEO2			41.37	41.51	1.65	2.50	2.00	41.00	20.60	36.40	0.55	19.30	1.59
	LEO3			41.91	42.38	1.62	4.00	2.20	37.30	24.30	36.20	1.00	20.50	1.56
	B			74.60	75.18	1.65	2.50	1.90	38.80	22.70	36.60	1.18	19.90	1.59
	C			75.96	76.38	1.80	1.00	2.10	52.80	17.00	28.10	0.31	14.80	1.72
	E			77.48	77.94	1.79	0.50	2.60	47.50	19.40	30.50	0.63	16.40	1.71
C106026	A	653063.36	7396778.621	43.21	43.53	1.67	3.50	2.80	37.60	22.20	37.40	0.48	20.20	1.61
	B			44.18	44.36	1.61	4.50	2.90	31.10	28.50	37.50	3.79	21.80	1.56

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	B			44.36	44.40	2.12	0.50	2.90	71.20	11.10	14.80	0.21	7.90	2.00
	B			44.40	45.00	1.54	3.50	3.00	28.50	25.20	43.30	1.51	23.60	1.50
	C			46.66	46.85	1.83	0.50	2.40	54.10	17.10	26.40	0.35	14.30	1.75
	D			47.82	47.97	1.79	1.00	2.70	53.40	17.20	26.70	0.29	14.40	1.72
	D			47.97	48.00	2.12	0.50	2.90	71.20	11.10	14.80	0.21	7.90	2.00
	D			48.00	48.11	1.58	2.50	2.80	34.10	23.50	39.60	0.43	21.60	1.53
	E			48.44	48.54	1.62	2.50	2.70	33.70	23.90	39.70	0.94	21.80	1.57
	E			48.54	48.61	2.00	-	4.00	68.30	-	-	-	-	1.92
	E			48.61	48.83	1.72	1.00	1.90	46.10	20.80	31.20	0.57	17.40	1.65
	E			48.83	48.87	2.00	-	4.00	68.30	-	-	-	-	1.92
	E			48.87	48.99	1.77	1.00	1.60	50.40	17.10	30.90	0.42	16.40	1.69
	E			91.78	91.81	2.12	0.50	2.90	71.20	11.10	14.80	0.21	7.90	2.00
C106028	B	649740.49	7392614.9	74.00	74.37	1.57	2.50	2.40	30.70	25.90	41.00	0.93	22.10	1.52
	B			74.37	74.62	1.60	4.00	2.10	36.50	23.90	37.50	0.43	20.50	1.54
	C			75.35	75.69	1.75	1.00	3.10	48.80	18.00	30.10	0.40	15.60	1.69
	D			75.69	76.07	2.00	-	4.00	68.30	-	-	-	-	1.92
	D			76.07	76.22	2.00	-	4.00	64.50	-	-	-	-	1.92
	D			76.22	76.51	1.85	1.00	2.60	54.50	16.90	26.00	1.38	13.30	1.77
	E			76.51	76.74	1.58	1.00	2.60	33.80	23.00	40.60	0.59	21.40	1.53
	E			76.74	76.98	1.74	1.00	3.30	48.60	19.50	28.60	0.42	15.90	1.68
C106031	A	648621.86	7377969.01	70.76	70.90	1.95	1.00	2.00	52.90	26.70	18.50	0.16	11.00	1.84
	B			70.90	71.04	1.47	4.00	1.50	19.30	33.50	45.70	0.56	24.90	1.43
	C			72.10	72.41	1.66	1.00	1.70	43.50	20.30	34.50	0.52	17.60	1.59
	D1			72.76	73.16	1.63	1.00	1.60	37.20	21.60	39.60	0.54	19.80	1.57

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	D2			73.26	73.50	1.78	1.00	1.80	51.40	17.10	29.70	0.41	14.90	1.70
	E			73.91	74.29	1.80	0.50	1.80	52.80	17.30	28.10	0.58	14.60	1.71
C106035	A1	648303.07	7376900.471	103.95	104.30	1.51	3.00	3.20	23.70	33.10	40.00	0.96	22.90	1.47
	A2			104.40	104.53	2.05	1.00	2.90	47.80	24.30	25.00	0.28	13.80	1.94
	A2			104.53	104.87	1.52	3.50	3.80	26.90	28.20	41.10	2.42	23.10	1.49
	B			105.08	105.42	2.10	-	2.70	56.70	-	-	-	-	1.98
	B			105.42	105.81	1.42	5.50	4.20	18.50	30.90	46.40	0.91	26.20	1.40
	C			105.97	106.32	1.49	5.00	4.10	27.80	26.70	41.40	0.77	23.20	1.46
	D			106.58	106.95	1.54	2.00	3.70	33.30	25.20	37.80	0.79	21.40	1.50
	E1			106.95	107.24	1.63	7.50	2.60	38.00	22.00	37.40	0.78	19.80	1.57
	E1			107.24	107.39	1.85	8.50	2.10	54.70	17.80	25.40	0.80	13.70	1.76
	E1			107.39	107.52	1.57	8.00	2.50	32.80	24.90	39.80	0.91	21.70	1.52
	E2			107.67	108.02	1.73	6.00	2.00	49.20	18.90	29.90	1.57	15.90	1.66
	E2			108.02	108.16	1.76	7.50	1.60	52.50	17.40	28.50	0.49	15.30	1.68
C106036	A	649398.8	7378582.67	46.60	46.82	1.52	1.00	3.10	32.10	24.30	40.50	0.61	22.00	1.48
	A			46.82	47.05	1.39	5.00	3.50	16.50	29.70	50.30	0.69	27.40	1.37
	B			47.55	47.78	1.52	3.00	3.40	31.30	23.80	41.50	0.48	21.90	1.48
	B			47.78	48.02	1.38	7.00	3.60	15.10	30.70	50.60	0.60	27.70	1.36
	C			48.11	48.20	1.45	5.50	4.10	22.60	26.90	46.40	0.58	25.00	1.42
	C			48.20	48.43	1.60	3.00	2.90	40.50	22.10	34.50	0.58	19.00	1.55
	D			48.99	49.27	1.60	2.50	3.70	37.10	21.80	37.40	0.64	19.30	1.56
	D			49.27	49.47	1.77	0.50	2.90	53.30	17.10	26.70	0.58	14.40	1.70
	D			49.47	49.75	1.67	1.00	2.20	43.70	19.10	35.00	0.54	18.30	1.61
	E			50.21	50.50	1.66	1.00	3.50	43.20	19.80	33.50	0.59	17.20	1.61

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
C106037	A	648310.56	7379977.461	89.03	89.26	1.73	1.00	2.10	42.70	24.50	30.70	1.00	16.40	1.66
	B			89.50	89.80	1.41	2.00	3.20	19.20	29.10	48.50	0.60	26.40	1.38
	C			90.22	90.56	1.66	1.00	2.90	43.00	20.30	33.80	0.41	17.90	1.60
	C			90.56	90.81	1.39	3.50	3.40	17.40	31.10	48.10	0.59	27.20	1.36
	D			91.02	91.35	1.66	3.00	2.90	41.70	22.30	33.10	0.73	18.60	1.60
	E			91.62	91.78	1.77	0.50	4.00	50.70	18.80	26.50	1.01	14.00	1.71
	E			91.81	92.05	1.66	0.50	2.40	38.00	25.40	34.20	1.56	18.60	1.60
MR003C	L3B	651240.143	7395769.742	29.10	29.19	1.50	7.50	3.30	29.80	25.00	41.90	0.98	23.20	1.46
	L3C1			29.48	29.80	1.68	4.00	3.60	42.70	20.80	32.90	1.47	18.10	1.63
	L3C2			30.21	30.42	1.72	2.00	3.10	48.10	17.20	31.60	0.60	16.70	1.66
	L3D			31.05	31.27	1.46	5.00	3.70	23.50	28.00	44.80	1.54	25.20	1.43
	CO			33.95	34.40	1.83	1.00	4.00	55.90	17.40	22.70	0.38	12.70	1.77
	A			35.10	35.29	1.55	4.00	3.10	31.80	24.90	40.20	0.68	21.90	1.51
	B			36.05	36.24	1.80	1.00	3.20	51.50	19.90	25.40	2.52	14.50	1.73
	B			36.24	36.58	1.55	3.00	3.20	30.70	25.30	40.80	1.18	22.50	1.51
	B			36.58	36.80	1.50	3.00	3.60	26.20	26.40	43.80	1.13	24.00	1.47
	E			40.67	41.32	1.84	1.00	2.30	55.90	16.80	25.00	1.66	13.10	1.75
MR009C	LEO1	648160.955	7381434.422	49.12	49.23	1.77	1.50	3.30	43.20	24.50	29.00	1.40	16.20	1.71
	L2A			52.20	52.50	1.73	1.00	4.00	46.00	20.60	29.40	0.51	15.70	1.67
	L2B			52.55	53.00	1.64	1.50	4.40	37.00	23.40	35.20	0.64	18.80	1.60
	A			89.01	89.20	1.81	1.50	2.30	43.80	25.10	28.80	0.54	14.90	1.73
	B			89.43	90.32	1.76	1.50	3.50	47.00	20.30	29.20	0.47	15.10	1.70
	D			90.96	91.16	1.56	5.00	3.20	29.90	26.20	40.70	0.57	22.00	1.52
	E			91.49	92.22	1.65	1.00	3.30	38.50	21.50	36.70	0.71	19.00	1.60

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
MR010C	A	648863.826	7381300.432	56.39	56.79	1.64	2.00	1.80	44.40	20.70	33.10	0.62	18.10	1.58
	B			57.62	58.24	1.65	1.00	3.60	44.20	21.00	31.20	0.60	17.50	1.60
	B			58.24	58.85	1.56	4.00	2.70	34.80	23.70	38.80	0.52	21.40	1.51
	C			59.13	59.46	1.67	3.00	2.50	44.80	20.10	32.60	0.62	17.90	1.61
	D			59.73	60.18	1.82	0.00	2.80	55.00	16.80	25.40	0.76	13.50	1.74
MR011C	L2B	648301.75	7376888.957	51.70	52.92	1.70	1.50	5.60	39.30	23.30	31.80	1.47	17.20	1.67
MR012C	LEO1	648660.78	7385411.711	46.38	46.76	1.65	3.00	3.60	39.00	24.60	32.80	1.15	18.40	1.60
	L2B			49.87	50.68	1.75	1.00	5.20	47.20	20.80	26.80	0.46	14.60	1.71
MR013C	LEO2	649696.614	7389358.316	46.19	46.43	2.14	-	6.00	74.80	9.50	9.70	-	-	2.09
	LEO2			46.43	46.74	1.93	-	6.60	59.10	14.90	19.40	-	-	1.90
	LEO2			46.74	46.90	1.81	-	5.00	50.80	18.40	25.80	-	-	1.77
	LEO2			46.90	47.35	1.64	-	5.00	38.20	22.20	34.60	-	-	1.61
	LEO2			47.35	47.55	1.98	-	3.80	63.30	30.70	2.20	-	-	1.90
	B			71.65	72.20	1.69	1.00	4.00	43.60	24.00	29.30	1.40	16.60	1.64
	B			72.20	72.50	1.82	1.00	4.00	52.40	18.10	25.70	1.31	14.20	1.76
	C			72.62	73.11	1.71	1.00	4.00	46.40	19.60	29.60	0.84	15.60	1.66
	D			73.37	73.78	1.90	1.00	4.00	64.30	14.00	18.00	0.19	9.40	1.83
	E			73.78	74.39	1.73	1.00	4.00	50.40	18.70	27.60	0.84	14.90	1.68
MR017C	A1	656440.383	7398906.953	16.79	17.10	1.67	2.50	2.30	38.00	23.40	36.30	0.73	19.80	1.61
	A2			17.27	17.38	1.71	1.50	2.30	47.40	18.60	31.70	0.42	17.10	1.64
				17.49	17.59	2.15	0.00	1.90	72.30	9.90	15.90	2.80	8.30	2.01
	B			17.88	18.51	1.56	4.00	2.50	32.50	23.30	41.70	0.58	22.50	1.51
	C1			18.83	19.10	1.77	2.00	2.20	51.40	17.30	29.10	0.66	15.50	1.70
	C2			19.53	19.72	1.63	2.50	2.90	39.20	20.80	37.10	0.69	19.50	1.58

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	D			20.37	20.68	1.82	1.00	3.20	51.70	17.60	27.50	0.45	14.60	1.75
	E			20.87	21.45	1.74	1.00	2.60	48.80	18.10	30.50	0.65	16.20	1.67
MR020C	A1	648543.128	7384269.879	63.48	63.93	1.99	0.00	4.90	63.80	13.60	17.70	0.48	9.20	1.93
	A2			64.40	64.65	1.74	1.00	3.50	43.60	21.40	31.50	0.54	16.60	1.68
	C			65.58	66.85	1.73	1.00	4.60	44.00	21.40	30.00	0.46	16.10	1.69
	D			67.00	67.29	1.75	1.00	3.40	49.50	18.70	28.40	0.79	14.90	1.69
	E			67.51	68.07	1.68	1.00	3.30	42.80	21.00	32.90	0.60	17.50	1.63
MR021C	LEO1	648629.184	7386173.773	43.21	43.46	1.53	3.50	3.40	27.80	26.40	42.40	0.57	23.00	1.49
	L2B			48.00	48.71	1.78	0.50	4.30	46.40	21.40	27.90	0.72	15.00	1.73
	A3			80.10	80.36	2.04	0.50	1.50	62.40	19.00	17.10	0.70	9.40	1.91
	B1			80.55	80.90	1.67	1.50	2.20	41.10	23.80	32.90	0.42	18.30	1.61
	B2			80.98	81.55	1.77	1.00	2.80	48.40	18.50	30.30	0.33	16.10	1.70
	C			81.60	81.92	1.48	4.50	2.80	25.00	27.80	44.40	0.54	24.50	1.44
	D			82.04	82.27	1.66	2.50	2.70	37.70	24.10	35.50	0.83	19.50	1.60
	E			82.49	83.10	1.69	1.00	2.60	43.00	21.70	32.70	0.67	17.90	1.63
MR026C	LEO1	650436.661	7395220.438	17.81	18.61	1.46	4.00	3.80	23.80	28.00	44.40	1.18	24.80	1.43
	L3C1			45.68	46.03	1.95	1.00	2.80	64.90	14.20	18.10	0.35	10.00	1.86
	L3C2			46.24	47.47	1.79	1.00	3.20	50.80	17.60	28.40	0.76	15.20	1.72
	L3D			47.70	48.18	1.82	1.00	2.80	54.60	17.70	24.90	0.40	13.70	1.74
	L3E			48.99	49.17	1.76	1.50	2.60	45.20	19.90	32.30	0.37	17.00	1.69
	A1			49.77	49.89	1.82	1.00	3.00	49.40	17.60	30.00	2.24	15.40	1.75
	A2			50.10	50.83	1.93	0.00	4.90	56.90	16.00	22.20	0.31	11.60	1.87
	A3			51.14	51.48	1.74	1.50	2.60	47.00	19.40	31.00	0.41	16.80	1.67
	B			52.55	53.33	1.68	1.50	3.00	40.70	23.20	33.10	1.00	18.20	1.62

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	C2			55.53	56.07	1.89	1.00	2.50	58.20	16.00	23.30	1.14	12.30	1.80
MR027C	A	652365.97	7396447.219	23.00	23.85	1.94	1.00	3.20	56.70	18.40	21.70	0.67	12.00	1.85
	B			24.78	25.60	1.66	2.50	3.30	37.50	22.60	36.60	0.93	19.50	1.61
	C1			27.44	27.96	1.86	1.00	3.00	52.70	18.60	25.70	0.76	13.70	1.78
	C2			28.20	28.50	2.01	1.00	3.50	62.10	14.50	19.90	0.39	10.50	1.92
	D			28.86	29.21	1.88	1.00	2.50	55.30	18.60	23.60	0.52	12.70	1.79
MR028C	L2C	654294.98	7397307.637	24.75	25.49	1.76	1.00	2.90	46.00	19.90	31.20	0.51	16.50	1.69
				34.03	34.13	1.73	2.50	2.00	43.40	22.40	32.20	0.35	17.40	1.66
	L3A1			34.50	36.65	1.93	1.00	2.40	59.90	15.40	22.30	0.39	11.70	1.83
	L3B			37.33	37.66	1.99	1.00	2.00	67.30	14.00	16.70	1.08	9.80	1.88
	L3C1			37.77	38.23	1.77	1.50	2.10	49.50	18.30	30.10	0.48	16.00	1.69
	L3C2			38.37	38.90	1.95	1.00	1.90	62.20	13.70	22.20	0.27	12.00	1.84
	L3E			39.18	39.66	1.64	4.50	2.50	38.00	23.20	36.30	0.52	20.00	1.58
	A1			66.05	66.39	1.67	3.00	1.90	39.50	21.90	36.70	0.48	19.60	1.60
	A2			66.56	66.67	1.58	4.50	1.90	34.90	24.40	38.80	0.67	21.70	1.53
	B			67.02	67.90	1.62	3.50	2.00	36.80	22.70	38.50	1.55	20.70	1.56
	C1			68.94	69.22	1.86	0.50	1.90	54.70	16.90	26.50	0.34	14.00	1.77
	C2			69.38	69.95	1.82	1.00	2.00	55.40	17.20	25.40	0.33	14.10	1.73
	D+E			70.59	71.73	1.87	1.00	2.20	55.90	16.30	25.60	0.35	13.70	1.78
MR029C	A1	648979.258	7382373.357	55.25	55.45	1.83	1.00	3.00	56.00	16.40	24.60	0.90	13.10	1.75
	A2			55.85	56.57	1.61	1.00	3.60	36.30	23.40	36.70	0.74	19.70	1.57
	B			56.66	57.60	1.62	1.00	3.80	33.70	23.60	38.90	0.99	20.20	1.58
	C1			57.76	58.00	1.69	1.00	3.80	40.00	21.70	34.50	1.33	18.10	1.64
	C2			58.30	58.78	1.59	1.50	3.80	27.90	24.80	43.50	0.85	22.80	1.55

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	D			59.18	59.62	1.95	0.00	2.80	61.20	13.50	22.50	0.38	11.20	1.86
	E			59.82	60.20	1.81	1.00	3.20	50.10	17.30	29.40	0.58	14.90	1.74
MR031C	A	649287.599	7377988.688	46.50	47.20	1.82	1.50	2.70	46.40	24.70	26.20	1.29	14.50	1.74
				47.32	47.36	1.67	1.00	2.80	44.90	21.40	30.90	0.50	17.40	1.61
	B			47.46	48.28	1.66	2.00	2.80	36.90	25.70	34.60	0.62	18.80	1.60
	C			48.43	48.80	1.59	3.00	3.00	33.30	25.10	38.60	0.91	20.70	1.54
	D			49.16	49.90	1.73	1.00	3.20	43.50	21.50	31.80	0.96	17.30	1.67
	E			50.05	50.66	1.72	1.00	2.90	43.60	19.30	34.20	0.53	17.50	1.66
MR032C		649025.827	7380012.426	42.90	43.90	1.74	0.00	6.90	44.10	18.60	30.40	0.64	15.00	1.72
				43.90	44.41	1.57	2.50	4.20	31.00	24.00	40.80	0.86	21.80	1.54
				44.64	44.80	1.56	4.00	3.80	30.00	24.70	41.50	0.55	22.20	1.52
	A			51.35	52.81	1.78	1.00	3.80	48.60	19.00	28.60	0.74	15.50	1.72
	B			52.81	53.19	1.46	5.00	3.80	19.60	29.50	47.10	0.69	25.80	1.43
	C			53.28	53.51	1.77	1.00	3.30	43.20	24.00	29.50	0.74	16.60	1.71
	D1			53.83	54.42	1.63	1.00	3.90	36.30	22.30	37.50	0.66	19.70	1.59
	D2			54.63	55.54	1.79	0.50	4.50	49.00	19.00	27.50	0.86	14.60	1.74
MR033C	A	648842.106	7380819.025	43.88	45.24	1.78	1.00	3.50	51.80	18.60	26.10	0.68	14.20	1.72
	B			45.24	45.63	1.45	4.00	4.20	19.10	29.40	47.30	0.70	25.80	1.42
	C1			45.80	46.08	1.65	1.00	3.20	42.60	20.50	33.70	0.87	17.80	1.60
				46.43	46.47	1.78	1.00	3.30	49.10	17.90	29.70	0.34	16.00	1.71
	C2			46.50	46.90	1.60	1.50	3.70	33.70	23.00	39.60	0.59	20.70	1.56
	D			47.19	47.53	1.84	0.00	3.60	52.30	17.50	26.60	0.55	13.50	1.77
	E			47.70	48.40	1.93	0.00	4.90	59.10	14.70	21.30	0.47	11.10	1.87
MR034C	B	650420.781	7392964.051	38.15	39.28	1.78	1.00	2.60	52.20	17.30	27.90	0.94	15.10	1.71

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	C			39.41	40.11	1.80	1.00	3.50	51.50	17.80	27.20	0.47	14.30	1.74
	D+E			40.23	41.41	1.81	1.00	3.00	54.40	16.50	26.10	0.56	13.70	1.74
MR035C	A1	650635.455	7394043.715	40.95	41.14	2.18	0.00	2.80	74.30	11.30	11.60	0.30	6.40	2.05
	A2			41.29	41.35	1.98	1.00	2.40	66.30	13.40	17.90	1.39	10.00	1.87
	B			41.61	42.28	1.58	3.00	3.30	31.70	24.90	40.10	1.43	21.70	1.54
	UN			42.49	42.62	1.87	0.00	3.40	53.10	16.90	26.60	0.62	13.30	1.80
	UN			42.74	42.94	1.94	0.00	3.00	61.30	14.80	20.90	0.45	11.10	1.85
	C			43.20	43.57	1.73	0.00	3.40	47.20	19.00	30.40	0.55	15.60	1.67
	D1			43.77	44.00	2.01	0.00	2.80	64.90	14.80	17.50	0.35	8.90	1.91
	D2			44.15	44.90	2.08	0.00	3.50	66.70	13.40	16.40	1.77	8.30	1.98
	E			44.90	45.39	1.70	1.00	3.20	43.90	20.70	32.20	0.66	17.10	1.65
MR036C		648794.475	7379264.852	63.60	63.68	1.95	0.00	2.40	63.40	13.60	20.60	0.47	11.10	1.85
	A			64.29	64.70	1.51	3.00	2.60	26.70	27.40	43.30	0.87	24.20	1.47
				65.00	65.04	1.54	2.50	2.60	29.10	25.40	42.90	0.73	23.20	1.50
	C			65.80	66.08	1.71	1.00	2.80	45.80	20.20	31.20	1.04	16.90	1.65
	D1			66.33	66.90	1.60	2.00	2.80	34.60	22.40	40.20	0.71	21.20	1.55
	D2			67.10	67.36	1.82	0.00	3.70	48.70	17.60	30.00	0.87	15.10	1.76
	E			67.52	68.05	1.85	0.00	3.40	54.10	16.80	25.70	0.73	13.40	1.78
MR037C	L3B	656577.604	7397572.84	9.96	10.39	2.12	0.50	2.90	71.20	11.10	14.80	0.21	7.90	2.00
	L3C			11.21	12.40	1.91	1.00	3.10	59.50	15.30	22.10	0.62	11.80	1.83
	L3D			12.78	13.13	1.89	1.00	2.30	57.10	14.60	26.00	0.45	13.40	1.80
	L3E			13.49	13.87	1.89	1.50	2.30	57.20	17.60	22.90	0.47	13.00	1.80
	A1			44.60	44.75	2.21	0.00	2.40	81.80	7.50	8.30	0.17	4.10	2.07
	A2			44.84	45.04	1.57	5.50	2.30	33.50	23.10	41.10	0.49	22.20	1.52

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	B			45.30	45.95	1.54	6.50	2.40	31.80	24.10	41.70	1.32	22.60	1.49
	C1			46.25	46.52	1.67	5.50	2.00	40.20	21.80	36.00	0.69	19.70	1.60
	C2			46.72	47.31	1.73	1.50	2.70	47.40	19.70	30.20	0.73	16.40	1.66
	D			48.10	48.40	1.86	1.00	2.90	55.40	16.80	24.90	0.34	13.20	1.78
	E			48.51	48.97	1.72	1.00	2.60	44.10	19.10	34.20	0.47	17.90	1.65
MR038C	L2A	654952.896	7399245.383	29.14	29.87	1.95	0.00	2.50	53.80	22.30	21.40	1.01	12.20	1.85
	L2B			31.14	31.95	1.57	2.50	3.90	30.00	26.20	39.90	0.98	21.40	1.53
	L2C			32.86	33.45	1.80	0.50	4.80	52.30	17.40	25.50	0.44	13.40	1.75
	L3C1			41.21	41.47	2.12	0.50	3.30	75.90	10.40	10.40	0.22	6.10	2.01
	L3C2			42.20	42.60	1.97	0.50	3.70	60.10	15.70	20.50	1.83	10.50	1.89
	L3D			42.71	44.05	1.82	5.50	2.00	53.20	17.50	27.30	0.45	14.50	1.73
	L3E			44.37	44.85	1.60	1.00	2.10	35.80	24.40	37.70	0.56	21.00	1.54
	A1			54.10	54.31	1.91	0.50	2.70	62.80	13.80	20.70	0.25	10.80	1.82
				54.91	55.04	1.76	1.00	2.20	48.80	17.30	31.70	0.28	16.40	1.68
	A2			55.53	55.86	1.78	1.00	2.20	49.80	18.60	29.40	0.35	15.50	1.70
	A3			56.11	56.36	1.64	2.00	1.90	39.20	21.20	37.70	0.33	19.80	1.58
	B			56.98	57.83	1.55	6.50	2.60	30.30	23.60	43.50	1.41	23.50	1.50
	C			62.71	63.32	1.86	1.00	2.40	58.80	15.40	23.40	0.31	12.80	1.77
	E			64.30	65.27	1.87	1.00	2.50	57.30	14.70	25.50	0.54	13.30	1.78
MR039C	L2B	648558.693	7382971.043	37.67	38.46	1.69	1.00	4.00	40.60	21.50	33.90	0.84	17.80	1.64
	A1			75.15	75.49	1.83	1.00	3.00	54.40	16.00	26.60	0.79	13.80	1.75
	A2			75.97	76.20	1.72	1.00	2.80	45.60	20.00	31.60	0.63	17.00	1.66
	B			76.40	76.76	1.59	2.00	3.30	32.70	25.00	39.00	0.53	20.50	1.55
	C			76.99	77.69	1.68	1.00	3.50	40.60	22.70	33.20	0.45	18.00	1.63

HOLE_ID	SEAM/ PLY NAME	EASTING MGA94 zone 55	NORTHING MGA94 zone 55	DEPTH FROM (m)	DEPTH TO (m)	RELATIVE DENSITY g/cm³	RAW CSN	INHERENT MOISTURE %	RAW ASH %	VOLATILE MATTER %	FIXED CARBON %	TOTAL SULPHUR %	SPECIFIC ENERGY %	PRESTON RD g/cm³
	D			77.78	78.07	1.79	1.00	3.20	49.70	18.40	28.70	0.88	15.30	1.72
	E			78.32	79.01	1.77	1.00	3.90	50.70	17.90	27.50	0.80	14.50	1.71
MR044C	A1	654705.364	7396414.984	31.72	31.96	1.83	1.00	2.80	54.10	16.00	27.10	0.35	14.10	1.75
	B			32.84	33.56	1.56	6.00	2.80	31.70	24.90	40.60	1.03	22.50	1.51
	C1			33.92	34.30	1.76	2.00	2.90	49.60	18.50	29.00	0.68	15.00	1.69
	C2			34.47	35.04	1.78	1.00	3.20	51.40	18.30	27.10	0.83	15.00	1.71
	E			35.40	36.46	1.80	1.00	3.60	53.00	17.00	26.40	0.46	14.10	1.74
MR049C	UN	652028.978	7395730.164	16.79	17.96	1.85	1.00	3.30	54.90	16.20	25.60	1.21	16.20	1.78

SECTION 2 REPORTING OF EXPLORATION RESULTS

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

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>CP Comments</th></tr>
<tr><td>Mineral Tenement and Land Tenure Status</td><td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• Stanmore Coal holds EPC 2081 under Mackenzie Coal Pty Ltd.
• The tenement is located approximately 30km east of Emerald, and lies directly south and east of the existing Ensham coal mine.
<table>
<tr><th>Tenure Type</th><th>Tenure No.</th><th>Date Granted</th><th>Area in Hectare</th><th>Sub-Blocks</th><th>Holder</th></tr>
<tr><td>EPC</td><td>2081</td><td>3/10/2010</td><td>31,360</td><td>112</td><td>Mackenzie Coal Pty Ltd</td></tr>
</table></td></tr>
<tr><td>Exploration Done by Other Parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• Historic drilling undertaken by other parties in the lease area was reviewed by Stanmore and included into the geological model where possible.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting, and style of mineralisation.</td><td>• The Mackenzie lease area lies within the Central Bowen Basin. The Bowen Basin covers an area estimated at 60,000 Km² and is categorised as a back arc extensional foreland basin of Permo– Triassic age.
• The main target seam for this study is the Leo and Aquarius seam with a thickness range of approximately 1-2m for the Leo seam and up to 4.5m for the Aquarius seam. The Leo Seam is subdivided into 3 main plies named Leo 1, Leo 2 and Leo 3. The plies do split into more sub-plies in the north of the deposit and up to 10 plies have been modelled if present. The Aquarius seam is sub-divided into 5 main coal plies (A to E).
• Average depth of weathering across the deposit is 35m. This becomes less to the north where the average depth of weathering can be as shallow as 5m.</td></tr>
</table>

Criteria	JORC Code Explanation	CP Comments
Drill Hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All drill holes have been modelled from vertical.
Data Aggregation Methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• All seams where multiple coal quality samples were taken and given a composite value (generated within Minescape software) weighting each quality by thickness and insitu density, except for insitu density which is weighted on thickness.
Relationship between Mineralisation Widths & Intercept Lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. „down hole length, true width not known").	• The current data within the Mackenzie area demonstrates variability over relatively short distances.

Criteria	JORC Code Explanation	CP Comments
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• All appropriate diagrams are contained within the report. • A cross section map is shown on page *XV of Annexure A* • The bore hole locations are shown in Figure 4.3
Balanced Reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All exploration results, including coal quality lab results, within the Mackenzie area have been fully collated and reported to Xenith.
Other Substantive Exploration Data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Geotechnical logging, sampling, and testing from the overburden, interburden, was not done within the scope of the previous drilling programs.
Further Work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas provided this information is not commercially sensitive.	• Stanmore have not conducted any recent work on this project.

Annexure C. JORC Code, 2012 Edition - Table 1 for the June 2014 Comet Ridge Resource Report

Published By McElroy Bryan Geological Service Pty Ltd, Mr Rob Dyson

SECTION 1. SAMPLING TECHNIQUES AND DATA		
CRITERIA	**EXPLANATION**	**COMMENTS**
SAMPLING TECHNIQUES	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	*Industry standard 4C (100mm) partially cored holes have been drilled to recover Fair Hill and Triumph coal seams for analytical testing. Industry standard non-core core holes were also drilled, but chips samples were not sent for laboratory analysis.* *All drill holes since 2011 have been geophysically logged using Weatherford Slimline geophysical logging tools. Instruments were calibrated every 14 days in accordance with the manufacturer's guidelines. Typical instruments run down drilled holes include; short and long spaced density, natural gamma radiation and caliper tool.* *Prior to 2013 exploration, eight core holes intersecting Fair Hill Seam had been selected for drop shatter pre-treatment testing. Full Fair Hill Seam and conceptual in-seam mining sections underwent drop shatter pretreatment testing and were then sent to ALS Brisbane for float sink and quality analysis. Two holes intersecting full Triumph Seam (T4-T1 plies) were selected for drop shatter pre-treatment testing and were sent to the laboratory for washability analysis. Eleven holes were sampled for raw coal quality on a ply by ply basis including stone partings.* *In 2013 exploration, an additional two core holes intersecting Fair Hill Seam were selected for drop shatter pre-treatment testing of the conceptual mining section and one hole for ply by ply quality analysis. For Triumph Seam, three core holes were selected for drop shatter pre-treatment testing and five core holes were selected for ply by ply coal quality analysis. All drop shatter samples were sent to ALS Brisbane for washability analysis, and all ply samples were sent for raw and washability analysis.* *Throughout the drop shatter testing, material was weighed, screened and arranged into sized samples and placed into plastic sample bags. Sample information/identification indicating; project, hole details, seam, size fraction, drop details and weight were written on sample bags and sample tags. These details were also recorded on an analytical advice sheet and a copy was sent to the laboratory upon dispatch of the samples.* *When sampling for coal quality, coal plies and partings between plies were individually sampled. Samples were placed in plastic sample bags (double bagged) with sample information indicating; project, hole, seam, ply details written on the sample bag and sample tag. These details were also recorded on an analytical advice sheet and a copy was sent to the laboratory upon dispatch of the samples.* *All core sent for analysis after drop shatter testing or ply by sampling was dropped/sampled as full core diameter. No sub sampling or core splitting was undertaken.*
DRILLING TECHNIQUES	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	*Slim hole non-core, HQTT core and 4C (100mm) conventional core holes have been drilled within EPC1230. In 1996 non-core holes CR0003, CR0004 and CR0006 and core holes CR0005 and CR0007 (twinned next to CR0004 and CR0006 respectively) were drilled in EPC596 by INGWE Australia Pty Ltd and are located centrally within EPC1230. In Feb-May 2011, SRK Consulting supervised drilling of 25 non-core and two diamond core holes (CRD035A and CRD036) and in August-October, MBGS supervised a program of 27 non-core and partially cored holes (CRR037-063). In May-September 2012, MBGS supervised the completion of 125 non-core and 12*

		partially cored holes (CRR064-CRD199). In September 2013, MBGS supervised the completion of a further 35 non-core holes and 11 fully cored or partially cored holes (CRR200-CRR236). Throughout 2012 and 2013, non core holes utilised a 125mm PCD drill bit on air and core holes were conventionally drilled using a 150mm tungsten bit (4C). All holes from 2011 – 2013 were geophysically logged using a down-hole density tool.
DRILL SAMPLE RECOVERY	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and coal quality and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	*Core recoveries were assessed by comparing length drilled against length of core recovered per run. This information was subsequently verified by the density geophysical log which confirmed coal seam thickness. With Fair Hill and Triumph Seams, 95% core recovery was required. Logged core intervals and losses recorded in the field were verified against 1:20 geophysics. Larger diameter cores (4C) were drilled to maximize sample recovery.*
LOGGING	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Coal Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	*Since February 2011, core logging has been carried out to centimeter scale and non-core chip logging has been logged to minimum 0.5m intervals. Log data was coded onto computer coding sheets for input in a digital database system. Geotechnical logs were completed and geotechnical samples of core were preserved at the time of drilling for all 2013 core holes. Drill chips and core were photographed in the field using a digital camera for holes drilled from August 2011 to 2013. Drill chips and core photography for earlier holes has not been sighted. Geological and geotechnical data acquired is to an industry standard and level of detail that supports Coal Resource estimation.* *All exploration holes intersecting Fair Hill and Triumph Seams since 2011 have been geophysically logged and have hard copy geophysics available in drill hole folders and LAS data stored on MBGS servers. PDF versions of relevant historical geophysical logs also exist on MBGS servers.*
SUB-SAMPLING TECHNIQUES AND SAMPLE PREPARATION	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	*Coal industry standard practice is to sample whole cylindrical core sections of coal. All samples sent to the laboratory for analysis represented the full cored diameter. To maximize the preservation of in-situ moisture all coal core was placed in plastic tubing at the drill site and stored out of sunlight until sampled.* *When sampling for coal quality on individual plies, the entire cored interval of each ply is placed in the sample bag (double bagged) and tagged with ID information. No sample preparation for individual ply analysis takes place outside the laboratory. Further sub-sampling of the core material was undertaken at the laboratory as determined by the sampling and testing instructions established by Acacia Coal. Coal quality testing undertaken at laboratories comply with Australian Standards for sample preparation.* *Usual laboratory sampling procedures included crushing coal samples to -12mm and subdivide (a quarter for raw analysis, a quarter for washability testing, and half generally for reserve e.g. composites or retests).* *For drop shatter pretreatment analysis, the entire cored interval of the conceptual mining section was dropped and sized outside of the lab. All procedures and conditions required by NATA (National Association of Testing Authorities) for drop shatter testing were followed. The drop shatter testing performed outside of the laboratory was supervised by Acacia's Chief Metallurgist consultant. After all drop shatter material was separated into size fractions, each size fraction/sample was placed into the sample bag, tagged with ID information and then sent to the laboratory.*

QUALITY OF ASSAY DATA AND LABORATORY TESTS	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established).*	*Down hole geophysical data is the primary form of geophysical data acquired. All drill logs are corrected to down hole geophysics, and drill logs combined with geophysics are reconciled with actual core prior to the sampling process. Geophysical instruments run down all drill holes were calibrated by the logging contractor every 14 days as per manufacturer's specifications.* *The laboratory conducting the tests was NATA registered. As part of the NATA registration they are obliged to complete all analysis in accordance with relevant Australian Standards or other standards where applicable. The use of standards, blanks, duplicates, external round robin checks and other routine checking procedures to ensure they meet the required accuracy for each test are part of their NATA certification.*
VERIFICATION OF SAMPLING AND ASSAYING	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	*Laboratories used to analyse coal cores have complied with Australian Standards for coal quality testing and are certified by the National Association of Testing Authorities Australia (NATA). Repeat sampling on a regular basis to validate results is standard procedure for proximate analysis testing. Laboratories as part of standard procedures always keep a reserve sample if re-analysis is required.* *Collection of primary data, data entry procedures and data storage protocols is standardised for geologists by following a Task Procedures Manual developed by MBGS. Primary data and coal quality data has been verified by the modeller for any anomalous results and was investigated upon identification. Drill hole logs and laboratory results are held as soft copy in the Acacia Coal office in Sydney. MBGS holds a digital copy of the same dataset.* *The geological model uses a coal quality database from laboratory reports which are loaded into Minex Modelling Software and validated. Any anomalies identified are investigated prior to modelling.*
LOCATION OF DATA POINTS	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Coal Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	*All drill sites within EPC1230 were located with hand held GPS unit. Drill collars have been surveyed in 2011, 2012 and 2013 by T.R.Baillie (Registered Surveyors) using RTK GNSS Survey Techniques with Trimble R8 GNSS Receivers. RTK survey equipment was setup on existing site control with the position of the base station checked via connections to other site control marks. Horizontal accuracy is +/- 10mm and vertical accuracy is +/- 20mm. All GPS and survey data is referenced to grid system MGA94 Zone 55 with surface RLs from the Australian Height Datum. A revised DTM over EPC1230 was acquired in January 2014 by aerial topographic survey and is accurate to +/-0.5m.*
DATA SPACING AND DISTRIBUTION	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and coal quality continuity appropriate for the Coal Resource and Coal Reserve estimation procedure(s) and classification applied.* • *Whether sample compositing has been applied.*	*Earlier holes (Feb 2011) were drilled close to existing property tracks and did not adhere to a drill grid. In more recent holes (August 2011 - 2012) drill programs employed a 1km grid to locate proposed drill holes. Following completion of 2012 drilling, hole spacing was generally 1km. In the shallower parts of the deposit drill spacing was reduced to less than 500m and in several potential open cut areas close to subcrop, drill hole spacing was placed on a 250m grid. Drilling in 2013 further exploited the 250m grid through potential open cut areas and seam subcrop zones. In some areas, holes were drilled at 125m spacing.* *No exploration results are being tabulated or presented in this report. All drill hole data has been loaded and has been included in generating the geological model. This resource report is reporting on Measured, Indicated and Inferred Coal Resources. The distribution of core and non-core holes with down hole geophysics has shown that Fair Hill and Triumph Seams are continuous within the EPC and have reasonably consistent seam thickness and character. The drill hole spacing and consistency of Fair Hill and Triumph Seams support estimated Coal Resources and Resource Classifications within EPC1230.*

ORIENTATION OF DATA IN RELATION TO GEOLOGICAL STRUCTURE	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	*This is not relevant to this style of coal deposit, which is stratiform and not highly structured (folded or faulted). All drill holes are vertical and coal seams are close to horizontal (<5^0 dip). All sampling from vertical drill holes is almost orthogonal to the target seams and represents a cross section of the entire seam that can be sampled and analysed. No sampling bias has been generated by the method of coring and core recovery.*
SAMPLE/DATA SECURITY	• *The measures taken to ensure sample security*	*In the field, coal cores were enveloped in 'lay-flat' plastic tubing, then boxed, labelled, and stowed undercover until time of sampling. During sampling, coal samples were placed in plastic bags (double bagged) with ID information and sent to the laboratory for analysis. Sample tags accompanied samples to the lab, with sample tags stubs remaining with the sampling geologist. Sample ID information was documented on sample bags, tags and the sample analytical advice sheets, which were electronically distributed to the laboratory at time of dispatch. At the laboratory, samples were stored in a cool room until commencement of testing. Sample mass is always compared to sample length by the laboratory.*
AUDITS OR REVIEWS	• *The results of any audits or reviews of sampling techniques and data.*	*All drill hole data is corrected to geophysical logs prior to sampling and loading into the computer model. Drill hole data is validated in Minex by the modeller prior to generating the geological model. After generation of the model the validation process continues with review of cross sections and contour plots. All coal quality results are checked by MBGS for any anomalous data.*

SECTION 2. REPORTING OF EXPLORATION RESULTS		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
MINERAL TENEMENT AND LAND TENURE STATUS	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	*Acacia Coal Limited (Acacia) holds title to EPC1230 which is located in the Bowen Basin of Central Queensland, approximately 60km east of the regional centre of Emerald and 25km south of the small township of Comet. EPC1230 covered an area of 86 sub-blocks and Acacia purchased this title in October 2010 from Queensland Coal Corporation Pty Ltd (QCC. Title was granted to QCC on 10th September 2008 and was renewed in September 2013 for a further 5 years. Acacia changed its company name from Newland Resources Ltd to Acacia Coal Ltd in December 2011. In September 2012 Acacia relinquished 20 sub blocks from the northern and eastern perimeter of EPC1230 and in February 2013, relinquished another 30 blocks from its northern portion. Following the relinquishment of an additional 5 sub blocks in late 2013, 31 sub blocks now comprise EPC1230. Acacia renewed EPC1230 in September 2013 for another 5 year period.*
EXPLORATION DONE BY OTHER PARTIES	• *Acknowledgement and appraisal of exploration by other parties.*	*In 1996 non-core holes CR0003, CR0004 and CR0006 and core holes CR0005 and CR0007 (twinned next to CR0004 and CR0006 respectively) were drilled in EPC596 by INGWE Australia Pty Ltd and are located centrally within EPC1230. In Feb-May 2011, SRK Consulting supervised drilling of 25 non-core and two diamond core holes (CRD035A and CRD036). In August-October 2011, MBGS were commissioned to supervise a program of 27 non-core and partially cored holes (CRR037-063). Both exploration programs in 2011 provided Acacia with an understanding of overall deposit geometry and preliminary drop shatter/pre-treatments data on Fair Hill Seam.* *In May-September 2012, MBGS supervised the completion of 125 non-core and 12 partially cored holes (CRR064-CRD199) to investigate the extent of the deposit and obtain additional coal quality data on Fair Hill and Triumph Seams. In September 2013, MBGS supervised the completion of a further 35 non-core holes and 11 fully cored or partially cored holes (CRR200-CRR236) to better define subcrop zones, and improve confidence in coal resources.*
GEOLOGY	• *Deposit type, geological setting and style of mineralisation.*	*EPC1230 is located in the structural element of the Bowen Basin known as the Comet Platform, a stable basement block bound to the east by the Taroom Trough and to the west by the Denison Trough. Both Troughs' were areas of active subsidence and sedimentation during Permian and Triassic periods. Permian and Triassic sediments deposited on the Comet Platform have been mildly deformed during and after deposition to form the north-south trending Comet Anticline, which runs through the eastern margin of EPC1230.* *The Comet Ridge Project is targeting shallow open cut resources in the Fair Hill Seam and Triumph Seam, within the Fair Hill Formation. Triumph Seam was identified by exploration drilling in 2012 and typically occurs between 20m and 25m below Fair Hill Seam. Other seams within the Fair Hill Formation are Lepus, Canis and Hercules Seam, which are not present within EPC1230. Fair Hill and Triumph Seams are the oldest seams within Fair Hill Formation, which overlies MacMillan Formation and underlies Burngrove Formation. Two thin rider seams were intersected above Fair Hill Seam near the southern edge of EPC1230, however these are not continuous throughout the lease and could not be correlated.* *Regional dip is <5 degrees to the south and southwest and Fair Hill and Triumph Seams sub-crop close to the northern boundary of EPC1230. Fair Hill Seam is between 10m and 11m thick and is relatively consistent throughout the resource area. Fair Hill Seam character comprises thin (approximately 30cm) high ash coal bands interbedded with tuffaceous and carbonaceous claystone. Coal within Fair Hill Seam is mostly dull, however, very thin, bright coal bands exist within the dull coal which have known coking coal propertie. This bright coal is being targeted as a potential coking coal product.* *Triumph Seam resides between 22m and 25m below Fair Hill Seam and is 1m – 2m thick. Triumph Seam is*

		thickest when all plies (T4 – T1) are united to form a coal section, with plies separated by two or three distinguishable tuffaceous claystone partings approximately 0.2m thick.
DRILL HOLE INFORMATION	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level-elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *downhole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	*Individual drill hole results are not tabulated and presented in this report however all drill hole data that pertains to the target coal seams has been loaded and modelled in the geological computer model used to estimate coal resources. The coal resource table presented in this report does present summary information such as:* • *Cumulative thickness of selected plies within the Fair Hill and Triumph Seams considered a resource* • *in situ density* • *raw coal parameters* *Although directional information has not been acquired, all hole were drilled vertically and have been modelled as vertical. Given the gentle regional dip (<5 degrees) and shallow depth of drill holes, it is assumed that seam intersections are close to perpendicular and represent true thickness.*
DATA AGGREGATION METHODS	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	*Fair Hill and Triumph Seams have been sampled on a ply by ply basis with ply boundaries determined by reconciliation against down hole geophysics. When reporting Exploration Results, all laboratory data from ply information is loaded into the computer model and no data has been excluded.* *When estimating Coal Resources, an ash limit of 65% has been applied to determine the inclusion/exclusion of Fair Hill and Triumph plies. Coal Resources have been estimated on a ply by ply basis. Samples are weighted by length and density.* *No metal equivalents are reported for coal.*
RELATIONSHIP BETWEEN MINERALISATION WIDTHS AND INTERCEPT LENGTHS	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known).*	*The regional dip of coal seams and strata throughout EPC1230 is close to horizontal with dip angle less than 5 degrees to the south/southwest. All holes have been drilled vertically so drilled intersections are close to true thickness of the coal seams.* *Drill hole deviation information is not available, so true down hole width is unknown. Given the shallow nature of hole depths and seam intersections, any drill hole deviations would be minor and would have negligible impact on recovered thicknesses.*
DIAGRAMS	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not limited to a plan view of*	*This report contains a selection of text figures presenting the following geological information:* • *Regional Geology* • *Typical Stratigraphy* • *Fair Hill and Triumph Seams floor level, thickness and overburden*

	drill hole collar locations and appropriate sectional views.	• *Geological sections through resource areas* • *Coal Resources, Fair Hill Seam* • *Coal Resources, Triumph Seam*
BALANCED REPORTING	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high coal quality and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	*Typical/average values have been reported for coal resources. Although some outlying anomalous values may exist, the typical/average values are considered representative of the Coal Resources.*
OTHER SUBSTANTIVE EXPLORATION DATA	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.*	*In October 2013, high resolution aerial photography was taken over the resource area of EPC1230. The high resolution imagery coupled with a detailed (+/- 0.5m) digital terrain model has assisted the interpretation and mapping of Tertiary caps/ridges overlying Permian strata within the lease. The presence of Tertiary material has been observed to rapidly increase base of weathering horizons, which is a limiting factor to resources edges.* *Core drilling conducted throughout 2012 and 2013 exploration programs has been 4C (100mm) size, allowing adequate sample mass to perform drop shatter and wet pretreatment analysis. Drop shatter testing was conducted outside of a laboratory and was performed to Australian Standards and supervised by an independent metallurgical consultant. Conceptual working sections were dropped, screened, placed in individual sample bags and sent to the laboratory for further analysis.* *Geotechnical logs and samples were taken by the geologist during exploration in 2013. Field geotechnical logs identified defect types, angles and character through cored intervals. Geotechnical samples were taken of seam roof, floor and interburden material.* *Geochemical samples were taken from non-core and core holes of seam roof, floor, interburden material and in-seam waste rock. Some Potential Acid Forming (PAF) horizons exist within coal seams and their immediate roof and floor strata at isolated locations within the lease.* *Groundwater monitoring bores (stand pipe) were installed at strategic locations around the resource area and will record variations in water quality before during and after mining. No material data has been acquired from monitoring bores to date.*
FURTHER WORK	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	*Acacia Coal has completed exploration to define coal resource and potential shallow open cut mining areas. No further exploration is planned at this stage. Limit of Oxidation (LOX) drilling may be undertaken to more accurately determine pit low wall mining positions.*

SECTION 3. ESTIMATION AND REPORTING OF COAL RESOURCES		
CRITERIA	**JORC CODE 2012 EXPLANATION**	**COMMENTS**
DATABASE INTEGRITY	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Coal Resource estimation purposes.* • *Data validation procedures used.*	*Transcription and human errors from initial data collection is resolved through correcting lithologies and coal seams to 1:20 scale downhole geophysics and to core photographs. Once corrected, coal seam graphic logs are checked against geophysical logs for correctness. At this point, drill data is digitally loaded into the computer model and no transcription takes place.* *Validation of drill hole data incorporated into the model includes reviewing seam thicknesses, coal seam and ply correlations and quality data (minimum, maximum and mean values). An MBGS modeller and geologists involved in the data acquisition verify data through use of printed downhole geophysical logs, model generated grids and geological cross sections. Anomalous data was checked and verified or removed if proven to be in error.*
SITE VISITS	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	*R Dyson has visited the Comet Ridge site during exploration and has viewed core of the Fair Hill and Triumph Seams. Mr R Dyson has worked extensively in this part of the Bowen Basin as a senior geologist for over 10 years. Mr Dyson is familiar with local and regional geology and style of deposit within EPC1230.*
GEOLOGICAL INTERPRETATION	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the coal deposit.* • *Nature of the data used and any assumptions made.* • *The effect, if any, of alternative interpretations on Coal Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	*Data handling, correction and verification procedures from initial acquisition to model loading are well understood. Through the use of downhole geophysics, coal plies within Fair Hill and Triumph Seam can be identified and correlated throughout the resource area. Coal seam character throughout the lease is highly consistent and deposit geology is well understood. There is a high degree of confidence in the geological model and subsequent to 2013 exploration, Measured Resources have been classified within potential open cut areas.*
DIMENSIONS	• *The extent and variability of the Coal Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Coal Resource.*	*EPC1230 is now rectangular and is approximately 13km wide (east west) and 7km long (north south). Permian strata is broadly striking east west through the lease and Fair Hill and Triumph Seams are present within the entire lease until they subcrop close to the northern boundary of the EPC. Seams are cut to base of weathering which varies from 4m to approximately 15m in conceptual pit areas, to over 30m deep when underneath Tertiary ridges. Seams dip to the south and southwest and overburden ranges from 4m (within subcrop area) to over 120m in the southwest of the EPC. A depth limit to Coal Resources has been applied at 50m, with overburden in conceptual pit areas limited to approximately 30m.*
ESTIMATION AND MODELLING TECHNIQUES	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	*Within EPC1230, coal resources were estimated for nine (A, C1, D2, D3, E, F, H2 and M1-2) of the 20 coal plies identified and correlated within Fair Hill Seam. For Triumph Seam up to four plies (T1-T4) were selected if present. Coal plies from both seams that were selected as a resource, were based on raw coal quality, and washability results indicating those plies having a coking coal fraction.* *The selected coal ply thicknesses determined from down hole geophysical logs (density) have been composited in Minex to form a cumulative coal thickness for each seam, in the resource estimation process. Claystone/tuffaceous bands within Fair Hill and Triumph Seams have not been included in the resource estimation.*

	• *The availability of check estimates, previous estimates and/or mine production records and whether the Coal Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlations between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using coal quality cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	*The estimation was completed using in-situ density and ply thickness grids in Minex Software (version 6.1.3), using vertical sided polygon areas. The latest geological model for Acacia Coal was completed in February 2014.* *Once resource polygons were defined, the status of coal resources within each polygon was classified either as.* • ***Measured Resources*** *- where the geological data points based on detailed and reliable exploration, sampling and testing information support a reasonable level of confidence in seam thickness, continuity, coal quality and structure of Fair Hill and Triumph Seams.* • ***Indicated Resources*** *- where the geological data points contributed to a reasonable level of confidence in seam thickness and continuity, and some coal quality data is present.* • ***Inferred Resources*** *- where there was a paucity of coal quality data and drill hole spacing was only sufficient to delineate Fair Hill and Triumph Seam thicknesses to a low level of confidence.* *Drill hole data is validated in Minex prior to modelling and anomalous values are reviewed against original data (including geophysics, field logs and core photos) and corrected where necessary. The geological model is validated by posting seam thickness and quality values at drill holes, which are compared to contours output from the model grids. Within EPC1230, resources have been classified as* ***Measured, Indicated or Inferred Resources.***
MOISTURE	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	*Resource tonnages and coal quality parameters are reported to an in situ moisture content of 6%. Coal quality specialist Bob Leach who has worked in Queensland coal fields for more than 20 years considered 6% in situ moisture was appropriate.*
CUT-OFF PARAMETERS	• *The basis of the adopted cut-off or quality parameters applied.*	
MINING FACTORS OR ASSUMPTIONS	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	*Fair Hill Seam is up to 12m thick and comprises numerous carbonaceous and tuffaceous claystone bands/partings interbedded with high ash coal plies containing very thin, bright (vitrinite) coal bands. Triumph Seam is up to 2m thick and also contains high ash coal containing thin vitrinite bands and is interbedded with two or three distinct claystone partings. In order to liberate coal from both seams, the mining method will incorporate dry separation techniques prior to washing.* *Following extraction of the proposed mining sections in Fair Hill and Triumph Seams, ROM coal passes through a rotary trommel positioned in pit to generate a coal concentrate with most stone removed. Additional separation techniques being considered include FGX dry separation or x-ray coal sorting methods.* *Coal resources have been estimated to 50m overburden depth. A preliminary mining study has indicated coal resources beyond 30m overburden thickness may be uneconomic in current market conditions.*

METALLURGICAL FACTORS OR ASSUMPTIONS	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Coal Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	*Fair Hill and Triumph Seams have not traditionally been viewed as targets to produce a coking coal product through conventional mining methods. However, in pit dry separation techniques have been designed to generate an in pit coal concentrate which would then be beneficiated by wash plant to generate a coking fraction as well as a high ash thermal coal product.*
ENVIRONMENTAL FACTORS OR ASSUMPTIONS	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	*No environmental assumptions have been made for this resource estimate. Acacia Coal Limited (Acacia) has not specified environmental factors that could affect JORC Resources.*
BULK DENSITY	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	*Laboratory raw coal data has provided Relative Density (RD) of coal for each sample. RD data has then been adjusted using the Preston Sanders formula, from an air dried basis to an in situ moisture basis of 6%.*
CLASSIFICATION	• *The basis for the classification of the Coal Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/coal quality*	*Core and non-core drill holes with down hole geophysics are considered points of observations in the resource estimation process.* *Fair Hill and Triumph Seams are consistent and individual plies can be correlation across the lease area. Resources were considered Measured where drill hole points of observation contributed a high level of confidence*

	estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	*in seam thickness, continuity, coal quality and structure. Drill hole spacing was generally in the order of 250m and comprised a mix of both core and non core holes.* *Resources were considered Indicated where drill hole points of observation contributed to a reasonable level of confidence in seam thickness, continuity, coal quality and structure. Drill hole spacing was generally less than 500m and comprised mostly non core holes with some core holes.* *Resources were considered Inferred where there was a paucity of coal quality data and drill hole spacing was only sufficient to delineate seam thickness to a low level of confidence. Drill hole spacing was usually up to 1km.*
AUDITS OR REVIEWS	• *The results of any audits or reviews of Coal Resource estimates.*	*No audits or review of Coal Resources have been completed on the current resource estimation.*
DISCUSSION OF RELATIVE ACCURACY/ CONFIDENCE	• *Where appropriate a statement of the relative accuracy and confidence level in the Coal Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits or if such an approach is not deemed appropriate a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The 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.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	*Resources have been classified as either Measured, Indicated or Inferred depending on the density of drill hole points of observation. A review of the 1:20 density logs, model sections and ply thickness plans from Minex was reviewed on Fair Hill and Triumph Seams to gain a sound understanding of seam character trends within the deposit. Any anomalies discovered were reviewed and corrected. The review of drill hole data, model grids and geophysical logs has allowed a high level of confidence in the classification of resource polygons.* *The classification of Measured, Indicated and Inferred Resources indicates the Competent Persons confidence level in those resources within the deposit.* *A geostatistical study of drill hole data has not been carried out.* *As single data points in a stratiform coal environment such as this will have little or no effect on the total coal resource. This is considered to be a global estimate.*

Annexure D. JORC Code, 2012 Edition - Table 1 for the November 2013 Cooroorah Resource Report

Published By HDR|Salva, Mr Craig Williams.

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections)

	Criteria	Explanation	Comment
1.1	Sampling techniques	Nature and quality of sampling (eg. Cut channels, random chips etc.) and measures taken to ensure sample representivity.	63mm (HQ) or 61mm (HQ3) coring for coal quality sampling
1.2	Drilling techniques	Drill type (eg. Core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, etc.) and details (eg. Core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.)	Rotary percussion open hole drilling and rotary coring (63mm)
1.3	Drill sample recovery	• Whether core and chip sample recoveries have been properly recorded and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material	Core loss has been documented in the lithology field during logging and sampling of the core. Calculations have been performed to accumulate total core loss over the modelled interval. The core recovery from all the AQC drillhole seam intersections is >90% except the Aries (87.1%) and Pisces (85.3%) in the hole DDH012. Core recovery from historical GSQ and BOW holes is not known.
1.4	Logging	• Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.	Detailed logging of chips and core. Core photographs taken.
1.5	Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected. • Whether sample sizes are appropriate to the grainsize of the material being sampled.	No sub-sampling of the core. BOW energy core sampled was the remaining ½ of the original core.

1.6	Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established	Coal quality Laboratory adheres to internal QAQC and inter-laboratory QAQC checks. All determinations performed adhere to Australian Standards guidelines.
1.7	Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes.	Not done
1.8	Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Quality and adequacy of topographic control.	BOW and AQC drillholes used in the resource model have been surveyed using differential GPS. Historical (GSQ) drillholes used in the model were converted to GDA94 coordinate system.
1.9	Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	Data spacing sufficient to establish continuity in both thickness and coal quality as confirmed by variography. Full seam/ working section composites of coal quality used in the estimate
1.10	Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Full seam composites used therefore orientation of sampling not seen to introduce bias as all drilling is sub-vertical and seams mostly gently dipping.
1.11	Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Recognised contract geologist service providers used to supervise/conduct drilling/sampling.

SECTION 2 REPORTING OF EXPLORATION RESULTS

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

	Criteria	Explanation	Comment
2.1	Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	All tenure secure and current
2.2	Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Geological Survey of Queensland and BOW Energy.
2.3	Geology	Deposit type, geological setting and style of mineralisation.	Coal, Bowen Basin Late Permian Rangal Coal Measures, sedimentary type deposit.
2.4	Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	Length together with and in some cases density weighting used to derive full seam/working section composites.
2.5	Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known').	Full seam composites used therefore orientation of sampling not seen to introduce bias as all drilling is sub-vertical and seams mostly gently dipping.

2.6	Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	See figures in report and Appendices.
2.7	Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of Exploration Results.	No reporting of exploration results
2.8	Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	2D seismic data available
2.9	Further work	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Not known

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

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

	Criteria	Explanation	Comment
3.1	Database integrity	• Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. • Data validation procedures used.	Use of relational database (GDB) during acquisition of drilling data. Logcheck used to do depth corrections and GDB updated with corrected seam/lithology and sample information. GDB table data used to construct Minescape model. Checks against original down hole geophysics (las) files used to verify data during modelling.
3.2	Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. • Nature of the data used and of any assumptions made. • The effect, if any, of alternative interpretations on Mineral Resource estimation. • The use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	High degree of confidence in seam picks made using this down hole geophysical data.Historical holes with no geophysics have picks which are consistent with the overall structural model. Consistent smooth structural contours show no evidence of major faulting in the area however smaller faults (<5m) are probably not detectable with the current drill spacing and it is likely that as yet unkown faults will be found upon closer spaced drilling and/or 3D seismic work. Particularly the occurrence of unknown faults is likely to increase as the Jellinbah thrust fault zone is approached.
3.3	Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	See figures in report and Appendices.
3.4	Estimation and modelling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points. • The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate	FEM interpolator used for surface elevation,thickness and trend. Inverse distance squared used for coal quality throughout. Search radius of 2500 m used for full seam model structural parameters. A search radius of 2000 m used for all coal quality attributes.Grid cell size of 20 m for the topographic model, 20 m for the structural model and 20 m

		takes appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	for the coal quality model.Visual validation of all model grids performed.
3.5	Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All tonnages estimated on a dry basis.
3.6	Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied	<40% raw ash, >1 m seam thickness.
3.7	Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted
3.8	Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted.
3.9	Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	N/A in situ air dried tones quoted.

3.10	Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors. i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data. • Whether the result appropriately reflects the Competent Person(s)' view of the deposit	Variography performed on the coal quality attributes deemed most likely to influence project economics was used as the basisfor classification distances for Indicated Resources. Standard Coal Guidelines spacings used for Measured and Inferred Resources. Classification radii for the three resource categories are: • Full seam resource; • Measured 250m • Indicated 750m • Inferred 2000m
3.11	Audits or reviews	The results of any audits or reviews of Mineral Resource estimates	None
3.12	Discussion of relative accuracy/confidence	• Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors 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 or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The degree of confidence in the continuity of coal quality attributes, as expressed by the variogram, has been used as a basis for classification of Indicated Resources. Standard Coal Guidelines spacings used for the other two resource categories. This approach has produced bore hole spacing ranges for the three resource categories which are considered to adequately reflect the degree of confidence in the underlying estimate.

12. Solicitor’s Report on Tenements

All Mining Legal PTY LTD

3 August 2017

The Directors
Cabral Resources Limited
c/- Mining Corporate
216 St George's Terrace
PERTH WA 6000

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

This Solicitor's Report (**Report**) is prepared for the inclusion in a prospectus to be dated on or about 3 August 2017 for issue by Cabral Resources Limited ACN 064 874 620 (**Company**).

Scope

1. We have been requested to report on certain mining tenements in which the Company has an interest (**Tenements**).

2. The Tenements are located in Queensland and are listed in Part I of Schedule 1 at the end of this Report.

3. This Report is limited to the Searches and document reviews detailed at clauses 4 and 5 of this Report.

Searches and document reviews

4. For the purpose of this Report, we have conducted searches and made enquiries is respect of the Tenements as follows (**Searches**):

   (a) we have obtained Resource Authority Public Reports for the Tenements from the register maintained by the Department of Natural Resources and Mines (**Department**) pursuant to the *Mineral Resources Act 1989* (Qld) (**Mineral Resources Act**) on 19 July 2017;

   (b) we have obtained searches using the Mines Online Mapping tool maintained by the Department to determine any land interests and native title claims and determinations underlying the Tenements. This information was obtained on 19 July 2017, 20 July 2017 and 25 July 2017;

   (c) we have obtained extracts of registered native title claims and native title determinations that apply to the Tenements, as determined by the National Native Title Tribunal (**NNTT**). This material was obtained on 19 July 2017. Details of native title claims and determinations are set out in Part II of Schedule 1;

   (d) we have obtained extracts of registered Indigenous Land Use Agreements (**ILUAs**) that apply to the land covered by the Tenements, as determined by the NNTT. This material was obtained on 19 July 2017. Details of the registered ILUAs are set out in Part II of Schedule 1; and

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(e) we have obtained searches of the Register of Aboriginal Cultural Heritage administered by the Queensland Department of Aboriginal and Torres Strait Islander Partnerships on 20 July 2017. The details of the Aboriginal Sites and other Heritage Places for Tenements are set out in Part II of Schedule 1.

5. To the extent that information regarding the Tenements has not been available from publicly available sources, we have relied on certain documents provided to us by Cape Coal Pty Ltd, Stanmore Coal Limited, Acacia Coal Limited (**Acacia**) and Australian Pacific Coal Limited and their relevant subsidiaries, agents and advisors (collectively, the **Vendors**). The information provided by the Vendors which we have relied on for the purposes of this Report is detailed in Schedule 3 (**Vendor Information**). To the extent that the provided documents are not issued by the relevant statutory authorities, we have not independently verified that this information is true and correct.

Opinions

6. As a result of the Searches, the Vendor Information and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches, this Report provides an accurate statement as to:

   (a) (**Company's Interest**): the Company's interest in the Tenements;

   (b) (**Good Standing**): the validity and good standing of the Tenements; and

   (c) (**Third party interests**): third party interests, including encumbrances, in relation to the Tenements.

Description of the Tenements

7. The Tenements are comprised of five granted Exploration Permits for Coal (**EPC**), one Mineral Development Licence (**MDL**) and one Mining Lease Application (**MLA**). The following provides a description of the nature and key terms of these types of mining tenements as set out in the Mineral Resources Act and potential successor tenements.

Exploration Permits for Coal

8. **Application**: The following criteria must be met before an EPC will be granted:

   (a) the requirements of the Mineral Resources Act have been complied with;

   (b) the applicant is an eligible person (including a company and a natural person over the age of 18);

   (c) the rent for the first year of the term of the EPC has been paid;

   (d) the Minister has approved the programme of work which accompanied the application; and

   (e) the applicant is not disqualified from being granted the permit (for example, where the applicant has contravened a provision of the Mineral Resources Act).

9. An EPC may be applied for through either a competitive tender process or over all or part of the area of an existing EPC held by the applicant which the applicant intends to surrender. Both of these application processes are discussed further below.

10. **Application process - tender**: EPCs are usually applied for by way of a competitive tender process in response to a call for tenders published in the government gazette by the Minister. An eligible person may tender for a proposed EPC the subject of a call for tenders. The tender must be made before the

closing time for the call for tenders and must cover the whole of the area of the proposed EPC the subject of the call. The tender must be in the approved form and must be accompanied by a description of the proposed programme of work and specify the human, technical and financial resources proposed to be committed to exploration work during each year of the permit.

11. The Minister has a broad discretion to use any process the Minister considers appropriate to decide a call for tenders. For example, the process may involve appointing a preferred tenderer or involve short-listing a group of possible preferred tenderers and inviting them to engage in another round of tendering before the final appointment is made.

12. A preferred tenderer may be required to make certain payments (including native title payments and rental payments) and provide security for the permit in order to maintain its position as preferred tenderer.

13. After the closing time for the call for tenders the Minister may either grant an EPC to one tenderer (with or without conditions) or refuse to grant any EPC in relation to that call for tenders.

14. **Application process – EPC over the area of existing EPC which is to be surrendered**: An EPC may also be applied for where the holder of an existing EPC intends to surrender the permit and wishes to apply for a new EPC over the whole or part of the area of the EPC to be surrendered.

15. The application must be made in the approved form, specify the name and address for service of the applicant, define the boundary of the area of the proposed permit and be accompanied by a proposed programme of work, an estimate of the human, technical and financial resources proposed to be committed to exploration work during each year of the permit, a statement detailing the applicant's financial and technical resources and the application fee.

16. The Minister is under no obligation to grant an application for an EPC made in this manner and may impose conditions on the grant.

17. **Rights**: The holder of an EPC is entitled to access (with such vehicles, machinery and equipment as may be necessary or expedient) the land the subject of the permit and undertake operations for the purposes of exploration for coal.

18. **Term**: Where an EPC is granted in response to a call for tenders, the initial term of the EPC will be for the period to which the programme of work submitted with the tender applies. The relevant term for the programme of work will be specified in the call for tender. Otherwise, an EPC is granted for an initial term not exceeding 5 years. The Minister may renew an EPC for a further term of not more than 5 years, as decided by the Minister.

19. **Rent:** Rent for the first year of the term of an EPC is payable before the granting of the permit. For each year the exploration permit is in force, rent is payable on or before each anniversary of the grant or renewal of the permit.

20. **Conditions**: EPCs are granted subject to the following prescribed conditions:

    (a) compliance with the mandatory provisions of the land access code and small scale mining code to the extent that those codes apply;

    (b) the requirement to carry out the programme of work for the purposes for which the permit was granted;

    (c) the holder must carry out improvement restoration on the EPC (i.e. repair all damage caused to all pre-existing improvements on or attached to the area of the permit);

    (d) all equipment is to be removed from the permit on termination;

(e) no interference with third party rights of access to the area of the permit without the prior written approval of the Minister;

(f) compliance with certain reporting obligations;

(g) payment of the prescribed rent and any security deposit as may be required by the Minister from time to time; and

(h) compliance with the Mineral Resources Act and all other relevant legislation.

21. Additional conditions may be imposed at the discretion of the Minister, including conditions requiring compliance with industry practices and conditions for the protection of native title. Non-compliance with the conditions may lead to cancellation of the EPC by the Minister.

22. **Discovery of -minerals**: The holder of an EPC is required to report to the Minister, within 14 days of the date of the discovery, any discovery of any mineral of commercial value in what appears to be payable quantities within the area of the permit. The Minister may then direct the holder to apply for a mining claim, mineral development licence or mining lease in relation to the mineral discovered. If the holder fails to apply for the tenure as directed by the Minister, the Minister may, in his discretion, cancel the permit.

23. **Security**: Before an EPC is granted or renewed or a condition of the EPC is varied, the Minister will determine the amount of security to be deposited by the holder of the permit taking into account the programme of work proposed to be carried out on the EPC. The security is provided to secure compliance with the conditions of the permit, compliance with the Mineral Resources Act, rectification of damage to pre-existing improvements and any amounts (other than penalties) payable to the State under the Mineral Resources Act.

24. **Compulsory surrender**: Unless otherwise determined by the Minister, the area of an EPC must be reduced by 40% by the end of the first three years after the permit is granted and by a further 50% of the remaining area of the permit by the end of the first 5 years after the permit is granted.

25. Where an EPC has been renewed, the area of the EPC must be reduced by a further 40% of the remaining area by the end of the first 3 years after the date the renewed permit started and by a further 50% of the remaining area by the end of the first 5 years after the day the renewed permit started.

26. The holder of an EPC may apply to the Minister for the reduction of the area of the EPC to be more or less than the prescribed percentages.

27. **Voluntary surrender**: In addition to the compulsory surrender requirements, the holder of an EPC may apply to the Minister, at any time during the term, to voluntarily reduce the area of the permit.

28. **Priority to apply for Mining Lease**: The holder of an EPC has priority to apply for a mining claim, mineral development licence or mining lease over any of the land the subject of the EPC. Any application for a mining lease must be made prior to the expiry of the EPC.

29. **Transfer**: A transfer of an EPC must be registered under the *Mineral and Energy Resources (Common Provisions) Act* 2014 (Qld) (**Common Provisions Act**) in order to have effect. The Minister's approval is required to register a transfer of an EPC.

Mineral Development Licence

30. **Applications**: An MDL may be applied for by an eligible person in respect of land which, at the time the application is made, is in the area of an exploration permit or MDL held by the applicant.

31. An application for an MDL must be in the approved form and be accompanied by, among other things, a statement:

    (a) giving a detailed description and technical particulars of the mineral occurrence for which the MDL is sought together with supporting documents;

    (b) stating any activities proposed to be carried out under the MDL including work programmes, amounts to be spent and studies to be performed; and

    (c) stating the estimated human, technical and financial resources proposed to be committed to authorised activities for the MDL for each year of its term.

32. The Minister may refuse to grant an MDL if the Minister considers that the grant is not in the public interest. An MDL cannot be granted in relation to land which is in a "fossicking area" or already subject to a MDL for the same mineral. "Fossicking Area" is defined in the *Fossicking Act 1994* (Qld) as land declared to be a fossicking area by regulation.

33. **Rights**: The holder of an MDL is permitted to access the area of the licence (with such vehicles, machinery and equipment as required) and carry out activities on the area of the licence which are appropriate for the purpose for which the licence is granted.

34. Further, the holder of an MDL is required to carry out such activities as are specified in the licence by the Minister. These activities may include:

    (a) geological, geophysical and geochemical programmes and other works as are necessary to evaluate the potential for development of any mineral occurrence of possible economic potential occurring in or on the area of the MDL;

    (b) mining feasibility studies;

    (c) metallurgical testing;

    (d) environmental studies;

    (e) marketing studies;

    (f) engineering and design studies; and

    (g) such other activities as the Minister considers appropriate.

35. **Security**: Before an MDL is granted or renewed or a condition of the MDL is varied, the Minister will determine the amount of security to be deposited by the holder of the permit taking into account the particulars of the mineral occurrence and the activities proposed to be carried out on the MDL. The security is provided to secure compliance with the conditions of the licence, compliance with the Mineral Resources Act, rectification of damage to pre-existing improvements and any amounts (other than penalties) payable to the State under the Mineral Resources Act.

36. **Term**: An MDL is granted for an initial term not exceeding 5 years (or such longer period as the Minister approves) commencing on the first day of the month which next follows the day on which the MDL is granted. The holder of an MDL may apply for a renewal of the term of the MDL for a further term of not more than 5 years, as decided by the Minister. Any application for renewal must be lodged at least 6 months and not more than 1 year before the current term expires.

37. **Rent:** Rent for the first year of the term of an MDL is payable before the licence will be granted. For each subsequent year, the rent for the full year is payable in advance not later than 31 August each year.

38. **Conditions**: Each MDL is subject to the following prescribed conditions:

    (a) compliance with the mandatory provisions of the land access code to the extent that the code applies;

    (b) the requirement to carry out the activities for which the MDL was granted;

    (c) the holder must carry out improvement restoration on the MDL;

    (d) all plant and equipment is to be removed from the permit on termination;

    (e) no interference with third party rights of access to the area of the MDL without the prior written approval of the Minister;

    (f) compliance with certain reporting obligations;

    (g) payment of the prescribed rent and any security deposit as may be required by the Minister from time to time; and

    (h) compliance with the Mineral Resources Act and all other relevant legislation.

39. Additional conditions may be imposed by the Minister which he considers are in the public interest, which require compliance with industry codes and agreements and in relation to protection of native title. Non-compliance with the conditions may lead to cancellation of the MDL by the Minister.

40. **Additional Minerals**: Where an MDL has been granted for a particular mineral, the holder may make an application to the Minister to include additional minerals on the licence.

41. **Transfer**: A transfer of an MDL must be registered under the Common Provisions Act in order to have effect. The Minister's approval is required to register a transfer of an MDL.

42. **Priority to apply for Mining Lease**: The holder of an MDL has priority to apply for any number of mineral development licences and mining leases relating to minerals specified in the MDL in respect of land in the area of the MDL. Where the holder of an MDL has made an application for a mining lease over part of the area of the licence, the holder will continue to have the responsibilities, powers, authorities and duties that the licence holder would have had if the licence was still on foot in relation to that part of the licence area which is the subject of the MLA.

43. **Direction to apply for a Mining Lease**: The Minister may direct that the holder of an MDL apply for a mining lease if the Minister is of the opinion that actual mining operations should commence on any part of the area of the licence. If the holder fails to apply for the tenure as directed by the Minister, the Minister may, in his discretion, cancel the permit.

Mining Lease

44. **Applications**: A Mining Lease may be applied for by an eligible person in respect of one or more minerals over an area of contiguous land.

45. An application for a Mining Lease must be in the approved form and be accompanied by, among other things, a statement:

    (a) outlining the proposed mining programme, its method of operation and providing an indication of when operations are expected to start;

    (b) containing proposals for infrastructure requirements; and

(c) stating the estimated human, technical and financial resources proposed to be committed to authorised activities for the proposed Mining Lease for each year of its term.

46. A Mining Lease may be granted for the purpose of mining the minerals specified in the lease and for all purposes necessary to effectually carry out that mining and/or for activities associated with mining.

47. A copy of the application for a Mining Lease must be given to each affected person (including, the owner of the land or any adjoining land and the relevant local government) and notice of the proposed Mining Lease must be published in a newspaper circulating generally in the area of the proposed Mining Lease along with a map of the proposed Mining Lease. Objections may be lodged opposing the grant of a Mining Lease.

48. The Minister may refuse to grant a Mining Lease if the applicant has not complied with the requirements for making a valid application or the Minister considers that the grant is not in the public interest. A Mining Lease cannot be granted in relation to land which is in a fossicking area.

49. **Rights**: A Mining Lease gives the holder the right to enter and remain on the area of the Mining Lease for any purpose for which the mining lease is granted or for any purpose otherwise permitted or required under the Mineral Resources Act.

50. **Property in minerals**: All minerals lawfully mined under the authority of a Mining Lease are the property of the holder of that Mining Lease.

51. **Security**: The holder of a Mining Lease is required to deposit security to ensure the holder complies with the conditions of the licence and the Mineral Resources Act, rectifies any damage caused by its activities to any pre-existing improvements and pays any amounts (other than penalties) payable to the State under the Mineral Resources Act. The amount of security will be determined by the Minister and this amount may be revised at any time in the Minister's absolute discretion.

52. **Compensation**: A Mining Lease will not be granted or renewed unless compensation has been determined between the applicant and each person who is the owner of land the surface of which is the subject of the application and of any land to which the applicant requires access in order to enter onto the Mining Lease. Compensation can be determined either by agreement or by a determination of the Land Court. An agreement relating to compensation must be signed by both parties and filed in order to be effective.

53. **Term**: Mining Leases are granted for an initial term approved by the Minister. The term of the Mining Lease must not be for a period longer than the period for which compensation has been agreed or determined.

54. A Mining Lease may be granted subject to a condition that the holder is not entitled to have the Mining Lease renewed. Notwithstanding that condition, the holder of a Mining Lease may apply to the Minister for a renewal of the lease. The application for renewal must be made at least 6 months and not more than 1 year before the current term of the lease expires. The renewal may be granted for a further term, to be decided by the Minister, that is no longer than the period for which compensation has been agreed or determined.

55. **Conditions**: Each Mining Lease is subject to standard prescribed conditions, including:

(a) the holder must] use the area of the Mining Lease bona fide for the purpose for which the Mining Lease was granted and in accordance with the Mineral Resources Act and the conditions of the lease and for no other purpose;

(b) the holder must carry out improvement restoration on the Mining Lease;

(c) all buildings, structures, plant and equipment are to be removed from the Mining Lease on termination;

(d) no interference with third party rights of access to the area of the Mining Lease without the prior written approval of the Minister;

(e) compliance with certain reporting obligations;

(f) payment of the prescribed rent, royalties, local government rates and charges, any security deposit as may be required by the Minister from time to time and any compensation which it is required to pay; and

(g) compliance with the Mineral Resources Act and all other relevant legislation.

56. Additional conditions may be imposed by the Minister which he considers are in the public interest, which require compliance with industry codes and agreements and in relation to protection of native title. Non-compliance with the conditions may lead to cancellation of the Mining Lease by the Minister.

57. **Additional minerals**: The holder of a Mining Lease may apply for the Minister's approval to mine specified minerals (other than those already specified in the Mining Lease) where that area is not currently the subject of a mining lease or mineral development licence for those same minerals.

58. **Surrender**: The holder of a Mining Lease may apply to surrender all or part of the Mining Lease at any time before the expiration of its term.

59. **Transfer**: A transfer of a Mining Lease must be registered under the Common Provisions Act in order to have effect. The Minister's approval is required to register a transfer of a Mining Lease.

Aboriginal Heritage

60. The Company must ensure that it does not breach any applicable legislation relating to Aboriginal heritage (see below). A Tenement may contain sites or objects of Aboriginal significance. In Queensland, information regarding sacred sites and objects derived from cultural heritage studies is recorded in the Aboriginal Cultural Heritage Register maintained in accordance with the *Aboriginal Cultural Heritage Act 2003* (Qld) (**Cultural Heritage Act**). Details of the sacred sites and objects recorded on the Aboriginal Cultural Heritage Register for each of the Tenements are provided in Part II of Schedule 1 of this Report.

61. As described further below, the Cultural Heritage Act protects all significant Aboriginal cultural heritage in Queensland, whether these sites or objects are registered or not. Any interference with any Aboriginal cultural heritage must be in strict conformity with the provisions of both the Commonwealth and the relevant State legislation as it is an offence to cause harm to a site or object of Aboriginal significance.

Commonwealth Legislation

62. The *Aboriginal and Torres Strait Islander Heritage Act* 1984 (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

63. Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas and/or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

64. It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

Queensland Legislation

65. The Cultural Heritage Act imposes a duty of care on all persons who carry out activities to take all reasonable care and practical measures to ensure the activity does not harm Aboriginal cultural heritage. "Aboriginal Cultural Heritage" is defined to include significant Aboriginal areas in Queensland, significant Aboriginal objects or evidence of archaeological or historic significance of Aboriginal occupation of an area in Queensland. Maximum penalties for breaching the duty of care are $1,000,000 for a corporation and $100,000 for an individual.

66. A person who carries out an activity is taken to have complied with his or her duty to take reasonable care if:

    (a) the person is acting:

        (i) under the authority of another provision of the Cultural Heritage Act;

        (ii) under an approved cultural heritage management plan;

        (iii) under a native title agreement or another agreement with an Aboriginal party;

        (iv) in compliance with the cultural heritage duty of care guidelines; or

        (v) in compliance with native title protection conditions;

    (b) the person owns the Aboriginal cultural heritage or is acting with the owner's agreement; or

    (c) the activity is necessary because of an emergency.

67. Further, it is an offence to cause harm to, or excavate and relocate, any Aboriginal Cultural Heritage if the person knows or ought reasonably to know that it is Aboriginal Cultural Heritage.

Native Title

Introduction

68. On 3 June 1992 the High Court of Australia held in *Mabo v Queensland (No 2)* (1992) 175 CLR 1 (**Mabo No 2**) that the common law of Australia recognises native title. The High Court held that in order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land.

69. Such a claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown. An example of an inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title.

70. In order for native title to be recognised the following conditions must be met:

    (a) the rights and interests are possessed under the traditional laws that are currently acknowledged and the traditional customs are currently observed by the relevant Indigenous people;

    (b) those Indigenous people have a 'connection' with the area in question by those traditional laws and customs; and

(c) the rights and interests are recognised by the common law of Australia.

71. The *Racial Discrimination Act* 1975 (**RDA**), which was enacted by the Federal Parliament, is binding on the State of Queensland and makes racial discrimination unlawful. Some legal commentators have raised the question of whether, in the case of the grant of a post 1975 mining tenement, if such grant is found to be discriminatory and therefore unlawful under the RDA, the result may be either that the grant of the mining tenement is invalid, or that such grant would give rise to a claim for compensation by the affected Aboriginal group against the Commonwealth.

72. The Commonwealth Parliament responded to the Mabo No 2 decision by passing the *Commonwealth Native Title Act* 1993 (**NTA**).

The Native Title Act 1993

73. The NTA provides for:

(a) the establishment of the NNTT where Indigenous people may lodge claims for native title rights over land and have those claims registered;

(b) the Courts to assess native title claims and determine if native title rights exist and where a Court completes the assessment of a native title claim, to issue a native title determination that specifies whether or not native title rights exist; and

(c) that an act (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Acts Provisions**.

The Future Act Provisions

74. The Future Act Provisions vary depending on the Future Act to be carried out. We note that the grant of a tenement does not need to comply with Future Act Provisions if in fact native title has never existed over the land covered by the tenement, or has been validly extinguished prior to the grant of the tenement.

75. Unless it is clear that native title does not exist (for example in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the tenement, and as such, the Future Act Provisions apply.

76. The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are three alternatives:

(a) the Right to Negotiate;

(b) an ILUA; and

(c) the Expedited Procedure.

These are summarised below.

Right to Negotiate

77. The Right to Negotiate (**RTN**) involves a formal negotiation between the State, the applicant for the tenement and any registered native title claimants and holders of native title rights. The RTN objective is for the parties to negotiate in good faith and agree the terms on which the tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to

the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the tenement, for example, in relation to heritage surveys.

78. If an agreement is not reached, or not likely to be reached, after 6 months of the notification of the application to the native title party, the matter may be referred to the NNTT for determination on whether the tenement can be granted and if so, on what conditions. The NNTT has six months from the date of the application for determination to make a decision.

ILUA

79. An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

80. An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

81. Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

Expedited Procedure

82. The NTA establishes a simplified, fast-track process for the carrying out of a Future Act that is likely to have minimal impact on native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

    (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;

    (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and

    (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbances to any land.

83. If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. Persons have until three months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the tenement.

84. If there is no objection lodged by a registered native title claimant or native title holder within four months of the notification date, the State may grant the tenement.

85. If one or more registered native title claimants or native title holders object within the four months of the notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Further Act Provisions, such as the RTN or ILUA, must be followed before the tenements can be granted.

Registered Native Title Claims and Determinations

86. Our Searches indicate that the Tenements are subject to the following registered native title claims and determinations.

Project	Tenement	Native Title Claim/s
Hillalong Project	EPC1824	QC2006/014
Cooroorah Project	MDL453	QC2012/009
Lilyvale Project	EPC1687	QC2013/002
	EPC2157	QC2013/002
Mackenzie Project	EPC2081	QC2013/002, QC2012/009
Comet Ridge	EPC1230	QC2012/009
	MLA700005	QC2012/009

87. The status of the native title claims is summarised in Part II of Schedule 1.

88. The native title claimants and holders of native title under the determinations are entitled to certain rights under the Future Acts Provisions.

Validity of Tenements under the NTA

89. The sections below examine the validity of the Tenements under the NTA.

Tenements granted before 23 December 1996

90. Our Searches indicate that none of the granted Tenements were granted before 23 December 1996.

Tenements granted after 23 December 1996

91. Our Searches indicate that all of the Tenements were granted after 23 December 1996. Refer to Part I of Schedule 1.

92. We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

93. In relation to EPC1230, MLA700005, EPC2157, EPC1687 and MDL453, these tenements are, or will be, granted over exclusive land tenures only. As such, native title will not apply in relation to these tenements as it has previously been extinguished in relation to the land the subject of the tenement (this may occur, for example, due to a prior grant of title, such as a grant of freehold title, which is inconsistent with the continued existence of native title rights). Accordingly, native title conditions will not apply to those tenements and no native title agreements or ILUAs are required.

94. In relation to EPC2081, this tenement was granted over predominantly exclusive land (i.e. land on which native title has previously been extinguished). In relation to the areas of the tenement over which native title has not been extinguished, we are instructed that there was no native title agreement at the time the tenement was granted and, as such, land in which native title might still exist has been excluded from the grant.

95. In relation to EPC1824, this tenement has been granted subject to compliance with the Native Title Protection Conditions (Version 2 – 2010) (**NT Conditions**) which satisfy the requirements of the Expedited Procedure under section 237 of the NTA.

96. Under the NT Conditions, the holder of EPC1824 is not permitted to carry out exploration activities on the tenement if those activities are likely to interfere with the carrying on of the community or social activities of the native title party, likely to interfere with sites of particular significance, involve major disturbance to any land or waters concerned and except in accordance with the NT Conditions.

97. If the holder of EPC1824 proposes to carry out exploration on the tenement it must give a written notice to the native title parties. The notice must include, among other things, maps of the proposed area on which the activities are to be conducted and a detailed description of the proposed works. The native title party then has 20 business days to respond to the notice by either requiring a meeting be held to allow for further exchange of information, requiring a field inspection of the area, requiring both a meeting and a field inspection or advising that the native title parties have no requirements in relation to the proposed activities. The tenement holder is required to pay for the costs associated with the field inspection including, the costs of inspectors and anthropologists, transportation and meals and accommodation costs. In addition, the tenement holder is required to pay an annual administrative payment to the native title party upon receipt of an invoice from the native title party. Initially the annual payment was $850 but this has increased annually in accordance with CPI. Area Coal Pty Ltd (**Area Coal**) has confirmed it has paid annual administration fees of $1,211.00 and $1,253.00 to the Widi People for the 2015/2016 and 2016/2017 tenement years, respectively.

Tenements renewed after 23 December 1996

98. Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

99. An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

    (a) the area to which the mining tenement applies is not extended;

    (b) the term of the renewed mining tenement is no longer than the term of the old mining tenement; and

    (c) the rights to be created are not greater than the rights conferred by the old mining tenement.

100. The Searches reveal that Tenements EPC1824, EPC1687 and EPC2081 were renewed after 23 December 1996. We have assumed that this renewal was granted in accordance with the Future Act Provisions and, as such, is valid under the NTA.

101. Any future renewals of the Tenements will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in this Report will need to be involved as appropriate under the Future Acts Provisions.

Valid grant of applications for the Tenements

102. The Future Act Provisions must be complied with when granting any applications for tenements, including the Tenements that are in application. This will ensure that newly granted tenements are valid under the NTA.

Access Issues

Private Land

103. There are numerous freehold and leasehold interests underlying the Tenements.

104. Under the Common Provisions Act, a tenement holder is not permitted to enter private land for the purpose of carrying out an activity it is authorised to carry out on the tenement unless the holder has

given each owner and occupier of the land an entry notice. "Private land" is defined as freehold land or an interest in land less than fee simple held from the State under another Act. The entry notice must be given at least 10 business days before the entry occurs and contain details including a description of the land to be entered, the period during which the land is to be entered, the authorised activities proposed to be carried out on the land, where those activities are to be carried out and contact details for the tenement holder. The maximum period for entry for which an entry notice may be given for an exploration permit is 6 months.

105. The requirement to give a notice of entry in relation to private land does not apply if the tenement holder has any of the following with the owner and occupier of the land:

(a) a waiver of entry notice that is in effect;

(b) a conduct and compensation agreement for the land which provides for alternative obligations for the entry and the holder complies with those alternative obligations; or

(c) an opt-out agreement.

106. Further, a tenement holder is not permitted to carry out an "advanced activity" on private land unless each owner and occupier of the land is:

(a) a party to a conduct and compensation agreement about the advanced activity and its effects;

(b) a party to a deferral agreement;

(c) has elected to opt-out from entering into a conduct and compensation agreement or deferral agreement; or

(d) is an applicant or respondent to an application relating to the land made to the Land Court.

107. An "advanced activity" is defined to mean any activity which the tenement holder is authorised to undertake which is not a preliminary activity. A preliminary activity, in relation to an exploration tenement, means an authorised activity for that tenement which will have no impact, or only a minor impact, on the business or land use activities of any owner or occupier of the land on which the activity is to be carried out. The examples given by the legislation for types of activities which would be considered to be a preliminary activity include walking on the tenement, driving on an existing track, taking soil or water samples, geophysical, aerial, electrical or environmental surveying and survey pegging.

108. Following the entry onto private land, the tenement holder is required to give a report to the owner or occupier of the private land stating whether or not activities were carried out on the land and the location, nature and extent of those activities.

Restricted Areas

109. A person must not enter "restricted land" on a tenement to carry out a "prescribed activity" unless the relevant owner or occupier of the restricted land has given written consent to the tenement holder carrying out that activity.

110. "Restricted land" for an exploration permit means land within:

(a) 200m laterally of a permanent building used as a residence, childcare centre, hospital or library, a community sporting or recreational building, a place of worship or a business;

(b) 200m from any area used as a school or area prescribed under the *Environmental Protection Act 1994* (Qld) that is used for aquaculture, intensive animal feedlotting, pig keeping or poultry farming; and

(c) 50m of an artesian well, bore, dam, water storage facility, principal stockyard, cemetery or burial place.

111. A "prescribed activity" for a tenement means an authorised activity carried out on the surface of the land or below the surface of the land in a way that is likely to cause an impact to the surface of the land. There are a couple of exclusions to this, including the installation, operation, maintenance and decommissioning of an underground pipeline or cable, activities that may be carried out on the land by a member of the public without approval and crossing the land in order to enter the tenement (but only if that is the only means of entering the tenement and each owner and occupier of the restricted land has agreed to the tenement holder crossing the land or, if an owner or occupier has refused to agree to the resource authority holder crossing the land, that refusal is unreasonable).

112. As described in Part 1 of Schedule 1, it is noted on the relevant licence documents that Restricted Area 404 overlaps with EPC1824 to a small extent and Restricted Area 9 overlaps EPC2081. Maps showing the overlaps with the restricted areas for these tenements are included at Schedule 2.

Conduct and compensation agreements

113. A tenement holder is under an obligation to compensate each owner and occupier of private or public land that is within the area of the tenement for any damage suffered as a result of the activities carried out by the tenement holder on the tenement.

114. A tenement holder and the owner or occupier of the land underlying the tenement may enter into an agreement regarding entry to the land, the manner in which activities must be carried out and the amount of compensation payable to the landowner.

115. The Common Provisions Act sets out the process for negotiating conduct and compensation agreements. Once agreed, conduct and compensation agreements are required to be registered until such time as the agreement ends or the land is sub-divided. Where a negotiated agreement cannot be reached, a party may apply to the Land Court for it to decide the resource authority holder's compensation liability or future compensation liability to the claimant.

116. We have been advised that there are no conduct and compensation agreements in place in relation to the tenements held by Stanmore Coal Limited (**SMR**) (i.e. EPC1687, EPC2157 and EPC2081) as there has been no exploration conducted on those tenements in the last 4-5 years.

117. In relation to MDL453, a conduct and compensation agreement was entered into between the tenement holder and Marubeni Coal Pty Ltd, Jelinbah Group Pty Ltd, Tremell Pty Ltd and Sojitz Coal Resources Pty Limited (underlying landholders) in relation to EPC1827 which was the predecessor tenement to MDL453. This conduct and compensation agreement was in respect of a drilling programme conducted in or about mid-June 2011. The term of the agreement was from 10 June 2011 to 10 November 2011 and has now expired. We have not been provided with any conduct and compensation agreements in relation to EPC1824 and understand that none are currently on foot in relation to that tenement.

118. In relation to EPC1230, we are instructed that there are no current conduct and compensation agreements in place in relation to the areas of this tenement which overlap private land. Further, we are instructed that, at this stage there is no requirement for any conduct and compensation agreements as there have been no on-site exploration activities since early 2015. We are instructed that conduct and compensation agreements have previously been entered into with the relevant landowners in relation to previous exploration programmes conducted on the tenement but that these

are not ongoing. We have not been provided with copies of these agreements and cannot comment in relation to the terms on which access has been previously negotiated.

119. We note that the Company will need to enter into conduct and compensation agreements with the relevant underlying landholders before it can undertake any "advanced activities" on the areas of the Tenements which are covered by private land. We understand that these agreements are usually negotiated as a matter of course in relation to specific exploration programmes and operate for a limited term only.

Other potential interests

120. The following petroleum tenements overlap the Tenements:

Tenement	Petroleum tenure
EPC1230	Nil.
EPC1687	Nil.
EPC1824	Authority to Prospect (**ATP**) 814
EPC2081	Potential Commercial Area (**PCA**) 162 and ATP 684
EPC2157	Nil.
MDL453	ATP 1025
MLA70005	Nil.

121. The Mineral Resources Act provides that the *Petroleum Act* 1923 (Qld) and the *Petroleum and Gas (Production and Safety) Act* 2004 (Qld) do not limit or otherwise affect the power to grant a coal exploration tenement in the area of an ATP, however, an authorised activity for the exploration permit cannot be carried out on the overlapping land if carrying out the activity would adversely affect the carrying out of an authorised activity under the ATP and the authorised activity for the ATP has already started.

122. The Mineral Resources Act sets out a detailed application procedure for a person wishing to apply for a coal mining lease for all or part of the land in the area of an ATP. Different procedures apply depending on whether the application is made with or without the consent of the holder of the ATP.

123. Where the application is made without the consent of the holder of the ATP, under the applicable statutory procedure, the applicant for the coal mining lease is required to provide a detailed statement assessing the effect of proposed coal mining and future development of petroleum production from the land and the technical and commercial feasibility of coordinated petroleum production and coal mining on the land. The applicant is required to provide a copy of the application to the holder of the ATP and consult with the ATP holder, accommodating any reasonable proposals by the ATP holder that will optimise petroleum production under any future petroleum lease over the land. The ATP holder is under certain obligations to provide information to the applicant for the mining lease in order to enable it to undertake its assessment of the coordinated operations on the tenement. The ATP holder has a period of 3 months from the date on which it is given a copy of the application within which it may lodge submissions in respect to the application. Ultimately, the Minister must decide, after considering recommendations of the Land Court, whether to grant the mining lease application or to give preference to petroleum development on the land.

124. The Mineral Resources Act also sets out the procedure for determining priorities between applications where a petroleum lease application has also been made for the same land.

125. A PCA is granted to the holder of an ATP to retain the area of the ATP beyond its term in order to obtain extra time within which to commercialise the resource. The term of a PCA can be for up to 15 years.

Material Agreements

General

126. **Binding Terms Sheet:** The Company and Cape Coal Pty Ltd (**Cape Coal**) are parties to a binding terms sheet dated 21 April 2017, as amended by deed between the parties dated 1 August 2017 (**Binding Terms Sheet**), under which the Company agrees to acquire all of the issued capital of Bowen Coking Coal Pty Ltd (a wholly owned subsidiary of Cape Coal) (**BCC**) from Cape Coal.

127. Completion of the acquisition of BCC by the Company (**Completion**) is conditional upon the satisfaction or waiver of the following conditions precedent:

(a) completion of due diligence by the Company on the BCC business and operations to its satisfaction within 9 days of execution;

(b) completion of due diligence by BCC on the legal, contractual, tax, business and operations of the Company within 9 days of execution;

(c) the Company to pay $150,000 by way of a cost reimbursement to BCC to reduce its liabilities within two days of execution;

(d) the Company obtaining all necessary shareholder and regulatory approvals to complete the transaction, including approvals: to change the nature and scale of its activities, to issue the consideration shares and the Performance Shares (defined below) to Cape Coal, to issue the shares required to be issued under the Comet Ridge and Cooroorah and Hillalong MOUs (discussed below), for the issue of shares as part of a capital raising to raise at least $4,000,000, for the appointment of new directors, for a change of name of the Company and any additional approvals as required;

(e) ASX approval of the terms of the Performance Shares;

(f) if required, ASX conditional approval to re-admit the Company to the Official List;

(g) the Company and Gerhard Redelinghuys entering into a 12 month renewable executive services agreement incorporating market based remuneration and incentives;

(h) BCC having net liabilities of less than $200,000, excluding liabilities incurred in respect of the Comet Ridge and Cooroorah and Hillalong MOUs;

(i) BCC exercising the options under the Comet Ridge and Cooroorah and Hillalong MOUs;

(j) execution by the relevant parties of such restriction agreements as are necessary in respect of the consideration shares and the shares to be issued under the Comet Ridge MOU and the Cooroorah and Hillalong MOU;

(k) BCC obtaining all necessary approvals for the transaction;

(l) no material adverse change occurring to BCC's or the Company's financial position; and

(m) the execution of a definitive share purchase agreement between the parties.

128. The parties are required to use their best endeavours to ensure that all conditions precedent are satisfied by 30 September 2017. If the conditions are not satisfied by 30 September 2017, the agreement will expire unless the parties agree in writing to an extension.

129. The consideration payable by the Company for the acquisition is the issue of 70,000,000 fully paid ordinary shares in the capital of the Company (each, a **Share**) to Cape Coal at a notional issue price of $0.023 per Share. In addition, further consideration is payable to Cape Coal as follows:

(a) the issue of 13,000,000 Class A Performance Shares convertible into 13,000,000 Shares on a one for one basis upon:

(i) the total JORC Compliant Resource Base being increased following completion by a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being up-graded to at least the next higher category, in accordance with the JORC Code in each case on the tenements constituting the Lilyvale, Mackenzie, Cooroorah, Hillalong and Comet Ridge projects only; and

(ii) the Share price achieving a 30 day VWAP of at least 5 cents,

within 24 months of Completion; and

(b) the issue of 13,000,000 Class B Performance Shares convertible into 13,000,000 Shares on a one for one basis upon the total JORC Compliant Resource Base being increased following completion by a further 50,000,000 tonnes mineral resources of at least inferred category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the tenements making up the Lilyvale, Mackenzie, Cooroorah, Hillalong and Comet Ridge projects only and within 24 months after Completion.

130. Completion of the acquisition is to occur as soon as possible after the satisfaction or waiver of the last of the conditions precedent. By virtue of the deed of amendment dated 1 August 2017, the parties agree that the conditions described in paragraphs 128(a), (b), (c), (e) and (i) (as far as it relates to the Comet Ridge MOU) have been met. The condition in clause (m) requiring the execution of a definitive share purchase agreement has been waived by the parties.

131. Cape Coal and the Company each agree that under any definitive share purchase agreement they will make certain representations and warranties as described in Annexures A and B to the Binding Terms Sheet. In addition, Cape Coal agrees to procure that BCC will make other appropriate representations and warranties as may be required to effect Completion. The warranties to be given by Cape Coal under any definitive share purchase agreement are standard warranties for an agreement of this nature and include, among other things, warranties: as to the legal title and standing of the issued capital of BCC, the shares of BCC are all fully paid and there is no money owing in respect of any shares, that no event of insolvency has occurred in relation to BCC, that Cape Coal has all necessary authorisations to enter the agreement, compliance with laws, no subsidiaries, the only liabilities are as disclosed, BCC's interests in the Tenements (once acquired) will be completely free of encumbrances other than those contained in the acquiring contracts and all accounts and records of BCC have been accurately kept. The warranties to be given by the Company under any definitive share purchase agreement are similarly standard warranties for an agreement of this nature. As at the date of this Report the parties have not entered into any definitive share purchase agreement to replace this binding terms sheet as they have waived this condition.

132. An exclusivity period up to 30 September 2017 applies during which time the parties agree not to negotiate or enter into any transaction or arrangement that would reduce the commercial prospects of this transaction proceeding. During this time, the prior written consent of the other party is required for

a party to enter into any material contract outside the ordinary course of business, declare any dividends or vary its capital structure.

133. Neither party can assign the terms sheet without the prior written consent of the other party.

Comet Ridge Project

134. **Asset Sale Agreement – Comet Ridge:** Acacia and BCC are parties to an Asset Sale Agreement dated 2 August 2017 (**Comet Ridge ASA**) under which Acacia agrees to sell to BCC a 100% legal and beneficial interest in the Comet Ridge Project (being EPC1230 and MLA700005).

135. The Comet Ridge ASA replaces an earlier Memorandum of Understanding between Acacia and BCC dated 13 January 2017, as amended by amendment deeds dated 7 February 2017, 20 April 2017, 30 April 2017 and 29 June 2017. By virtue of the MOU, Acacia granted BCC the option to acquire a 100% legal and beneficial interest in the Comet Ridge Project which could be exercised on or before 30 April 2017. The consideration for the grant of the option was two option payments of $50,000 each, one payable by BCC on execution of the MOU and the second on exercise of the option. The option granted under the MOU was exercised by BCC and the parties entered into the Comet Ridge ASA to record the terms on which the tenements are to be transferred to BCC.

136. Completion of the sale and purchase of the Comet Ridge Project is conditional on the following conditions precedent being satisfied or waived on or before the completion date:

(a) the Company's shareholders approving each of the resolutions set out in the Notice of Meeting in respect of the general meeting to be held on 10 August 2017;

(b) the Company raising a minimum of $4,600,00 pursuant to a prospectus to be issued by the Company on or about the date of the Comet Ridge ASA;

(c) the exercise by BCC of the option to acquire the Hillalong and Cooroorah Projects from Australia Pacific Coal Limited (**AQC**);

(d) the Company receiving conditional approval for the reinstatement of its securities to quotation;

(e) Acacia obtaining indicative approval from the Minister in respect of the proposed transfer of EPC1230 and MLA700005 to BCC; and

(f) Acacia entering into a restriction agreement in respect of the shares to be issued to it by the Company at completion.

137. Completion of the sale and purchase of the Comet Ridge Project is to take place on the earlier of 5 business days after the satisfaction or waiver of the conditions precedent or 30 September 2017. The consideration payable by BCC at completion includes:

(a) $350,000 cash (payable on the later of completion or registration of the transfers of the tenements); and

(b) $400,000 worth of Shares at a Share price of $0.023, or the actual price of the placement or public offer to be undertaken by the Company.

138. Acacia provides only very limited warranties to BCC in regard to the standing of the tenements. The only warranties given in relation to the status of the tenements is that Acacia is the sole beneficial and legal owner and that there will be no encumbrances affecting the assets, other than the "permitted encumbrances" which includes all reservations, limitations, provisos and conditions contained in the original grant of EPC1230 and statutory exceptions to title. The liability of Acacia under the Comet Ridge ASA is significantly limited. Limitations include, among others:

(a) Acacia is not liable to BCC for any liability arising from or relating to any statement, representation, warranty, promise, undertaking or agreement in connection with the sale of the tenements;

(b) to the fullest extent permitted by law Acacia will under no circumstances be liable to BCC in respect of losses arising as a result of the use of the assets, the Land Court Proceedings in relation to MLA700005 (described further in Part I of Schedule 1) or any native title claims in respect of the land underlying the tenements; and

(c) claims must be greater than $50,000 and the aggregate maximum liability of Acacia as a result of any claims above the threshold is $350,000.

139. BCC is required to pay all duty, registration fees and government charges in relation to the Comet Ridge ASA and agrees to indemnify Acacia against losses incurred by Acacia in relation to any duty specified as being payable by BCC.

140. Interest is payable on any amounts payable under the Comet Ridge ASA if BCC fails to make those payments when they fall due. The interest rate is 6% with interest accruing daily.

Cooroorah and Hillalong Projects

141. **Binding Memorandum of Understanding: Call Option in respect of MDL453 (Cooroorah) and EPC1824 (Hillalong):** Area Coal, AQC and BBC are parties to a binding memorandum of understanding dated 30 November 2016 (**Cooroorah and Hillalong MOU**) under which Area Coal grants BCC the option to acquire a 100% legal and beneficial interest in the Cooroorah and Hillalong Projects (being MDL453 and EPC1824, respectively).

142. The Cooroorah and Hillalong MOU was amended by deeds of amendment dated 13 March 2017 and 21 April 2017, and further amended by letter agreement dated 2 August 2017 between Area Coal and BCC.

143. The option to purchase can be exercised by BBC at any time within 9 months of the date of the Cooroorah and Hillalong MOU, unless otherwise extended by the agreement of both parties in writing.

144. If the option is exercised by BCC, completion of the sale and purchase is to take place on the date which is 15 business days after the date on which BCC gave notice of its exercise of the option, unless otherwise agreed between the parties.

145. Completion of the sale and purchase is subject to and conditional on completion occurring under either the Binding Terms Sheet (described above) or any other agreement pursuant to which BCC is to become a wholly owned subsidiary of a listed entity, prior to or contemporaneously with completion occurring under the Cooroorah and Hillalong MOU.

146. Further the sale of the assets under the Cooroorah and Hillalong MOU is subject to and conditional on satisfaction of the following conditions on or before 30 September 2017:

(a) if the Binding Terms Sheet remains on foot:

(i) ASX issuing its conditional decision (**Listing Decision**) permitting reinstatement of the Company's securities to official quotation;

(ii) the Company having complied with all conditions of the Listing Decision other than:

A. the issue of the securities offered pursuant to the prospectus lodged by the Company in connection with reinstatement to official quotation;

B. completion by the Company of the acquisition of all of the issued shares in BCC;

C. completion of the purchase of the Comet Ridge Project (described above) by BCC from Acacia;

D. dispatch of holding statements in respect of the issue of securities described in paragraph 146(ii)A; and

E. completion of the sale and purchase of the sale assets the subject of this Cooroorah and Hillalong MOU; or

(b) if the Binding Terms Sheet has been terminated, the condition described in paragraph 145 has been complied with.

147. The consideration payable by BCC at completion is $1,250,000 worth of Shares. The number of Shares issued is to be calculated based on the issue price pursuant to the placement or public offer contemplated by the Company in its notice of meeting. As at the date of this Report the parties intend that the Shares will be issued to Area Coal.

148. The issue of the consideration shares is conditional on:

(d) the Company being satisfied that the issue will satisfy one of the exceptions in section 708 of the *Corporations Act 2001* (Cth) (**Corporations Act**);

(e) the Company obtaining necessary shareholder approval (if applicable) by the time for the issue of the shares; and

(f) either, the Company agreeing to issue a notice under section 708A(6) of the Corporations Act at the time of the issue of the shares or, AQC entering into a 12 month escrow agreement in relation to the consideration shares.

149. Area Coal provides only very limited warranties to BCC in regard to the standing of the tenements. The only warranties given in relation to the status of the tenements is that Area Coal is the sole beneficial and legal owner, the tenements are not encumbered and it has full power and authority to transfer the tenements to BCC. In addition, any claim for breach of warranty by BCC must be brought within 12 months of completion and must exceed $50,000 in value. The liability of Area Coal for a breach of warranty is limited to $1,250,000, being the value of the consideration shares.

150. BCC is required to pay all duty, registration fees and government charges in relation to the Cooroorah and Hillalong MOU and any document executed under it.

151. While the Cooroorah and Hillalong MOU provides that the parties will negotiate and sign formal documentation to replace the MOU, we understand that the parties no longer intend to prepare formal documentation. Where the parties do not enter into that formal documentation, the parties will be bound by the terms of the MOU, as amended.

Mackenzie Project

152. **Farm-in Agreement – Mackenzie**: Mackenzie Coal Pty Limited (a wholly owned subsidiary of SMR) (**Stanmore**) and Cape Coal are parties to a farm-in agreement dated 26 October 2012 (**Farmin Agreement**) under which Stanmore agrees to grant Cape Coal the right to acquire up to a 19% interest in EPC2081 by spending money on conducting various studies on the tenement. By virtue of the Acknowledgement Agreement, the parties acknowledge that Cape Coal has earned a 5% interest in EPC2081 and that it has agreed to transfer this interest to BCC.

153. In the Farm-In Agreement, the parties acknowledge that Cape Coal has previously earned a 2% interest in the tenement by completing a technical review of the tenement and generating a report for Stanmore which was discussed and accepted by Stanmore at a meeting held 5 September 2012.

154. Cape Coal has the ability to earn a further 3% interest (resulting in an aggregate 5% interest) in the tenement if it completed the "Concept Study" to the satisfaction of Stanmore prior to 31 December 2012. The "Concept Study" means a study to determine if a business case exists for the development of a mine on the tenement. Cape Coal has earned a 5% interest in EPC2081 (see the Acknowledgement Agreement, discussed below) and indicative approval to transfer a 5% registered interest in EPC2081 to Cape Coal Pty Limited was granted by the Department on 03/03/2014.

155. Cape Coal had the ability to earn a further 4% interest (resulting in an aggregate 9% interest) in the tenement if it completed the "Prefeasibility Study" to the satisfaction of Stanmore prior to 30 September 2013. "Prefeasibility Study" is defined to mean a FEL 1 level study in relation to the establishment and operation of a coal mine within the area of the tenement as per good mining practice, including a technical assessment, development of a milestone schedule and development of an estimated project cost range. To the extent that the parties agree that any aspects of the Prefeasibility Study are to be completed by a third party, Stanmore is required to engage the third party which will be supervised and managed by Cape Coal. The costs of the third party are to be borne 95% by Stanmore and 5% by Cape Coal. If Cape Coal fails to pay its full share of the third party's costs, 2% of Cape Coal's further 4% interest will be reduced by reference to the proportion by which the costs actually paid by Cape Coal bears to the total costs which were due to be paid by Cape Coal. We are instructed that Cape Coal did not earn the further 4% interest in the tenement and the timeframe within which that additional percentage could be earnt has now expired without extension.

156. An unincorporated joint venture is formed between the parties from the earlier of the date on which Cape Coal earns the further 4% interest (or the reduced amount, if applicable) and 30 September 2013. The initial joint venture terms contained in Annexure 2 (**Joint Venture Terms**) to the agreement are intended to govern the relationship between the parties from the commencement of the joint venture until such time as a full form joint venture agreement is executed. The parties are under an obligation to use all reasonable endeavours to enter into a full form joint venture agreement within 60 days of the commencement of the joint venture.

157. The Joint Venture Terms include provisions to the effect that:

(a) the Joint Venture Terms are intended to be temporary and apply pending the execution of a formal joint venture agreement;

(b) the joint venture assets are owned by the participants beneficially as tenants in common in proportion to their respective joint venture interests;

(c) each participant agrees to indemnify each other against all "costs, expenses, losses, claims, damages and liabilities" arising out of any act of, or any purported assumption of any obligation or responsibility by, a participant undertaken in connection with the joint venture and not authorised by any joint venture document;

(d) if a participant becomes liable to any third party to an extent greater than it is liable to contribute to costs under a joint venture document, the other participants are required to indemnify and account to that participant so that all participants share the liability severally in proportion to their joint venture interests;

(e) each participant is entitled and obliged to take product in kind and separately dispose of that share of product;

(f) a management committee is established with decisions of the management committee to be made by simple majority vote and a quorum constituting participants who represent at least 50% of the voting rights of all participants;

(g) Stanmore is the manager of the joint venture with each of the participants indemnifying Stanmore against costs incurred by it as manager in relation to joint venture activities (other than costs arising directly or indirectly from Stanmore's gross negligence);

(h) preparation of annual programmes and budgets and submission of cash calls to be paid by the participants;

(i) the non-defaulting participant has the option to elect to buy-out a defaulting participant if a default is not remedied within 10 business days of notice of the default being given to the participant;

(j) preparation of feasibility studies and a decision to mine;

(k) the consent of the other participants (not to be unreasonably withheld) is required before a participant can sell, transfer, encumber, charge or otherwise dispose of its interest in the joint venture; and

(l) the drag-along, tag-along and pre-emptive rights contained in the Farmin Agreement also apply to the Joint Venture Terms (see paragraphs 162 and 163 of this Report).

158. Stanmore and BCC entered into a variation agreement dated on or about 25 July 2017 which varied the Joint Venture Terms to ensure compliance with the ASX Listing Rules. By virtue of the amendment agreement, the Manager agrees to give any listed participants access to and copies of information relating to EPC 2081 and the joint venture to enable the listed participants to comply with their disclosure obligations under the Listing Rules.

159. For the period up until the commencement of the joint venture, Stanmore is required to maintain the tenement in good standing and pay all rents, rates and other fees due in relation to the tenement.

160. Cape Coal may elect to purchase a 10% interest in the tenement by giving notice in writing to Stanmore no later than the date which is 3 months after the completion of a bankable feasibility study in relation to the establishment and operation of a coal mine within the area of the tenement. The consideration payable to Stanmore by Cape Coal for the acquisition of the 10% interest in the tenement is $10,000,000.

161. The prior written consent of Cape Coal is required before the tenement can be surrendered. Cape Coal is permitted to lodge a caveat to protect its interest in the Tenement.

162. The Farmin Agreement includes drag along and tag along rights with the effect that, if Stanmore wishes to sell or otherwise dispose of its interest in the tenement, it can require Cape Coal to participate in the sale or other disposal by selling the whole of Cape Coal's interest in the tenement on terms that are no less favourable to Cape Coal than the terms for the sale or disposal of Stanmore's interest. In addition, Cape Coal may, by notice to Stanmore, require Stanmore to allow it to participate with Stanmore in any sale or transfer the whole of Stanmore's interest in the tenement to Cape Coal on the same terms and conditions of the proposed sale.

163. If Cape Coal intends to sell or otherwise dispose of the whole or any part of its interest in the tenement, it must notify Stanmore and Stanmore may require Cape Coal to allow Stanmore to participate in the sale or other disposal. If Cape Coal intends to sell or otherwise dispose of its interest in the tenement, Cape Coal will remain responsible for the performance of its obligations under the Farmin Agreement. Further, upon receipt of a note that Cape Coal intends to sell its interest in the

tenement, Stanmore may require Cape Coal to transfer the whole of the sale interest to Stanmore on the same terms and conditions as the proposed sale.

164. Cape Coal agrees to grant Stanmore an irrevocable licence to use all of Cape Coal's existing intellectual property rights that are referred to in its review of Stanmore's exploration data or the Technical Review in relation to the establishment and operation of a coal mine on the tenement. Cape Coal provides warranties that the use of any such existing intellectual property rights in accordance with the agreement does not infringe the intellectual property rights of any person.

165. Cape Coal is not permitted to "assign, novate, transfer or otherwise deal with" any of its rights or obligations under the agreement without the prior written consent of Stanmore.

166. **Acknowledgement of transfer of interests in respect of EPCs 1687 and 2157 (Lilyvale) and EPC2081 (Mackenzie)**: SMR, Stanmore, Cape Coal and BCC are parties to an agreement dated 27 February 2017 (**Acknowledgement Agreement**) under which the parties acknowledge and agree that:

167. Cape Coal has earned a 15% beneficial interest in EPC1687 and 2157 and is entitled to have a 15% legal interest in those tenements registered in its name;

168. Cape Coal has earned a 5% beneficial interest in EPC2081 and is entitled to have a 5% legal interest in that tenement registered in its name;

169. Cape Coal has agreed to transfer all of its right, title and interest in EPC 1687, 2157 and 2081 to BCC and Stanmore has consented to this transfer and waives any pre-emptive rights that it might have in relation to those transfers; and

170. Under the Acknowledgement Agreement, BCC agrees to become a party to the formal and/or informal farm-in and/or joint venture arrangements that exist with SMR and Stanmore in relation to EPC 1687, 2157 and 2081 in the place of Cape Coal. By virtue of the variation agreement between Stanmore and BCC dated on or about 25 July 2017, the parties acknowledge that the Joint Venture Terms govern the joint venture arrangements between BCC and Stanmore in relation to EPC 2081. Similarly, by virtue of the Lilyvale (EPC 1687 and 2157) Joint Venture Terms (described below), SMR and BCC agree to formalise the joint venture arrangement between BCC and SMR in relation to EPC 1687 and EPC 2157.

Lilyvale Project

171. **Lilyvale (EPC 1687 and 2157) Joint Venture Terms:** SMR and BCC are parties to an agreement dated on or about 25 July 2017 pursuant to which the parties agreed to formalise a joint venture arrangement between the parties arising by virtue of an earlier letter agreement dated 18 April 2013.Under the letter agreement, Cape Coal earned a 15% beneficial interest in EPC1687 and 2157 as consideration for the provision of consulting services to SMR to the value of $50,000. We understand that tenement transfer forms are currently with the Queensland Office of State Revenue for stamping before the transfer of the legal interest in the tenements can occur. As at the date of the Report we have not received a copy of the letter agreement for the purposes of our review and cannot comment in relation to BCC's obligations under this document and whether or not any of these are ongoing. We note that the agreement dated 24 July 2017 does not purport to succeed all prior agreements in relation to the subject matter of the agreement, including the Acknowledgement Agreement (discussed above) which we understand is intended to remain in full force and effect.

172. By virtue of the Acknowledgement Agreement (described above), SMR, BCC and Cape Coal confirm that Cape Coal has indeed earnt the 15% beneficial interest in EPC1687 and 2157 and it has agreed to transfer its 15% interest to BCC. Stanmore has agreed to consent to the transfer and waive any pre-emptive rights it might have in relation to the transfers. Pursuant to the Lilyvale (EPC1687 and 2157) Joint Venture Terms, Stanmore and BCC acknowledge and agree that the "Initial JV Terms"

annexed to the document will govern the joint venture between Stanmore and BCC in respect of EPC 1687 and 2157.

173. The Joint Venture Terms in relation to the Lilyvale unincorporated joint venture are in the same terms as the Joint Venture Terms for the Mackenzie Joint Venture described in paragraph 157 of this Report.

Qualifications and Assumptions

174. This Report is subject to the following qualifications and assumptions:

(a) This Report is accurate as at the date(s) the Searches that were performed.

(b) We have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT.

(c) We assume that the registered holder of a Tenement has a valid legal title to the Tenement.

(d) This Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from the Searches and the information provided to us.

(e) With respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements complied with the applicable Future Act Provisions.

(f) We have assumed the accuracy and completeness of any instructions or information which we have received from the Company, or third parties, or any of their respective officers, agents and representatives.

(g) Unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing.

(h) Reference in the Schedule to any area of land are taken from details shown on Searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey.

(i) The information in the Schedules is accurate as at the date the relevant Searches.

Yours faithfully

All Mining Legal

All Mining Legal Pty Ltd

SCHEDULE 1

PART I – TENEMENTS

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
Hillalong Project	EPC1824	Area Coal Pty Ltd	Coal	16/07/2009	31/03/2011	30/03/2021	15 sub-blocks	The minimum expenditure commitment for each tenement year is: • Year 1s and 2 – $27,500 • Year 3 - $17,500; • Year 4 - $20,000; • Year 5 - $25,500; • Year 6 - $15,000;	• Mortgage 205083 registered 13/04/2017 in favour of Trepang Services Pty Ltd. • Mortgage 205082 registered 13/04/2017 in favour of John Robinson. • Mortgage 205081 registered 13/04/2017 in favour of Nicholas Paspaley.	1,2,3,4,5,6,7

Note [1]: This EPC was originally granted for a term of 5 years and was renewed on 31/03/2016 for a further period of 5 years.
Note [2]: Restricted Area 404 which relates to areas designated a future National and Regional Parks covers a small area of sub-block CLER1130-U. This area was excluded from the area of the permit on renewal. A map showing the extent of the overlap between EPC1824 and Restricted Area 404 is included in Schedule 2.
Note [3]: An application was lodged 09/12/2015 for a variation to the relinquishment schedule to retain all 15 sub-blocks upon renewal was approved on 29/01/2016. The standard relinquishment requirements apply during the renewed term with 6 sub-blocks to be relinquished at the end of the 8th year of the term and a further 4 sub-blocks to be relinquished at the end of the 10th year of the term.
Note [4]: By virtue of clause 5.3(d) of the Asset Sale Agreement – Comet Ridge, Acacia (Area Coal Pty Ltd is a wholly owned subsidiary of Acacia) is required to deliver releases of any encumbrances affecting the tenements at completion. Accordingly, we are instructed that Acacia Coal Limited intends to deliver releases of mortgages 205081-3 at completion. We have not been provided with copies of these mortgages or the underlying security deeds and cannot comment on their terms. However, we note that completion under the Cooroorah and Hillalong MOU will not occur unless releases for these mortgages are provided by Acacia Coal Limited.
Note [5]: Approval was granted by the Department on 30 April 2012 to combine expenditure for years 1 and 2 of the tenement with the total commitment for both years being $27,500. The actual expenditure submitted for year 1 was $5,970 and for year 2 was $37,420.50. The actual reported expenditure for years 3, 4, 5 and 6 was $552,793.30, $104,249.99, $25,846.00 and $16,281.00. Accordingly, the expenditure conditions for this tenement have been complied with in each year of its term.
Note [6]: The Department issued a code compliant Environmental Authority MIC200907509 (since renumbered EPSX00454313) in relation to this tenement and compliance with the Code of Environmental Compliance for Exploration and Mineral Development Projects – January 2001 Version 0 is required.
Note [7]: The security held by the Department in respect of this tenement is $2,500.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
								• Year 7 - $30,000; • Year 8 – $50,000; • Year 9 – $75,000; and • Year 10 – $80,000.		
Cooroorah Project	MDL453	Area Coal Pty Ltd	Coal	08/03/2011	01/02/2014	31/01/2019	1625 Ha	The minimum expenditure commitment for each tenement year is: • Year 1 –$100,000; • Year 2 –$100,000; • Year 3 – $150,000; • Year 4 – $150,000; and • Year 5 – $200,000.	• Mortgage 205083 registered 13/04/2017 in favour of Trepang Services Pty Ltd. • Mortgage 205082 registered 13/04/2017 in favour of John Robinson. • Mortgage 205081 registered 13/04/2017 in favour of Nicholas	8,9,10,11,12

Note [8]: Refer to Note 4, above.
Note [9]: The initial grant document for MDL453 records the date of grant as being 22 July 2013 to commence on 31 August 2013. However, the register maintained by the Department indicates that the tenement was granted on 22 January 2014 to commence on 1 February 2014. This was due to an administrative error within the Department resulting from a Ministerial delegation which was not properly authorised. The Department has since corrected the delegations and re-made the grant. A further grant document was issued with the dates corrected and reflecting those maintained on the register. Further, Area Coal Pty Ltd had reported expenditure for the MDL for years 1 and 2 based on the grant date instead of the commencement date which should be 1 February each year. This error has since been identified and the expenditure for year 3 was lodged for the correct reporting dates.
Note [10]: The actual reported expenditure for years 1,2 and 3 was $100,375, $73,896, $48,290 respectively. The expenditure statements for years 4 and 5 of the tenement are not yet due. Accordingly, MDL453 has been under-expended for the last two years of its term. We note that non-compliance with the conditions of an MDL may result in cancellation of the licence by the Minister.
Note [11]: The Department issued a code compliant Environmental Authority MIC202516211 (since renumbered EPSX00524213) in relation to this tenement and compliance with the Code of Environmental Compliance for Exploration and Mineral Development Projects – Version 1 is required.
Note [12]: The security held by the Department in respect of this tenement is $2,500.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
									Paspaley.	
Lilyvale Project	EPC1687	Stanmore Coal Limited	Coal	02/02/2009	28/07/2011	27/07/2021	2 sub-blocks	The minimum annual expenditure for each tenement year is as follows: • Year 1 - $100,000; • Year 2 - $200,000; • Year 3 - $400,000; • Year 4 - $500,000;	Nil.	13,14,15,16, 17

Note [13]: We have been instructed that the reported expenditure for this tenement was $37,780.00 for Year 1, $15,309.00 for Year 2, $23,029.54 for Year 3, $135.63 for Year 4, $0.00 for Year 5 and $0.00 for Year 6. As such, this tenement was significantly under-expended for the first 5 years of its term. However, SMR has since received approval for the inclusion of this tenement in the Central Bowen Project group (see note 16) and the combined expenditure across all of the tenements in that group far exceeded the aggregate minimum commitment for the group in 2015. The approved work programme for the renewed term of EPC1687 involved significantly reduced expenditure commitments of only $1,000 per year for the term of the renewal. We do not consider that the previous years' under-expenditure poses a risk given that the Department has since approved a renewal of the tenement with significantly reduced expenditure commitments and approved the inclusion of the tenement in the project group.
Note [14]: This EPC was originally granted for a term of 5 years and was renewed on 26/05/16 for a further period of 5 years commencing on 28/07/16.
Note [15]: This tenement forms part of the Central Bowen Project group which was applied for by SMR and approved by the Department on 7 April 2016. The relinquishment requirements for this tenement have been relaxed such that no relinquishment will be required for the remainder of the term. A 50% relinquishment of sub-blocks will be required if a renewal of the permit is sought.
Note [16]: SMR applied to have this tenement included as part of the Central Bowen Project which was approved by the Department on 7 April 2016. There are 11 tenements in the Central Bowen Project and all are held by either SMR or a wholly owned subsidiary of SMR. Expenditure may be shared between the tenements within the project and expenditure commitments will be met if the combined performance of all of the permits in the project meet the obligations of each individual permit. The project commenced on 21 May 2016 and the project year runs from 21 May to 20 May each year. For the first expenditure year (i.e. the year ending 20/05/2017), the committed expenditure for the Central Bowen Project was $1,889,000. We have not been able to obtain confirmation as to whether or not this commitment has been met for the first year of the project. However, we note that for the 2015 expenditure year, SMR and its subsidiaries had spent $17,534,356.33 on the tenements included in the Central Bowen Project when the cumulative required expenditure was only $4,593,664.00.
Note [17]: We have not been provided details of the Environmental Authority or Security Bond in relation to this tenement and, as such, cannot comment in relation to the terms of the Environmental Authority nor the amount of the Security Bond. However, we do not consider that this poses a significant risk in relation to the standing of the tenement as the Department would have required an approved Environmental Authority and appropriate Security Bond prior to the grant of the tenement.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
								• Year 5 - $750,000; • Year 6 - $1,000; • Year 7 - $1,000; • Year 8 - $1,000; • Year 9 - $1,000; and • Year 10 - $1,000.		
	EPC2157	Stanmore Coal Limited	Coal	01/07/2010	21/05/2013	20/05/2018	2 sub-blocks	The minimum annual expenditure for each tenement year is as follows: • Year 1 - $25,000; • Year 2 - $30,000; • Year 3 - $35,000; • Year 4 - $40,000; and	• Consent caveat 101331 registered 02/07/2013 in favour of Stanmore Coal Limited.	18,19,20,21

Note [18]: We have been instructed that the reported expenditure for this tenement was $18,149.38 for Year 1, $365.30 for Year 2, $0.00 for Year 3 and $437.50 for Year 4. As such, this tenement was significantly under-expended for the first 3 years of its term. However, as described in Note 16 this tenement has been included in the Central Bowen Project reporting group and the actual expenditure data for all of the tenements in this group far exceeded minimum expenditure commitments in 2015.
Note [19]: This tenement forms part of the Central Bowen Project reporting group which was applied for by Stanmore and approved by the Department on 7 April 2016. The relinquishment requirements for this tenement have been relaxed such that no relinquishment will be required for the remainder of the term.
Note [20]: Consent caveat 101331 was lodged by SMR prior to it becoming the registered holder of the tenement. As SMR is now the registered holder of the tenement, this caveat is now redundant and should be removed.
Note [21]: We have not been provided details of the Environmental Authority or Security Bond in relation to this tenement and, as such, cannot comment in relation to the terms of the Environmental Authority nor the amount of the Security Bond. However, we do not consider that this poses a significant risk in relation to the standing of the tenement as the Department would have required an approved Environmental Authority and appropriate Security Bond prior to the grant of the tenement.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
								• Year 5 - $45,000.		
Mackenzie Project	EPC2081	Mackenzie Coal Pty Limited	Coal	10/03/2010	15/10/2010	14/10/2020	112 sub-blocks	The minimum expenditure commitment for each tenement year is as follows: • Year 1 - $155,000; • Year 2 - $188,000; • Year 3 - $275,000; • Year 4 - $350,000; • Year 5 - $450,000;	Nil.	22,23,24,25, 26,27, 28

Note [22]: We have been instructed that the reported expenditure for this tenement was $3,009.92 for Year 6 and the expenditure for Year 7 is not yet due. We have not been provided with the actual expenditure data in relation to tenement years 1-5 (inclusive) and cannot confirm whether or not the expenditure commitments have been met in relation to those years. However, please refer to Note 16 above as this tenement is included in the Central Bowen Project and expenditure conditions will be met provided that the aggregate expenditure across all of the tenements in the Central Bowen Project is great than the minimum expenditure commitment for all of the tenements in the group.
Note [23]: This EPC was originally granted for a term of 5 years and was renewed on 27/08/2015 for a further period of 5 years commencing on 15/10/2015.
Note [24]: The EPC is exclusive of other than the following: 1) Land over which previous exclusive possession acts have been granted as defined under s.23B of the *Native Title Act 1993* (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State Land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included). 2) All validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts. 3) Railway land containing current or past constructed railways and/or associated infrastructure that are previous exclusive possession acts.
Note [25]: EPC2081 was granted following the conditional surrender of EPC1060, EPC1062, EPC1547, EPC1671 and EPC1688.
Note [26]: This tenement forms part of the Central Bowen Project which was applied for by SMR and approved by the Department on 7 April 2016. The relinquishment requirements for this tenement have been relaxed such that no relinquishment will be required until 2019.
Note [27]: This tenement is granted subject to special conditions in relation to the Mackenzie Dam restricted area (Restricted Area 9) which is located on the tenement. Specific approval from the Department is required to undertake exploration or works involving any degree of surface or sub-surface disturbance within the sub-blocks containing the dam site. A map showing the extent to which Restricted Area 9 overlaps EPC2081 is included in Schedule 2.
Note [28]: We have not been provided details of the Environmental Authority or Security Bond in relation to this tenement and, as such, cannot comment in relation to the terms of the Environmental Authority nor the amount of the Security Bond. However, we do not consider that this poses a significant risk in relation to the standing of the tenement as the Department would have required an approved Environmental Authority and appropriate Security Bond prior to the grant of the tenement.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
								• Year 6 - $35,000; • Year 7 - $50,000; • Year 8 - $350,000; • Year 9 - $150,000; and • Year 10 – $150,000.		
Comet Ridge Project	EPC1230	Acacia Coal Limited	Coal	12/02/2008	10/09/2008	09/09/2018	31 sub-blocks	The minimum expenditure commitments for each year are: • Years 1 & 2 (combined) - $170,000; • Years 3 & 4 (combined) - $210,000.	Nil.	29,30,31,32, 33,34

Note [29]: We have been instructed that the reported expenditure for this tenement was $84,405 for Year 1, $94,934 for Year 2, $2,434,323 for Year 3, $2,144,243 for Year 4, $120,000 for Year 5, $948,906 for Year 6, $393,496 for Year 7 and $125,994 for Year 8. The expenditure statements for Years 9 and 10 are not yet due. As such, this tenement has been over-expended for each year of its term.
Note [30]: The EPC is exclusive of other than the following: 1) Land over which previous exclusive possession acts have been granted as defined under s.23B of the *Native Title Act 1993* (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State Land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included). 2) All validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts. 3) Railway land containing current or past constructed railways and/or associated infrastructure that are previous exclusive possession acts.
Note [31]: Variation of conditions 171803 was granted on 16/05/16 for a special variation to expenditure for Condition Period 1 from $550,000 to $255,000.
Note [32]: Variation of conditions 187715 was granted on 11/11/2016 to reduce expenditure and work programme commitments for years 9 and 10.
Note [33]: The tenement is due to expire on 09/09/2018 and a renewal will need to be lodged with the Department by 09/06/2018. Upon renewal, the tenement holder will be required to relinquish 50% of the total sub-blocks unless an application is successfully made to reduce or remove that requirement.
Note [34]: We are instructed that a code compliant environmental authority numbered EPSX0087513 has been issued by the Department of Environment and Heritage Protection (**DEHP**) for this tenement. Code compliant environmental authorities granted between January 2001 and 30 March 2013 require compliance with the Code of Environmental Compliance for Exploration and Mineral Development Projects – January 2001 Version 0. We have not been provided with details as to the amount of any Security Bond lodged in relation to this tenement. However, we do not consider this to be a significant risk to the standing of the tenement as the Department would not have granted the tenement without the provision of adequate financial assurance.

Project	Tenement	Registered Holder/ Applicant	Prescribed Mineral	Application Date	Commenc-ement Date	Expiry Date	Area	Minimum Annual Expenditure	Registered Caveats and Encumbrances	Notes
								• Year 5 - $120,000; • Year 6 - $75,000; • Year 7 - $85,000; • Year 8 - $95,000; • Year 9 - $10,000; and • Year 10 - $10,000.		
	MLA 700005	Acacia Coal Limited	Coal	27/03/2015	-	-	1186 Ha	Not applicable.	Nil.	35, 36,37,38

Note [35]: This mining lease has been applied for a term of 20 years.
Note [36]: Due to the impending sale of the tenement, the holder has been reluctant to enter into compensation agreements with the two underlying landholders as compensation agreements are linked to the activities which the holder intends to undertake on the tenements. Compensation agreements are required before the Department will grant a mining lease. As the compensation agreements had not been agreed within the timeframe stipulated in the Mineral Resources Act, the chief executive has referred the matter of compensation to the Land Court for determination under section 279(5) of the Mineral Resources Act. The Land Court will determine the amount of compensation and the terms and conditions upon which it is payable. The Land Court has adjourned these matters until 29 September 2017. Upon transfer it will be for the Company to progress and finalise these compensation matters so that the mining lease is capable of grant.
Note [37]: An environmental authority authorising coal extraction at a rate of up to 1.95 million tonnes run of mine per annum has been granted for this tenement.
Note [38]: We have not been provided with any details in relation to the amount of any security bond (if any) paid to the Department. We note that a security bond will need to be lodged prior to the grant of MLA700005.

PART II – NATIVE TITLE CLAIMS AND ABORIGINAL HERITAGE

Native Title Claims

Tenement Number	NNTT Number	Federal Court Number	Application Name	Registered	Status
EPC1824	QC2006/014	QUD372/2006	Widi People of the Nebo Estate #1	Yes – 27/08/2009	Active
MDL453, EPC2081, EPC1230 and MLA700005	QC2012/009	QUD400/2012	Gaangalu Nation	Yes – 15/11/2012	Active
EPC1687, EPC2081 and EPC2157	QC2013/002	QUD229/2013	Western Kangoulu People	Yes – 13/06/2013	Active

ILUAs

Tenement	ILUA Number	Short Name	Type	Details
EPC1824	QI2012/061	QGC and Wiri ILUA	Area Agreement	Area Agreement between QGC Pty Limited and Wiri Registered Native Title Claimant and registered 21/09/2012.
	QI2011/034	Arrow Wiri LNG Project ILUA	Area Agreement	Area Agreement between Arrow Energy Pty Ltd and the Wiri People and registered 14/12/2011.
MDL452	Nil.	N/A	N/A	N/A
EPC1687	Nil.	N/A	N/A	N/A
EPC2157	Nil.	N/A	N/A	N/A
EPC2081	Nil.	N/A	N/A	N/A
EPC1230	QI2001/035	Arrow Birri LNG Project ILUA	Area Agreement	Area Agreement between Arrow Energy Pty Ltd and the Birri People and registered 14/12/2011.

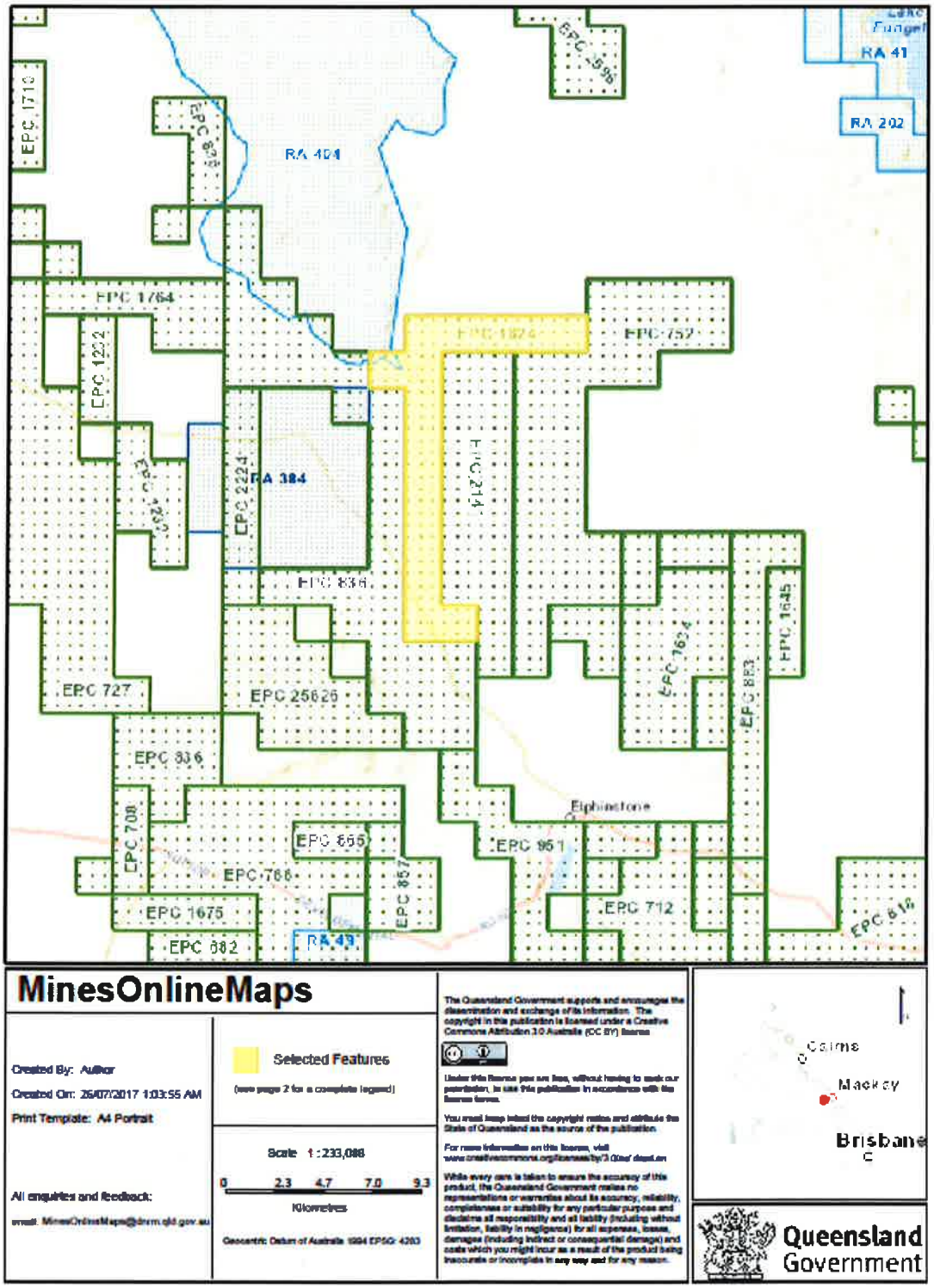
Aboriginal Heritage Information

Project	Tenement	Registered Aboriginal Site/s	Relevant Aboriginal Party
Hillalong Project	EPC1824	GH:F73 – Artefact scatter recorded 1 May 1996 and located at coordinates Latitude -21.349843 and Longitude 148.170462.	Widi People of the Nebo Estate #1
Cooroorah Project	MDL453	Nil.	N/A
Lilyvale Project	EPC1687	Nil.	N/A
	EPC2157	Nil.	N/A
Mackenzie Project	EPC2081	HF:D16 – Artefact scatter recorded 1 November 1996 and located at coordinates Latitude -23.515444 and Longitude 148.582743.	Bidjara People #7
		HF:D17 – Artefact scatter recorded 1 November 1996 and located at coordinates Latitude -23.5068 and Longitude 148.568646.	Bidjara People #7
Comet Ridge Project	EPC1230	HF:A49 – Paintings recorded 20 July 1980 and located at coordinates Latitude -23.833761 and Longitude 148.682001.	Gaangalu Nation
		HF:A56 – Scarred/carved tree recorded 20 July 1980 and located at coordinates Latitude -23.826358 and Longitude 148.681906.	Gaangalu Nation
		HF:D43 – Artefact scatter recorded 1 December 1995 and located at coordinates Latitude -23.825926 and Longitude 148.585518.	Gaangalu Nation
		HF:F16 – Artefact scatter recorded 13 December 1996 and located at coordinates Latitude -23.844762 and Longitude 148.69251.	Gaangalu Nation
		HF00000201 – Artefact scatter recorded 28 June 2013 and located at coordinates Latitude -23.849767 and Longitude 148.710169.	Gaangalu Nation
		HF00000248 – Isolated find recorded 28 June 2013 and located at coordinates Latitude -23.852943 and Longitude 148.705498.	Gaangalu Nation
		HF00000249 – Well(s) recorded 28 June 2013 and located at coordinates Latitude -23.849716 and Longitude 148.706673.	Gaangalu Nation
		HF00000250 – Isolated find recorded 28 June 2013 and located at coordinates	Gaangalu Nation

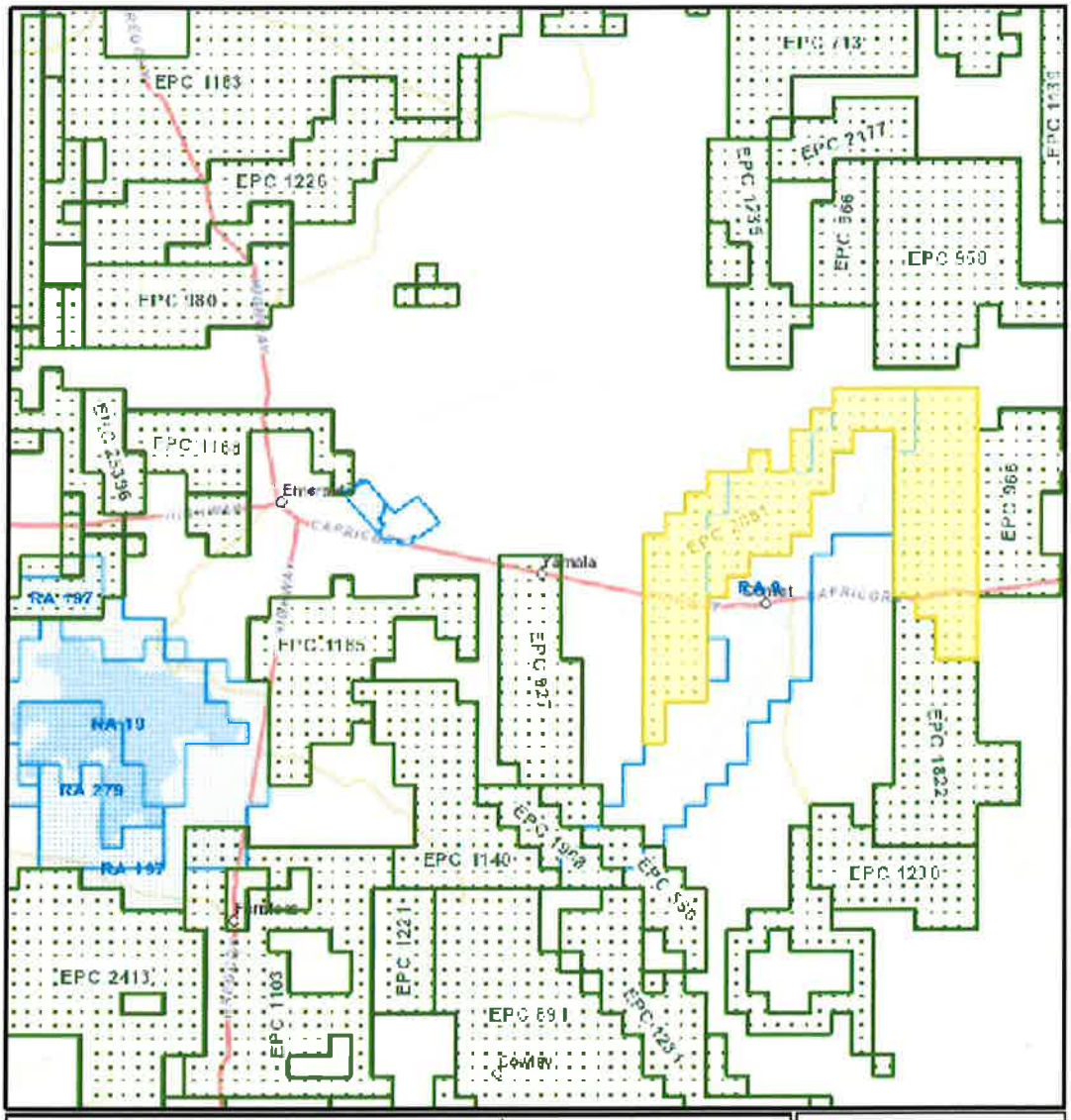
Project	Tenement	Registered Aboriginal Site/s	Relevant Aboriginal Party
		Latitude -23.841189 and Longitude 148.709369.	
		HF00000251 – Isolated find recorded 28 June 2013 and located at coordinates Latitude -23.834605 and Longitude 148.710245.	Gaangalu Nation
		HF00000252 – Isolated find recorded 28 June 2013 and located at coordinates Latitude -23.808576 and Longitude 148.715645.	Gaangalu Nation
	ML700005	HF:A56 - Scarred/carved tree recorded 20 July 1980 and located at coordinates Latitude -23.826358 and Longitude 148.681906.	Gaangalu Nation

SCHEDULE 2 – RESTRICTED AREAS

EPC1824 - restricted areas



EPC2157 - restricted areas



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Selected Features

(see page 2 for a complete legend)

Scale 1:458,768

0 4.6 9.2 13.8 18.4

Kilometres

Geocentric Datum of Australia 1994 EPSG: 4283

Queensland Government

SCHEDULE 3 – VENDOR INFORMATION

No.	Date	Document	Author
Vendor – Acacia Coal Limited			
1.	13/01/2017	Binding Memorandum of Understanding: Call Option in respect of MLA700005 (Comet Ridge) (**Comet Ridge MOU**)	Entered into between Acacia and BCC.
2.	07/01/2017	Amendment 1 to the Comet Ridge MOU	Entered into between Acacia and BCC.
3.	21/04/2017	Amendment 2 to the Comet Ridge MOU	Entered into between Acacia and BCC
4.	30/04/2017	Amendment 3 to the Comet Ridge MOU	Entered into between Acacia and BCC
5.	29/06/2017	Amendment 4 to the Comet Ridge MOU	Entered into between Acacia and BCC
6.	02/08/2017	Asset Sale Agreement	Entered into between Acacia and BCC
7.	20/07/2017	Email from B Martin (HEMTS Queensland) containing tenement information for EPC1230 and ML700005	B Martin
8.	10/09/2008	Exploration Permit for Coal Number EPC 1230	Department
9.	19/08/2016	Notice of decision about application for environmental authority for MLA700005	Department of Environment and Heritage Protection
10.	19/08/2016	Environmental authority permit – Comet Ridge Coal Mine	Department of Environment and Heritage Protection
11.	June 2016	Spreadsheet created by Acacia showing capitalised expenditure for EPC1230	Acacia
12.	26/07/2017	Letter from J Hishon to S Patterson and A Macmaster regarding status of Land Court Proceedings from MLA700005 and attaching relevant court orders	J Hishon
13.	27/07/17	Email from B Martin (HEMTS Queensland) confirming the status of compensation, environmental authorities and expenditure in relation to EPC1230	B Martin
Vendor – Australian Pacific Coal Limited			
14.	01/12/2016	Binding Memorandum of Understanding: Call Option in respect of MDL453 (Cooroorah) and EPC1824 (Hillalong)	Entered into between Area Coal and BCC
15.	21/04/2017	Amendment to the Binding Memorandum of Understanding: Call Option in respect of MDL453 (Cooroorah) and EPC1824 (Hillalong)	Entered into between Area Coal and BCC

No.	Date	Document	Author
16.	06/07/2016	Tax Invoice issued to Area Coal by the Widi People for annual administration fees for EPC1824	Creevey Russell Lawyers (lawyers for the Widi People)
17.	21/01/2015	Annual Expenditure Statement for MDL453 – Licence Year 1	Australian Pacific Coal Limited
18.	21/01/2016	Annual Expenditure Statement for MDL453 – Licence Year 2	Australian Pacific Coal Limited
19.	31/01/2017	Annual Expenditure Statement for MDL453 – Licence Year 3	Australian Pacific Coal Limited
20.	23/04/2012	Annual Expenditure Statement for EPC1824 – Licence Year 1	Rio Tinto
21.	12/04/2013	Annual Expenditure Statement for EPC1824 – Licence Year 2	Rio Tinto
22.	03/04/2014	Annual Expenditure Statement for EPC1824 – Licence Year 3	Rio Tinto
23.	30/03/2015	Annual Expenditure Statement for EPC1824 – Licence Year 4	Rio Tinto
24.	30/03/2016	Annual Expenditure Statement for EPC1824 – Licence Year 5	Australian Pacific Coal Limited
25.	30/03/2017	Annual Expenditure Statement for EPC1824 – Licence Year 6	UTM Global
26.	20/06/2011	Conduct and Compensation Agreement between Area Coal and Marubeni Coal Pty Ltd, Jelinbah Group Pty Ltd, Tremell Pty Ltd and Sojitz Coal Resources Pty Limited	Queensland Government
27.	01/08/2013	Letter from Australian Pacific Coal Limited to New Caledonia Grazing Company regarding landholder compensation payments	Australian Pacific Coal Limited
28.	26/07/2017	Emails from K Mischewski regarding environmental authority permits, grant dates, native title administration fees and security bonds	K Mischewski
29.	04/04/2011	Letter from Department of Employment, Economic Development and Innovation enclosing permit document for EPC1824	Department
30.	31/03/2011	Exploration Permit for Coal Number EPC1824	Department of Mines and Energy
31.	20/04/2016	Renewal of EPC1824 with conditions and approved work programme	Department
32.	22/07/2013	Mineral Development Licence 453	Department
33.	02/08/2017	Letter agreement between BCC and amending Area Coal amending the Binding Memorandum of Understanding: Call Option in respect of MDL453 (Cooroorah) and EPC1824 (Hillalong)	Entered into between BCC and Cape Coal
Vendor – Stanmore Coal Limited			
34.	26/10/2012	Farm-in Agreement – Mackenzie	Entered into between Mackenzie Coal Pty Limited and Cape Coal Pty Ltd
35.	25/07/2017	Variation of Mackenzie (EPC2081) Joint Venture Terms	Entered into between Mackenzie Coal Pty Limited and BCC

No.	Date	Document	Author
36.	27/02/2017	Acknowledgement of transfer of interests in respect of EPCs1687 and 2157 (Lilyvale) and EPC2081 (Mackenzie)	Entered into between Stanmore Coal Limited, Mackenzie Coal Pty Limited, Cape Coal Pty Ltd and BCC
37.	25/07/2017	Lilyvale (EPCs 1687 and 2175) Joint Venture Terms	Entered into between Stanmore Coal Limited and BCC
38.	30/05/2017	Email from N Clifford to G Redelinghuys regarding Central Bowen Project and relinquishment relaxation requirements	N Clifford
39.	07/04/2016	Project Approval and attached spreadsheet from the Department regarding the Central Bowen Project and confirmation of reduced relinquishment requirements	Department
40.	17/02/2016	Project Application submission to the Department by Stanmore Coal Limited in relation to the Central Bowen Project	Stanmore Coal Limited
41.	Undated	Spreadsheet showing annual expenditure commitments and varied annual commitments for the tenements in the Central Bowen Project	Stanmore Coal Limited
42.	24/07/2017	Emails from N Clifford regarding status of tenements held by Stanmore Coal Limited	N Clifford
43.	Undated	Spreadsheet detailing annual expenditure for Lilyvale and Mackenzie tenements	Unknown but provided by N Clifford
44.	03/03/2014	Transfer indicative approval for EPC2081	Department
45.	24/04/2017	Email from G Redelinghuys to D Clifford and R Hollingworth regarding conduct and compensation agreements and native title agreements over tenements held by Stanmore Coal Limited	G Redelinghuys
46.	24/07/17	Email from B Adkins to G Redelinghuys and R Hollingworth regarding native title agreements and caveats over tenements held by Stanmore Coal Limited	B Adkins
47.	15/10/2010	Exploration Permit for Coal Number EPC 2081	Department
48.	21/05/2013	Exploration Permit for Coal Number EPC 2157	Department
49.	28/07/2011	Exploration Permit for Coal Number EPC 1687	Department
50.	18/04/2013	Letter agreement re Theresa Creek Project	Entered into between SMR and Cape Coal
51.	01/08/2017	Email from N Clifford to G Redelinghuys regarding expenditure for SMR tenements	N Clifford

13. Risk Factors

An investment in the Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

13.1 Specific risks

(a) **Conditional Acquisition and conditional Offers**

The Acquisition is subject to the satisfaction of a number of conditions. These conditions are summarised in Section 7.3. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Acquisition will not proceed. In this event, the Company will not proceed with the Offers.

The Public Offer is subject to the Public Offer Conditions. These conditions are summarised in Section 6.4. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Public Offer will not proceed. In this event, the Company will not proceed with the Acquisition or the other Offers.

(b) **Re-quotation**

The Transaction constitutes a significant change in the nature and scale of the Company's activities such that ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

The Company’s quoted securities are currently suspended from trading on ASX, and it is anticipated that they will remain suspended until completion of the Acquisition and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on re-instatement to quotation. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Company’s quoted securities will consequently remain suspended from trading.

(c) **Dilution**

On completion of the Offers, the number of Ordinary Shares will increase from 127,312,898 to 469,052,028 if the Minimum Subscription is met and to 486,443,332 if the Maximum Subscription is met. This means that each Ordinary Share will represent a lower proportion of ownership of the Company. For existing Shareholders who do not subscribe for new Ordinary Shares under the Public Offer, their percentage interest will be diluted by approximately 72.86% if the Minimum Subscription is met and 73.83% if the Maximum Subscription is met.

(d) **Sufficiency of funding / future capital requirements**

The Company's business strategy will require substantial expenditure and there can be no guarantees that the Company’s existing cash reserves and funds raised by the Public Offer will be sufficient to successfully achieve all the objectives of the Company’s

business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of BCC.
Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising the net proceeds of the Public Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Any inability to raise further funds may require the Company to dilute its equity position in any joint venture and may have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

(e) **Exploration and development risk**

The BCC Projects are at various stages of exploration and Shareholders should understand that coal exploration and development are high risk undertakings.

The success of the Company depends on various factors including:

- the delineation of economically mineable reserves and resources;
- access to required development capital;
- positive movements in the price of coal and steel and exchange rate fluctuations;
- securing and maintaining title to the Company's exploration and mining tenements;
- obtaining all consents and approvals (including environmental approvals) necessary for the conduct of its exploration activities; and
- successfully managing development operations.

There can be no assurance that exploration and development of the BCC Projects (or any of the Company's future projects) will result in the determination of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The marketability of coal acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of rail and port facilities, by coal markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, exporting of coal, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) **Tenure**

Tenements in which the Company has an interest are subject to a number of specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The inability to meet these conditions could affect the standing of these tenements or restrict their ability to be renewed, adversely affecting the operations, financial position, and performance of the Company.

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact operations and future plans. Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining leases, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

For tenements to be validly granted (or renewed) after 23 December 1996 the special "right to negotiate" regime established by the Native Title Act must be followed. It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Refer to the Solicitor's Report on Tenements in Section 12 for further details.

(g) **Land access and third party risk**

Land access is critical for exploration and evaluation to succeed. Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral leases and native title land or claims under the Native Title Act. Tenements in which the Company at a future date may acquire an interest could be subject to legitimate common law native title rights. If it is found that such rights do exist, the ability of the Company to gain access to and otherwise exploit the tenements may be adversely affected.

Under Queensland and Commonwealth legislation, the Company may be required to obtain the consent of and pay compensation to the holders of third party interests which overlay areas within the BCC Projects, including native title claims and pastoral leases, prior to accessing or commencing any exploration or mining activities on the affected areas within the BCC Projects. Any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities or mining within the affected areas.

The BCC Projects are in areas that have been the subject of mining and exploration activities as well pastoral and agricultural activities. Given the history of the areas, the Directors believe that third party risk is low due to the precedence of pastoralist involvement in previous exploration activities such as clearing of tracks, providing accommodation and other ancillary services. As part of the process of submitting a program of works for any ground disturbing activities, pastoralists will be notified and the Company will work to minimise disturbance in relation to the proposed activities in accordance with applicable law. The Directors acknowledge that delays may be caused to commencement of exploration programs.

There are two Land Court proceedings on foot in Queensland with respect to

MLA700005, one of the Tenements in the Comet Ridge Project. Compensation agreements were not agreed between the landholders and the Tenement holder within the statutory timeframe, due to the proposed Acquisition, on the basis that BCC would be the proper party to such negotiations. Being a party to Land Court proceedings does not of itself impose any liabilities on BCC, which would only occur should BCC need to enter into compensation agreements with the landholders to progress the MLA.

Subject to Completion occurring, it will be up to the Company to progress and finalise the compensation agreements so that the mining lease is capable of grant. There is no guarantee that the parties will finalise such agreements in the absence of concluded Land Court proceedings, which would increase the costs and delay in the grant process.

Refer to the Solicitor's Report on Tenements in Section 12 for further details.

(h) **Resource estimate risk**

Resource estimates are expressions of judgments based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretation. Estimates are likely to change as further information becomes available through fieldwork and analysis. This may result in alterations to development and mining plans.
The actual quality and characteristics of coal deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resource estimates. Consequently, actual mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

(i) **Coal price risk**

Coal prices fluctuate and are affected by numerous industry factors including demand for coal, forward selling by producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, coal. The long term economic viability of the BCC Projects will be dependent on coking coal prices to a material extent.

(j) **Joint ventures**

Subject to Completion occurring the Company's interests in the Lilyvale Project and the Mackenzie Project will be held in joint venture with SMR. There is a risk of financial failure or default by a participant in any joint venture to which the Company is a party. Further, the decision to proceed with further exploration or other project decisions may require participation of other parties whose interests and objectives may not be the same as the interests of the Company**.**

(k) **Transport and port capacity**

There is currently very high demand for rail and port services for coal export in Queensland, which is further constrained by limited capacity. If the Company were to rely upon existing infrastructure, in the event that the Company progresses to production, there is no guarantee that suitable capacity will be available to the Company if and when the Company requires such capacity on commercially acceptable terms. Any failure by the Company to secure appropriate capacity on available infrastructure should the Company progress to production could have a material adverse effect on the Company's business, financial condition and results of operations.

(l) **Reliance on key personnel**

The Company currently has a limited number of executives and senior personnel with appropriate experience in the exploration and development of coal assets. Its progress in pursuing its exploration and evaluation programs within the time frames and within the costs structure as currently envisaged could be adversely affected by the loss of existing key personnel or a failure to secure and retain additional key personnel as the Company's exploration program develops.

(m) **Liquidity risk**

Upon reinstatement of the Company's quoted securities to trading on ASX, a significant portion of the new Ordinary Shares on issue will be subject to escrow restrictions imposed by the Listing Rules. This may impact liquidity in the Ordinary Shares as a portion of the issued capital may not be able to be traded freely for a period of up to 24 months.

(n) **Limited trading history**

BCC was incorporated in 2016, it is a wholly-owned subsidiary of Cape Coal Pty Ltd which commenced business in April 2012. Its principal business activity has been exploration. There is no guarantee that BCC will be able to successfully generate revenue in the future. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Transaction.

13.2 General risks

(a) **Environment and regulatory**

The BCC Projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company or its subsidiaries, or non-compliance with environmental laws or regulations.

Further, the availability and rights to mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;

- the demand for, and supply of, capital; and

- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market for Ordinary Shares.

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the mining and resources industries including, but not limited to, the following:

- general economic conditions in Australia and worldwide;
- changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- the strength of the equity and share markets in Australia and throughout the world, and in, particular, investor sentiment towards the mining and resources sector;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) **Policies and legislation**

The introduction of new legislation or amendments to existing legislation by the Australian government, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

(e) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes,

epidemics or quarantine restrictions.

(f) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

13.3 Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

14. Material Contracts

14.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Public Offer. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

14.2 Terms Sheet

On 21 April 2017, the Company entered into a binding terms sheet with Cape Coal. The Terms Sheet details the key terms upon which the Company offered to acquire 100% of the issued capital of BCC from Cape Coal. The parties entered into Amendment No. 1 to the Terms Sheet on 1 August 2017.

A summary of the material terms of the Terms Sheet is set out in Section 7.3.

14.3 AQC Option Agreement

(a) On 1 December 2016, BCC entered into a binding memorandum of understanding with Area Coal, a wholly-owned subsidiary of AQC, and the registered holder of 100% of the legal and beneficial interest in EPC 1824 (the Hillalong Project) and MDL 453 (the Cooroorah Project), pursuant to which Area Coal granted to BCC an option to purchase 100% of the legal and beneficial interest in the Hillalong and Cooroorah Projects. The AQC Option Agreement was amended on 21 April 2017 and 2 August 2017.

(b) The assets the subject of the call option granted to BCC are:

(i) EPC 1824.

(ii) MDL 453.

(iii) The environmental authorities for the Hillalong Project and the Cooroorah Project.

(iv) All technical and financial information and other records relating to the Hillalong and Cooroorah Projects**.**.

(v) All contracts (such as conduct and compensation agreements, cultural heritage management agreements, and native title agreements) relating to the Hillalong and Cooroorah Projects.

(together, the **AQC Sale Assets**)

(c) BCC is entitled to exercise the call option until 31 August 2017 (and intends to exercise it once the conditions set out in the Terms Sheet are met).

(d) If requested by BCC to do so at any time after the date of the AQC Option Agreement, Area Coal will promptly apply for indicative approval for the transfer of EPC 1824 and MDL 453 to BCC. (BCC requested Area Coal to do so on 12 July 2017, and the application was lodged with the Department on 17 July 2017).

(e) Completion of the sale and purchase will take place on or before the date which is 15 Business Days after the date upon which BCC gives notice of the exercise of the call option.

(f) The sale and purchase of the AQC Sale Assets, which is to be free of encumbrances, is conditional on Completion occurring. Completion under the ACQ Option Agreement itself is conditional on the following conditions being fulfilled by 30 September 2017:

(i) ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the re-instatement to trading of its quoted securities from ASX (**Listing Decision**) on terms reasonably satisfactory to the Company; and

(ii) the Company having complied with all condition of the Listing Decision other than:

(A) the issue of the Ordinary Shares under the Public Offer;

(B) Completion;

(C) completion under the AJC Asset Sale Agreement;

(D) dispatch of holding statements in respect of Ordinary Shares issued under the Public Offer and provision of a distribution schedule and top 20 shareholder list to the ASX; and

(E) completion under the AQC Option Agreement.

If the above conditions are not satisfied on or before 30 September 2017, or such later date as the parties agree, then the AQC Option Agreement will terminate.

(g) The consideration payable by BCC to Area Coal for the sale of the AQC Sale Assets is the issue of the AQC Option Shares. Area Coal is to enter into an escrow agreement (in the form of an ASX escrow agreement) which restricts the disposal of the AQC Option Shares for a period of 12 months from their issue.

(h) If BCC cannot procure the Company to issue the AQC Option Shares because the relevant conditions are not satisfied, then the AQC Option Agreement will terminate and be of no further force or effect and no party will have any further obligations or liabilities under it.

(i) Area Coal warrants to BCC both as the date of the AQC Option Agreement and as at the date of completion under the AQC Option Agreement that it is not insolvent, that it is the sole beneficial and legal owner of interests in the AQC Sale Assets, those interests are not encumbered, and it has full power and authority to sell those interests to BCC on the terms in the AQC Option Agreement.

(j) Any claim by BCC for breach of warranty must be made by BCC within 12 months of completion of the acquisition of the AQC Sale Assets. No claim may be made unless it exceeds $50,000 and in no case will the liability of Area Coal exceed 100% of the dollar amount of the shares in the listed entity to be issued to Area Coal (i.e., $1,250,000).

(k) The parties agreed to negotiate in good faith to agree on a more detailed sale and purchase agreement which is intended more fully to document the arrangements the subject of the AQC Option Agreement, and arrangements for BCC to access and use EPC 1824 and MDL 453 during the interim period between completion under the AQC Option Agreement until the date of registration of the transfer of EPC 1824 and MDL 453 to BCC, including the appointment of BCC as operator for the purpose of health and safety arrangements. (The parties have not entered into a more detailed sale and purchase agreement.)

(l) As soon as possible following completion, BCC must lodge with the Department the signed and stamped instruments of transfer, and replacement financial assurances to replace those of Area Coal.

Mortgages

Area Coal has granted mortgages over EPC 1824 and MDL 453 (amongst other assets) to the lenders under a lending facility entered into by AQC in connection with its acquisition of the Dartbrook Coal Mine. The sale of EPC 1824 and MDL 453 pursuant to the AQC Option Agreement is a "permitted disposal" under the terms of the mortgages. Area Coal is obliged to deliver releases of any encumbrances on EPC 1824 and MDL 453 to BCC at completion.

Exercise of the option under the AQC Option Agreement is a condition precedent to Completion.

14.4 AJC Asset Sale Agreement

(a) On 13 January 2017, BCC entered into the AJC Option Agreement pursuant to which AJC granted BCC an option to purchase 100% of the legal and beneficial interest in the Comet Ridge Project. BCC paid AJC an option fee of $50,000 following the execution of the AJC Option Agreement.

(b) BCC exercised the option on 30 April 2017.

(c) As contemplated in the AJC Option Agreement, the parties subsequently entered into the AJC Asset Sale Agreement on 2 August 2017, a definitive asset sale agreement in relation to the assets comprising the Comet Ridge Project and which replaced the AJC Option Agreement.

(d) Under the terms of the AJC Asset Sale Agreement:

(i) AJC has agreed to sell, and BCC has agreed to purchase, free from encumbrances:

(A) MLA700005;

(B) EPC1230;

(C) the benefit of the environmental authorities, applications and data for the Comet Ridge Project, including EPML03080315;

(D) all technical and financial information and other records in the possession of AJC which relate to the Comet Ridge Project; and

(E) the benefit of all contracts (including any conduct **and** compensation agreements, cultural heritage management agreements and native title agreements) which relate to the Comet Ridge Project**,**

(**AJC Sale Assets**);

(ii) the sale and purchase of the AJC Sale Assets is conditional on the following conditions being fulfilled (or waived by the party or parties entitled to waive the relevant condition) by 30 September 2017 (**Completion Date**):

(A) the Shareholders approving the Acquisition Resolutions at the Shareholder Meeting;

(B) the Company raising the Minimum Subscription;

(C) the exercise by BCC of the option to acquire the Hillalong and Cooroorah Projects from Area Coal;

(D) ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the re-instatement of its quoted securities from ASX on terms reasonably satisfactory to the Company;

(E) AJC obtaining indicative approval(s) (on terms acceptable to the parties, acting reasonably) in respect of the proposed transfer to BCC of MLA700005 and EPC1230; and

(F) AJC entering into a restriction agreement in the form of a standard ASX restriction agreement in respect of the AJC Option Shares, the terms of which must restrict AJC from disposing of the AJC Option Shares for the period specified by ASX after issue;

(iii) the consideration payable by BCC to AJC for the sale of the AJC Sale Assets on the Completion Date is:

(A) $350,000; and

(B) the issue of the AJC Option Shares;

(iv) AJC may terminate the AJC Asset Sale Agreement if completion does not occur and provided AJC is not in default under the agreement and is ready and able to complete;

(v) following completion, BCC agrees that it will provide any required replacement security deposit or financial assurance to any relevant governmental agency in relation to the AJC Sale Assets;

(vi) AJC is not liable for any claim under the AJC Asset Sale Agreement unless the claim:

(A) is greater than $50,000;

(B) is notified to AJC within 10 business days after it has first come to BCC's attention and no later than 12 months after the Completion Date; and

(C) has not already been satisfied, settled or withdrawn or legal proceedings properly issued and served on AJC within 3 months after AJC receives the first notice of the claim; and

(vii) AJC's maximum liability as a result of any claim or claims (above the $50,000 *de minimis* threshold) is limited to $350,000.

14.5 Lilyvale Joint Venture Agreement

On 29 July 2013 Cape Coal earned a 15% interest in the Lilyvale Project (EPC 1687 and EPC 2157) through delivering pre-defined performance objectives with regard to technical support and studies. Cape Coal assigned its rights and novated its obligations to BCC on 27 February 2017. The joint venture operation was being conducted in accordance with the joint venture terms of the Mackenzie Joint Venture agreement pursuant to an oral agreement between the parties. On 25 July 2017 SMR and BCC entered into an agreement which formalised this

arrangement. On 27 February 2017 SMR approved the transfer of the interests in the Projects from Cape Coal to BCC, and also waived its pre-emptive and tag along rights for a transaction including the sale of BCC.

The key joint venture terms of the Lilyvale Joint Venture Agreement are the same as those described in Section 14.6 with respect to the Mackenzie Fam-in Agreement.

14.6 Mackenzie Farm-in Agreement

BCC currently holds a 5% Joint Venture interest in the Mackenzie Project (EPC 2081), with Stanmore Coal Limited (**SMR**). The Mackenzie Joint Venture commenced in April 2012, with formal agreement completed on 26 October 2012 (**Agreement**). Cape Coal assigned its rights and novated its obligations to BCC on 27 February 2017. SMR and BCC both hold reciprocal pre-emptive and "tag along" rights under the Mackenzie Joint Venture. On 27 February 2017 SMR approved the transfer of the 5% interest in the Mackenzie Project to BCC, and also waived its pre-emptive and tag along rights for a transaction including the sale of BCC. On 25 July 2017 SMR and BCC executed an agreement confirming the terms of the Mackenzie Joint Venture (with a minor amendment confirming Listing Rule disclosure obligations).

In accordance with the terms of the Agreement, Cape Coal earned a beneficial interest of 5% in the Mackenzie Project upon the following conditions being satisfied:

(a) an initial 2% interest was earned for undertaking an initial technical evaluation of the Mackenzie Project and producing an initial technical review report confirming potential and the scope of a proposed concept study; and

(b) a further 3% was earned upon completion of a concept study by Cape Coal and delivery of a written report on the results of the concept study to SMR.

Cape Coal had the opportunity to earn a further 4% interest in the Mackenzie Project upon completion of a pre-feasibility study and the delivery to SMR of a written report on the results of the pre-feasibility study. The ability for Cape Coal to acquire this further 4% interest expired on 30 September 2013.

BCC has the right to purchase a further 10% interest (15% total interest) in the Mackenzie Project for AUD$10 million within 3 months from the finalisation of a bankable feasibility study in relation to the establishment and operation of a coal mine within the area of EPC 2081. BCC and SMR are required to bear the costs of the bankable feasibility study in proportion to their respective interests in the Mackenzie Project. The transfer of this further 10% interest from SMR to BCC is conditional upon the Minister for Natural Resources and Mines giving indicative approval for the transfer.

The key joint venture terms include:

(a) establishment of a Management Committee, with SMR as the Manager;

(b) if either SMR or BCC intends to sell or otherwise dispose of the whole of its interest in the Mackenzie Joint Venture then pre-emptive rights, drag-along rights and tag-along rights will apply in relation to that sale or disposal;

(c) each participant must contribute to the Mackenzie Joint Venture costs in proportion to their respective interests and the Manager may call on each participant to pay in advance estimated expenditures for a month (or such longer period as determined by the Management Committee) consistent with an approved program and budget;

(d) the Manager may make emergency cash call if it requires funds to take any urgent or emergency action;

(e) if a participant defaults (**Defaulting Participant**) in paying, by the due date for payment, any amount that is payable to the Manager and that default is not remedied within 10 business days after notice of the default is given by the Manager, then the non-defaulting participant will have an option, exercisable at any time while the default remains un-remedied, to acquire the interests of the Defaulting Participant for a price agreed between the parties or, failing agreement, determined by an independent expert appointed by the non-defaulting participant;

(f) the Management Committee may determine that the Manager should prepare a feasibility report (**Feasibility Report)** to assist each participant in determining whether a mining operation within the area of EPC 2081 should be undertaken; and

(g) if the Management Committee adopts the plans and specifications and the program and budget included in the Feasibility Report, then the Manager must proceed with the development.

The Agreement contains additional provisions, including warranties and indemnities, considered standard in an agreement of this type.

14.7 Loans and Management Agreement

On 24 November 2016 BCC entered into a Loans and Management Agreement with Cape Coal, which was amended on 17 July 2017 to extend the term to 24 August 2017 and on 29 July 2017 to extend it to 24 September 2017 (**Loans and Management Agreement**).

Pursuant to the Loans and Management Agreement, Cape Coal provided a cash loan of up to $50,000 (**Cash Loan**) and agreed to provide management and consulting services to BCC at a rate approved by the Cape Coal board ($135 per hour for the Managing Director and $125 for other consultant services). The management and administrative fees were to be invoiced by Cape Coal and kept as a separate loan (**Services Loan**).

The Cash Loan is repayable at the earliest of:

(a) Ten (10) months from the first cash draw;

(b) Seven (7) days after Cape Coal holds less than 90% equity in BCC; and

(c) Cape Coal requesting a payment with two (2) months' notice.

The Services Loan is repayable in full at the earliest of:

(a) Ten (10) months from the first services invoice received; and

(b) Seven (7) days after Cape Coal holds less than 90% equity in BCC.

Both loans attract interest at 10% p.a., calculated on the outstanding balance on a daily basis and capitalised on the last day every month.

BCC unconditionally granted Cape Coal a security over its assets and contingent assets to an amount not more than the maximum of the amount outstanding on both loans. BCC has advised the Company that this security was never created.

The Loans and Management Agreement will terminate within 7 days after Completion and the Cash Loan and the Services Loan will be re-paid. The amount to be repaid is estimated to be less than $50 000 in total. On 30 June 2017 the balance of the Cash Loan and the Services

Loan to be repaid was less than $21,000.

14.8 Lead Manager Mandate

The Company has entered into a lead manager mandate (**Lead Manager Mandate**) with CPS Capital Group Pty Ltd (AFSL: 294848) (**CPS**) whereby it has engaged CPS to act as lead manager to the Public Offer. CPS has agreed to place Ordinary Shares under the Public Offer on a best endeavours basis.

Pursuant to the Lead Manager Mandate, the Company has agreed to pay CPS (and/or its nominee):

(a) management fee of 2% plus GST of the amount raised pursuant to the Public Offer; and

(b) a placement fee of 4%plus GST of the amount raised pursuant to the Public Offer.

By negotiation, CPS (and/or its nominee) will pay up to 4%, plus GST where applicable, to Australian Financial Services Licence holders for placing Ordinary Shares, upon presentation of a valid notice.

CPS may terminate its obligations under the Lead Manager Mandate:

(a) by 14 days written notice, if the Company commits a material breach of the Lead Manager Mandate or if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; and

(b) immediately by notice in writing, if the Company becomes insolvent, enters into receivership or administration, or the court makes an administration order with respect to the Company or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of the Company.

The Lead Manager Mandate may be terminated by the Company with 7 days' written notice at or prior to the expiration of the mandate period, upon which any outstanding expenses will be immediately payable.

The Lead Manager Mandate also contains a number of indemnities, representations and warranties from the Company to CPS that are considered standard for an agreement of this type.

14.9 Agreements with Directors, Related Parties and Key Management Personnel

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Sections 8.6 and 8.7.

15. Additional information

15.1 Rights attaching to Ordinary Shares

Full details of the rights attaching to Ordinary Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Ordinary Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) **Voting**

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Ordinary Share held by them.

(b) **Dividends**

The Directors may from time to time determine dividends to be distributed to members out of profits of the Company. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Ordinary Shares paid proportionately to the amounts paid on the Ordinary Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

(c) **Transfer of Shares**

(i) Electronic

Transfer of Ordinary Shares may be effected by an instrument of transfer in accordance with any system recognised by the Listing Rules and effected in accordance with rules approved under the Corporations Act or by an instrument of transfer in any usual from or by another form approved by the Directors or recognised by the Corporations Act or the Listing Rules.

(ii) Paper-Based

Subject to the Constitution and the Corporations Act, Ordinary Shares may be transferred by instrument in writing in any form authorised by the Corporations Act and the Listing Rules or in any other form authorised by the Corporations Act and the Listing Rules or in any other form that the Directors approve. No fee shall be changed by the Company on the transfer of any Ordinary Shares.

(iii) Acceptance of Transfer

Generally, Ordinary Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(d) **Winding up**

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the Ordinary Shares when the winding up begins. Shareholders will have no further liability to make payments to the Company in the event of the Company being

wound up pursuant to the provisions of the Corporations Act.

(e) **Issue of further Shares**

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of 75% of the holders of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) **General meetings**

Each holder of Ordinary Shares is entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

15.2 Terms and conditions of Performance Shares

For the purpose of these terms and conditions:

Change of Control Event means:

(a) the occurrence of:

(i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and

(ii) that takeover bid has become unconditional; or

(b) the announcement by the Company that:

(i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:

(A) cancelled; or

(B) transferred to a third party; and

(ii) the Court, by order, approves the proposed scheme of arrangement.

Expiry Date means the A Expiry Date or B Expiry Date (as applicable).

Holder means a holder of a Performance Share.

1. **Conversion and Expiry of Class A Performance Shares and Class B Performance Shares**

(a) (**Conversion on achievement of Class A Milestone**)

Each Class A Performance Share will convert into an Ordinary Share on a one for one basis upon:

(i) the Total JORC-Compliant Resources Base being increased, following Completion, by delineation of a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being upgraded to at least the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only; and

(ii) the Ordinary Share price achieving a 30 day VWAP of at least 5 cents,

within 24 months after Completion (the **Class A Milestone**).

(b) (**A Expiry**) The Class A Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is 1 month after the conclusion of the time period for satisfaction set out in paragraph 1(a) (**A Expiry Date**).

(c) (**Conversion on achievement of Class B Milestone**)

Each Class B Performance Share will convert into an Ordinary Share on a one for one basis upon the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 50,000,000tonnes mineral resources of at least inferred category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only, within 24 months after Completion (the **Class B Milestone**).

(d) (**B Expiry**) The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is 1 month after the conclusion of the time period for satisfaction set out in paragraph 1(c) (**B Expiry Date**).

(e) (**No conversion**) To the extent that Performance Shares in a Class have not converted into Ordinary Shares on or before the Expiry Date applicable to that Class, then all such unconverted Performance Shares in that Class held by each Holder will automatically consolidate into one Performance Share and will then convert into one Ordinary Share.

(f) (**Conversion procedure**) The Company will issue a Holder with a new holding statement for the Ordinary Share or Ordinary Shares as soon as practicable following the conversion of each Performance Share.

(g) (**Ranking of Ordinary Shares**) Each Ordinary Share into which a Performance Share will convert will upon issue:

(i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Ordinary Shares;

(ii) be issued credited as fully paid;

(iii) be duly authorised and issued by all necessary corporate action; and

(iv) be issued free from all liens, charges, and encumbrances, whether known about or not, including statutory and other pre-emptive rights and any transfer restrictions.

2. **Conversion on Change of Control Event**

(a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:

(i) the Milestone will be deemed to have been achieved; and

(ii) each Performance Share will automatically and immediately convert into Ordinary Shares,

however, if the number of Ordinary Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total issued ordinary share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be pro-rated so that the aggregate number of Ordinary Shares issued upon conversion of all Performance Shares is equal to 10% of the entire issued ordinary share capital of the Company.

3. **Rights attaching to Performance Shares**

(a) (**Share capital**) Each Performance Share is a share in the capital of the Company.

(b) (**General meetings**) Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of Shareholders.

(c) (**No voting rights**) A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of Shareholders.

(d) (**No dividend rights**) A Performance Share does not entitle a Holder to any dividends.

(e) (**Rights on winding up**) A Performance Share does not entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(f) (**Not transferable**) A Performance Share is not transferable.

(g) (**Reorganisation of capital**) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

(h) (**Quotation of** Ordinary **shares on conversion**) An application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.

(i) (**Participation in entitlements and bonus issues**) A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Ordinary Shares, such as bonus issues and entitlement issues.

(j) (**No other rights**) A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

15.3 Terms and condition of Unlisted Options

(a) The exercise price payable upon exercise of each Unlisted Option is $0.02 per Share.

(b) An Unlisted Option will be exercisable on or before 30 October 2019.

(c) Each Unlisted Option will entitle the holder to subscribe for one (1) Ordinary Share which will be issued by the Company within 5 business days of receiving written notice of exercise, together with the exercise price for the Unlisted Option.

(d) The Unlisted Options will be exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of Unlisted Options, accompanied by an option certificate or holding statement, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Unlisted Options held does not affect the holder's right to exercise the balance of any Unlisted Options remaining.

(e) All Ordinary Shares issued upon exercise of the Unlisted Options will rank pari passu in all respects with the Company's then issued Ordinary Shares.

(f) If Shares are quoted on ASX, the Company will apply to ASX for official quotation of all Shares issued upon exercise of Unlisted Options.

(g) The Company will apply to ASX for official quotation of all Unlisted Options on issue.

(h) There are no participating rights or entitlements inherent in the Unlisted Options and holders will not be entitled to participate in new issues, or issues of rights to subscribe for additional Ordinary Shares, or any other securities to be issued by the Company, during the currency of the Unlisted Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Unlisted Option holders will be notified of the proposed issue at least five (5) business days before the record date of any proposed issue. This will give Unlisted Option holders the opportunity to exercise the Unlisted Options prior to the date for determining entitlements to participate in any such issue.

(i) If there is a bonus issue to holders of Ordinary Shares, on the exercise of any Unlisted Options, the number of Ordinary Shares over which an Unlisted Option may be exercised will not be increased to the number of bonus shares that would have been issued if the Unlisted Options had been exercised prior to the date for the bonus issue.

(j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Unlisted Options and/or their exercise price will be reconstructed in the manner required by the Listing Rules.

(k) A certificate will be issued for Unlisted Options. If there is more than one (1) Unlisted Option on a certificate and prior to the expiry date those Unlisted Options are exercised in part, the Company will issue another certificate for the balance of the Unlisted Options held and not yet exercised.

(l) Subject to the Corporations Act, the Constitution and the Listing Rules, the Unlisted Options will be fully transferable.

15.4 Terms and conditions of Quoted Options

(a) The exercise price payable upon exercise of each Option is $0.04 per Ordinary Share.

(b) An Option will be exercisable on or before 30 October 2019.

(c) Each Option will entitle the holder to subscribe for one (1) Ordinary Share which will be issued by the Company within 5 business days of receiving written notice of exercise, together with the exercise price for the Option.

(d) The Options will be exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of Options, accompanied by an option certificate or holding statement, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.

(e) All Ordinary Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Ordinary Shares.

(f) If Ordinary Shares are quoted on ASX, the Company will apply to ASX for official quotation of all Ordinary Shares issued upon exercise of the Options.

(g) The Company will apply to ASX for official quotation of all Options on issue.

(h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues, or issues of rights to subscribe for additional Ordinary Shares, or any other securities to be issued by the Company, during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least five (5) business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

(i) If there is a bonus issue to holders of Ordinary Shares, on the exercise of any Options, the number of Ordinary Shares over which an Option may be exercised will not be increased to the number of bonus shares that would have been issued if the Options had been exercised prior to the date for the bonus issue.

(j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Options and/or their exercise price will be reconstructed in the manner required by the Listing Rules.

(k) A certificate will be issued for the Options. If there is more than one (1) Option on a certificate and prior to the expiry date those options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.

(l) Subject to the Corporations Act, the Constitution and the Listing Rules, the Options will be fully transferable.

15.5 Substantial Shareholders

(a) **As at the date of this Prospectus**

As at the date of this Prospectus, there are no Shareholders have a voting power of 5% or more of the Ordinary Shares on issue.

(b) **On completion of the Offers**

On completion of the Offers (assuming neither Cape Coal or AQC (or its nominee) subscribes for and receives additional Ordinary Shares pursuant to the Public Offer), the substantial Shareholders will be as follows:

Shareholder	Ordinary Shares (Minimum Subscription)	% holding (undiluted)	% holding (diluted)[1]	Ordinary Shares (Maximum Subscription)	% holding (undiluted)	% holding diluted[1]
Cape Coal	70,000,000[2]	14.92%	19.39%	70,000,000[2]	14.39%	18.73%
AQC (through Area Coal)	54,347,826	11.59%	10.98%	54,347,826	11.17%	10.61%

Notes:

1. Assuming all of the Performance Shares are converted to Shares and that no Options are exercised.
2. Cape Coal will also hold 26,000,000 Performance Shares. Upon conversion of the Performance Shares, Cape Coal will hold up to 96,000,000 Ordinary Shares.

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Company's quoted securities re-commencing trading on ASX.

15.6 Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers under this Prospectus; or

(c) the Offers under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offers of Shares under this Prospectus.

CPS has acted as Lead Manager of the Public Offer. In respect of this work, CPS will be paid a fee of 6% of the total amounts raised under the Public Offer as detailed in Section 14.8. During the 24 months preceding lodgement of this Prospectus with ASIC, CPS has received approximately $295,790 in fees from the Company (inclusive of GST).

BDO Corporate Finance (WA) Pty Ltd (**BDO**) has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 10. The

Company estimates it will pay BDO a total of $10,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO has received approximately $16,266 in fees from the Company (inclusive of GST).

Nexia Sydney Partnership (**Nexia**) has been appointed to act as auditor of the Company. The Company has paid Nexia a total of $102,010 (including GST) for services in connection with the audited accounts of the Company. During the 24 months preceding lodgement of this Prospectus with ASIC, Nexia has not received any other fees from the Company.

Xenith Consulting Pty Ltd (**Xenith**) has acted as Independent Geologist and has prepared the Independent Geologist report which has been included in Section 11. The Company estimates it will pay Xenith a total of $15,000 (excluding GST) for these services, based on actual hours billed at the standard consultancy rate. During the 24 months preceding lodgement of this Prospectus with ASIC, Xenith has not received any other fees from the Company.

Link Market Services Limited (**Link Market**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions. The Company estimates it will pay Link Market approximately $5,000 for these services. During the 24 month's preceding lodgement of this Prospectus with ASIC, Link Market has received approximately $82,889 (including GST) in fees from the Company.

Edwards Mac Scovell has acted as the solicitors to the Company in relation to the Offers and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Edwards Mac Scovell approximately $80,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Edwards Mac Scovell has received approximately $156,714 (including GST) in fees from the Company.

All Mining Legal Pty Ltd (**All Mining Legal**) has acted as Independent Solicitors reporting on tenements in the Solicitor's Report on Tenements which is included in Section 12. The Company estimates that it will pay All Mining Legal $7,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, All Mining Legal has not received fees from the Company for any other services.

15.7 Consents

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;

(b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and

(c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

CPS has given its consent to be being named as the Lead Manager to the Public Offer in this Prospectus. CPS has not withdrawn its consent prior to the lodgement of this Prospectus.

BDO has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the

form and context in which the report is included. BDO has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Nexia has given its written consent to being named as the auditor to the Company in this Prospectus. Nexia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Xenith has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 11 in the form and context in which the report is included. Xenith has not withdrawn its consent prior to lodgement of this Prospectus with ASIC

Link Market has given its written consent to being named as the Share Registry in this Prospectus. Link Market Services Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Edwards Mac Scovell has given its written consent to being named as solicitors to the Company in this Prospectus. Edwards Mac Scovell has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

All Mining Legal has given its written consent to being named as Independent Solicitors reporting on tenements in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 12 in the form and context in which the report is included. All Mining Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

15.8 Litigation

To the knowledge of the Existing Directors and the Proposed Directors, as at the date of this Prospectus, neither the Company nor BCC is involved in any legal proceedings and the Existing Directors and the Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or BCC.

15.9 ASX Waivers

As set out in Section 6.6 the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List. These requirements include that:

(a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and

(b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 12).

The terms of the Public Offer will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Public Offer is proposed to be completed at $0.023 per Ordinary Share.

Following completion of the Public Offer, the Company will have classes of Options on issue with exercise prices of $0.02 and $0.04, being less than the minimum $0.20 exercise price required by Listing Rule 1.1 Condition 12.

ASX has granted the Company a waiver of Listing Rule 2.1 Condition 2 to allow the Company to issue the Ordinary Shares under the Public Offer at $0.023 per Ordinary Share, and has confirmed that Company does not require a waiver of Listing Rule 1.1 Condition 12 in relation to the Options on issue with an exercise price less than 20 cents each.

15.10 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

15.11 Costs of the Offers

The estimated costs of the Offers are as follows:

Item of expenditure	
ASX & ASIC fees	$77,000
Legal fees	$87,000
Investigating Accountant's Report	$10,000
Independent Geologist's Report	$15,000
Lead Manager fees[1]	$276,000 or $300,000
Share registry, printing and other	$5,000
Total	**$470,000 or $494,000**

Note:

1. Refer to Section 14.8 for further details in respect to the fees payable to the Lead Manager in relation to the Public Offer. The different amounts reflect the Lead Manager fee if the Minimum Subscription or the Maximum Subscription are raised. This affects the total costs in each case.

16. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Existing Directors and the Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 3 August 2017.

Eddie King
Director
For and on behalf of
Cabral Resources Limited

17. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

$ means Australian Dollars.

Acacia Coal or AJC means Acacia Coal Limited (ACN 009 092 068).

Acquisition has the meaning given in Section 7.2.

Acquisition Offer has the meaning given in Section 6.2.

AJC Asset Sale Agreement means the asset sale agreement dated 2 August 2017 between AJC and BCC in relation to the sale and purchase of the Comet Ridge Project assets.

Acquisition Resolutions has the meaning given in Section 6.5.

AEST means Australian Eastern Standard Time.

AJC Offer has the meaning given in Section 6.3(a).

AJC Option Agreement means the "Binding Memorandum of Understanding: Call Option in respect of MLA 700005 [sic] Comet Ridge" between BCC and AJC dated 13 January 2017 granting BCC the option to acquire 100% of the Comet Ridge Project, as amended on 7 February 2017, 21 April 2017, 30 April 2017 and 29 June 2017.

AJC Option Shares means 17,391,304 Ordinary Shares to be issued to AJC as part consideration payable under the AJC Asset Sale Agreement.

Applicant means a person who submits an Application Form.

Application means a valid application for Ordinary Shares pursuant to an Application Form.

Application Form means an application form as provided with a copy of this Prospectus relating to the Offers.

Application Monies means application monies for Ordinary Shares received and banked by the Company.

AQC means Australian Pacific Coal Limited (ACN 089 206 986).

AQC Offer has the meaning given in Section 6.3(b).

AQC Option Agreement means the "Binding Memorandum of Understanding: Call Option in respect of MDL 453 (Cooroorah) and EPC 1824 (Hillalong)" between BCC and Area Coal dated 1 December 2016 granting BCC the option to acquire 100% of the Hillalong and Cooroorah Projects, as amended on 21 April 2017 and 2 August 2017.

AQC Option Shares means 54,347,826 Ordinary Shares to be issued to AQC (or its nominee) as consideration under the AQC Option Agreement.

Area Coal means Area Coal Pty Ltd (ACN 132 644 193), a wholly-owned subsidiary of AQC.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).

BCC means Bowen Coking Coal Pty Ltd (ACN 615 317 907).

BCC Projects means BCC's 15% interest in the Lilyvale Project, BCC's 5% interest in the Mackenzie Project, the Hillalong Project, the Cooroorah Project, and the Comet Ridge Project.

Board means the board of Directors.

Cape Coal means Cape Coal Pty Ltd (ACN 157 757 732).

Class A Performance Share means a Share issued on the terms and conditions set out in Section 15.2, with specific reference to the sections "Conversion on achievement of Class A Milestone" and "A Expiry".

Class B Performance Share means a Share issued on the terms and conditions set out in Section 15.2, with specific reference to the sections "Conversion on achievement of Class B Milestone" and "B Expiry".

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3.

Comet Ridge Project means EPC 1230 and MLA 700005, and associated environmental approvals, financial and technical information, and contracts.

Company means Cabral Resources Limited (ACN 064 874 620).

Completion means completion of the Acquisition.

Consideration Shares means 70,000,000 Ordinary Shares to be issued to Cape Coal in consideration for the acquisition of BCC.

Constitution means the current constitution of the Company.

Cooroorah Project means MDL 453 and associated environmental approvals, financial and technical information, and contracts.

Corporations Act means the *Corporations Act* 2001 (Cth).

CPS means CPS Capital Group Pty Ltd (ACN 088 055 636).

Department means the Department of Natural Resources and Mines in Queensland.

Director means a director of the Company.

EPC means an exploration permit for coal under the Mineral Resources Act.

Existing Directors means the persons identified as existing directors in the Corporate Directory.

Hillalong Project means EPC 1824 and associated environmental approvals, financial and technical information, and contracts.

Initial BCC Projects means the tenements making up the Lilyvale, Mackenzie, Cooroorah, Hillalong and Comet Ridge Projects (a definition used in the Performance Shares).

Investigating Accountant's Report means the investigating accountant's report in Section 10.

JORC Code or **JORC 2012** means the Australasian Code for reporting of Exploration Results, Mineral Resources, and Ore Reserves, 2012 Edition, prepared by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia.

Lead Manager means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL: 294848).

Lilyvale Project means the joint venture between SMR and BCC in relation to EPCs 1687 and 2157.

Listing Rules means the listing rules of ASX.

Mackenzie Project means the joint venture between SMR and BCC in relation to EPC 2081.

Maximum Subscription means the subscription under the Public Offer of 217,391,304 Ordinary Shares at $0.023 each to raise $5,000,000.

MDL means a mineral development licence under the Mineral Resources Act.

Mineral Resources Act means the *Mineral Resources Act* 1989 (Qld).

Minimum Subscription means the subscription under the Public Offer of 200,000,000 Ordinary Shares at $0.023 each to raise $4,600,000.

MLA means an application for a Mining Lease under the Mineral Resources Act.

Native Title Act means the *Native Title Act 1993* (Cth).

Ordinary Share means a fully paid ordinary share in the capital of the Company.

Offers means the Public Offer, the Acquisition Offer, the AQC Offer and the AJC Offer.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's securities by ASX in accordance with the Listing Rules.

Option means an option to acquire an Ordinary Share.

Performance Share means a Share issued on the terms and conditions set out in Section 15.2, comprising the **Class A Performance Shares** and **Class B Performance Shares**.

Project means a BCC Project.

Proposed Directors means the persons identified as proposed directors in the Corporate Directory.

Prospectus means this prospectus.

Public Offer has the meaning given in Section 6.1.

Public Offer Application Form means the application form as provided with a copy of this Prospectus relating to the Public Offer.

Public Offer Conditions means the conditions of the Public Offer outlined in Section 6.4.

Quoted Options means the Options quoted on ASX currently on issue on the terms and conditions set out in Section 15.4.

Section means a section contained in this Prospectus.

Share means a share in the capital of the Company and includes Ordinary Shares, Consideration Shares, Performance Shares or any combination of them as the context requires.

Share Registry means Link Market Services Limited (ACN 083 214 537).

Shareholder means a shareholder of the Company.

Shareholder Meeting means the general meeting of the Company to be held on 10 August 2017 for the purpose of considering and approving the Acquisition Resolutions.

SMR means Stanmore Coal Limited (ACN 131 920 968).

Tenements means a mining tenement or application referred to in Schedule 1-Tenements of the Solicitor's Report on Tenements.

Terms Sheet means the binding terms sheet dated 21 April 2017 between the Company and Cape Coal for the acquisition by the Company of 100% of the issued capital of BCC from Cape Coal, as amended on 1 August 2017.

Total JORC-Compliant Resource Base means the aggregate of all coal mineralisation that has been reported as an Inferred Mineral Resource (or a higher category of Mineral Resource or Ore Reserve) in accordance with the JORC Code.

Transaction means the Acquisition, the exercise of the AJC Option, the exercise of the AQC Option, and the Public Offer.

Unlisted Options means the Options currently on issue on the terms and conditions set out in Section 15.3.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.