PROSPECTUS

Bounty Mining Limited (ASX:B2Y)

ACN 107 411 067

INITIAL PUBLIC OFFER

for an offer of up to 51,428,571 New Shares in Bounty Mining Limited ACN 107 411 067 at $0.35 per New Share to raise up to $18,000,000.

Lead Manager

PAC PARTNERS

1. IMPORTANT INFORMATION

ABOUT THIS PROSPECTUS

This Prospectus is issued by Bounty Mining Limited ACN 107 411 067 (**Company** or **Bounty**) and is an invitation to apply for New Shares under an offer of up to 51,428,571 New Shares at $0.35 per New Share to raise up to $18,000,000. Subject to applicable legal and regulatory requirements, the Board of Bounty, in agreement with the Lead Manager, reserves the right to determine the course of action should there be an under or over-subscription.

This Prospectus is dated 1 May 2018 and was lodged with ASIC on that date. No responsibility for the contents of this Prospectus or the merits of the investment to which it relates is taken by ASIC, ASX or any of their officers.

No New Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus, being 1 June 2019.

INVESTMENT DECISION

Applicants should read this Prospectus in its entirety before deciding to apply for New Shares. This Prospectus or the Offer does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company.

Any investment carries risks. An outline of the key risks that apply to an investment in the Company is set out in section 9. Applicants are urged to consider section 9 carefully before deciding to apply for New Shares. An investment in Bounty should be considered speculative.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, or any other person, in connection with the Offer.

FORWARD LOOKING STATEMENTS

This Prospectus may contain forward looking statements. Forward looking statements are identified by words such as 'believes', 'considers', 'could', 'estimates', 'expects', 'intends', 'may' and other similar words. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described. The Company cannot and does not give any assurance that the results, events, performance or achievements expressed or implied by the forward looking statements will occur and investors are cautioned not to place undue reliance on these forward looking statements. The risk factors set out in section 9, as well as other matters as yet not known or not currently considered material, may cause actual results, events, performance or achievements to be materially different from those expressed, implied or projected in any forward looking statements. The Company does not have any intention of updating or revising forward looking statements in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except as required by law. Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the Company and its business. Investors should be aware that past performance is not indicative of future performance.

ELECTRONIC PROSPECTUS

An electronic version of this Prospectus can be downloaded from the website of the Company at www.bounty.com.au. The Application Form attached to the electronic version of this Prospectus must be used within Australia or New Zealand.

The Company will send you a copy of the paper Prospectus and paper Application Form free of charge if you request these during the Offer period. You can request a paper copy of this Prospectus by emailing Bounty at secretary@bounty.com.au or telephoning the Lead Manager on +61 (0)2 9994 5552. If you download the electronic version of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. Applications for New Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.bounty.com.au.

EXPOSURE PERIOD

Bounty will not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in New Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

AUSTRALIAN AND NEW ZEALAND RESIDENTS ONLY

Subject to any exemption available in Hong Kong or Singapore with respect to the Institutional Offer, the Offer is available to Australian and New Zealand Residents having a registered address in those jurisdictions.

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws and the Company disclaims any liability in relation to any such violation.

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful.

SPECIAL NOTICE TO NEW ZEALAND RESIDENT INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Corporations Regulations set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

CURRENCY

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

PRIVACY

If you complete an Application Form, 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 Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

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

The Company's privacy policy sets out how you can access, correct and update the personal information that we hold about you, how you can complain about privacy related issues and how the Company responds to complaints. If you wish to see the privacy policy, it is available on the Company's website: www.bounty.com.au or please contact Bounty by email at secretary@bounty.com.au.

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.

DEFINED TERMS

Capitalised terms used in this Prospectus are defined in the glossary in section 14.

MAPS, DIAGRAMS AND PHOTOGRAPHS

As part of the preparation of this Prospectus the Company has commissioned and produced maps and diagrams to identify the tenements, Mineral Resources and the Company's drilling and exploration targets in relation to the Tenements. The maps and diagrams included in this Prospectus, and the drilling and exploration targets identified, should only be considered as an indication of the

Company's current intentions. These intentions may change at the Directors' discretion.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents.

MINERAL RESOURCE ESTIMATES

All exploration targets, exploration results and estimates of mineral resources and ore reserves (as applicable) set out in this Prospectus have been prepared and reported in accordance with the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

COMPETENT PERSONS' STATEMENTS

The information in this Prospectus that relates to exploration targets, exploration results, and estimates of mineral resources and ore reserves (as applicable) in relation to the Cook Colliery and the Cook North Project is based on, and fairly represents, information compiled and conclusions derived by Mr Phillip Bryant who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bryant was at the time of compiling the information and reaching those conclusions, a full-time employee of Caledon Coal Pty Limited and was not and is not an employee of Bounty or a related party of Bounty. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Bryant consents to the inclusion in this Prospectus of the statements based on his information in the form and context in which they appear.

The information in this Prospectus that relates to exploration targets, exploration results, and estimates of mineral resources and ore reserves (as applicable) in relation to the Wongai Project is based on, and fairly represents, information compiled and conclusions derived by Mr Andrew Todd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Todd is a consultant working for Geos Mining Mineral Consultants and is not an employee of Bounty or a related party of Bounty. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Todd consents to the inclusion in this Prospectus of the statements based on his information in the form and context in which they appear.

The information in this Prospectus that relates to exploration targets, exploration results, and estimates of mineral resources and ore reserves (as applicable) in relation to the Minyango Project is based on, and fairly represents, information compiled and conclusions derived by Mr Troy Turner who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Turner is a consultant working for Xenith Consulting and is not an employee of Bounty or a related party of Bounty. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a 'Competent Person' as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Turner consents to the inclusion in this Prospectus of the statements based on his information in the form and context in which they appear.

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2. KEY OFFER STATISTICS AND IMPORTANT DATES

2.1 KEY OFFER STATISTICS

	Minimum Subscription	Full Subscription
Amount to be raised under the Offer	$14 million	$18 million
Total number of Shares currently on issue	298,573,804	298,573,804
Total number of New Shares to be issued under this Prospectus	40,000,000	51,428,571
Total number of Shares on issue following completion of the Offer	338,573,804	350,002,375
Offer Price per New Share	$0.35	$0.35
Market Capitalisation at the Offer Price	$118,500,831.40	$122,500,831.25
Total number of Options on issue following completion of the Offer**	26,301,614	26,301,614
Shares to be issued to directors and management following the completion of the Offer	671,429	671,429
Total number of shares on issue following completion of the Offer and the issue of shares to directors and management	339,245,233	350,673,804
Percentage of Shares held by existing Shareholders following completion of the Offer	88.2%	85.3%
Percentage of Shares held by Shareholders who subscribe for New Shares following completion of the Offer	11.8%	14.7%

NOTE**: These options include the 10 million options to be issued to the Lead Manager under the Lead Manager Mandate. See section 13.4 for further details regarding the Options.

2.2 IMPORTANT DATES

Prospectus date	1 May 2018
Opening Date (9.00am AEST)	17 May 2018
Closing Date (5.00pm AEST)	30 May 2018
Anticipated date of allotment of New Shares	11 June 2018
Shareholding statements expected to be despatched	12 June 2018
Expected date for Official Quotation of New Shares on ASX (and reinstatement of existing Shares to Official Quotation on ASX)	14 June 2018

The above dates are indicative only and may change without notice. All times are AEST. Bounty, in agreement with the Lead Manager, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. The admission of the Company to the Official List of ASX and the commencement of quotation of the Shares are subject to confirmation from ASX.

3. CHAIRMAN'S LETTER

Dear Applicant,

On behalf of the Board, I am pleased to offer you the opportunity to participate in an issue of New Shares in Bounty Mining Limited. Bounty is a coking coal mining and resource development company. Bounty owns the operating Cook Colliery and coal handling plant, Cook CHPP, in the Bowen Basin in Queensland. The Company owns additional development assets in Queensland, including the Cook North Project and the Minyango Project in the Bowen Basin, and the Wongai Project in the Laura Basin.

Bounty's strategy is to be a hard coking coal producer and exporter. To achieve this, the Company intends to expand operations at its Cook Colliery to four underground mining areas, with the intention of producing approximately 2.2 Mt per annum (on a run of mine basis) by bord and pillar mining methods. In addition, Bounty seeks to leverage the Cook CHPP to develop the Cook North Project and the Minyango Project. Bounty will also assess potential joint venture and coal toll processing opportunities at the Cook CHPP. In the longer term, Bounty plans to develop the Wongai Project.

Independent geological and technical reviews confirm mineral resources estimates of 459.8 Mt at the Cook Colliery and Cook North Project, 190Mt at the Minyango Project and 90 Mt at the Wongai Project. The Cook Colliery hard coking coal product has been accepted in the main export markets of China and Japan. In addition, the Company produces a small amount of thermal coal for export and domestic markets. Bounty has negotiated rail and port access arrangements, as well as a coal sale agreement with XCoal Energy & Resources GmbH.

Through this Prospectus, Bounty seeks to raise a maximum of $18 million (before costs) by the offer of up to 51,428,571 New Shares at an Offer Price of $0.35 per New Share, with a minimum subscription of 40,000,000 Shares to raise $14 million (before costs). The minimum subscription by each Applicant is 6,000 New Shares ($2,100).

The Lead Manager to the Offer is PAC Partners Pty Ltd. Proceeds raised under the Offer will enable the Company to:

- finance the deferred payment due on 30 June 2018 under the Cook/Minyango Purchase Agreements;
- provide capital for fleet upgrades required to expand production at the Cook Colliery;
- continue pre-feasibility studies for the Cook North Project and Minyango Project;
- finance working capital;
- commence the bankable feasibility study for the Wongai Project;
- meet the Offer Costs; and
- meet the conditions to apply for Official Quotation of the Shares on the ASX.

The Company has established a Board and management team possessing skills and experience spanning coal mining, processing and production, coal mine development, capital raising and project finance, corporate governance and administration.

The Board believes the Offer represents an opportunity to become a shareholder in a company with an operating coking coal mine as well as a number of development projects and positions investors to potentially capitalise on the current positive demand for coking coal.

Potential investors should be aware that there are a number of risks associated with the Bounty business and therefore risks associated with an investment in Bounty Mining Limited. These risks include business risks related to the mining and sale of the Company's coal, the global coal market and the operating risks associated with underground coal mining. The key risks are identified in Section 4.4 of the Investment Overview and outlined in further detail in Section 9 of the Prospectus.

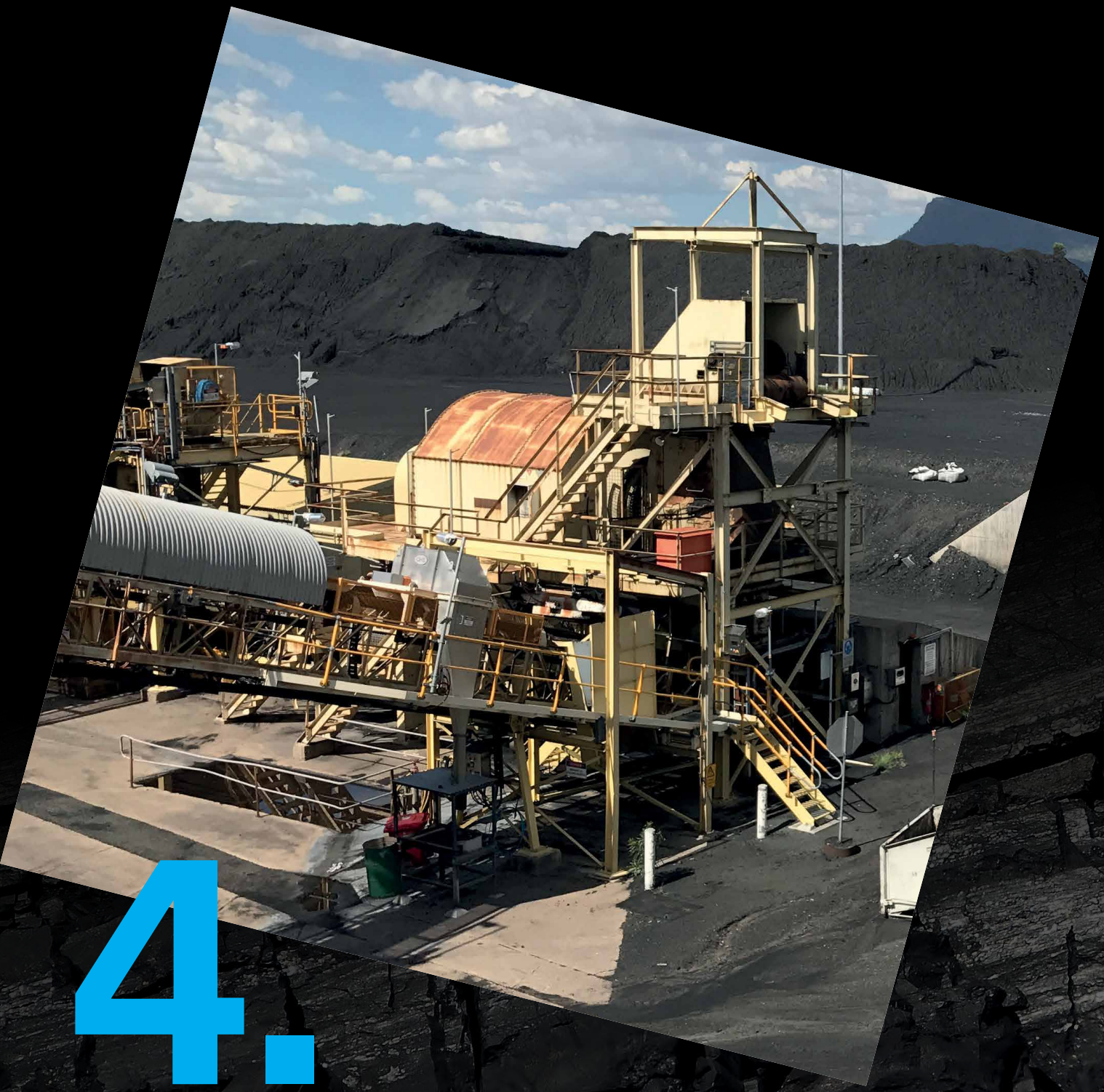
I encourage you to read this Prospectus in its entirety to gain a full understanding of the Company's operations and projects before making an investment decision.

On behalf of the Board, I look forward to welcoming you as a shareholder of Bounty Mining Limited.

Yours sincerely,

Gary Cochrane
Chairman

1 May 2018



4.

INVESTMENT OVERVIEW

4. INVESTMENT OVERVIEW

Topic	Summary	Section
4.1 Introduction		
Who is the issuer of this Prospectus?	Bounty Mining Limited ACN 107 411 067. Bounty Mining is an unlisted public Australian company.	Section 5
What is the Company's background?	The Company was incorporated in December 2003 under the name Ausmet Limited. The Company was admitted to the Official List of ASX on 30 April 2004. Between 2005 and 2013, Bounty was an underground mining contractor with a focus on collieries in New South Wales and Queensland. From September 2013 Bounty has been the sole funding developer of the Wongai Project in far north Queensland in conjunction with a joint venture partner. The Company completed a concept study and pre-feasibility study funded by several capital raising events. In November 2017, Bounty successfully completed a $17.7 million capital raising to acquire assets relating to the Cook Colliery, Cook North Project, and Minyango Project. The acquisition was completed on 8 December 2017 and the funds raised were also used for working capital to return the Cook Colliery to an operating mine. The Bounty Group now has a pipeline of development opportunities for hard coking coal with the Cook North Project, the Minyango Project, and the Wongai Project. Between 1 March 2018 and 3 April 2018, Bounty completed placements for $7.8 million at $0.25 per Share to finance the deferred payment paid on 1 April 2018 in relation to the Cook Colliery acquisition, upgrading the rail loop, and for plant rebuilds. In April 2018 Bounty completed a further placement for $6 million at $0.30 per Share to finance the deferred payment due on 8 June 2018 in relation to the Cook Colliery acquisition, to fund the purchase of mining equipment for the Cook Colliery, to fund pre-feasibility studies for the Cook North and Minyango Projects, and to provide ongoing working capital.	Section 5.1
What are the Bounty Group's projects?	The Bounty Group has four projects: • the Cook Colliery, located 29km south of the township of Blackwater in the Bowen Basin in Queensland, Australia. It produces primarily hard coking coal suitable for export to customers in Japan and China, and some thermal coal suitable for export and domestic customers; • the Cook North Project, located 3km north of the Cook Colliery. It is a development project which the Company believes is primarily suited to bord and pillar underground mining methods but with the potential for some open cut mining; • the Minyango Project, located immediately to the south of the township of Blackwater in Queensland, Australia and less than 10km from the Cook CHPP. It is a large greenfield coking coal development project which the Company believes is primarily suited to bord and pillar underground mining methods; and • the Wongai Project (a joint venture), located in the Laura basin in far north Queensland, Australia. It is an early stage development coking coal project which the Company believes is well suited for bord and pillar mining methods. A solicitor's report on the tenements relating to the Bounty Group's projects is contained in Annexure C.	Sections 5.3, 6 and Annexure C

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Why is the Offer being conducted?	The purpose of the Offer is to raise funds to: • finance the deferred payment due on 30 June 2018 under the Cook/Minyango Purchase Agreements; • provide capital for fleet upgrades required to expand production at the Cook Colliery; • continue pre-feasibility studies for the Cook North Project and Minyango Project; • finance working capital; • commence the bankable feasibility study for the Wongai Project; • meet the Offer Costs; and • meet the conditions to apply for Official Quotation of the Shares on the ASX.	Section 8.4
4.2 Key features of Bounty's business model		
What is the nature of Bounty's business?	Bounty is an underground coking coal mine operator and developer with particular expertise in bord and pillar mining methods. Bounty is expanding operations at the Cook Colliery and developing a pipeline of greenfield projects.	Section 5.2
What is Bounty's business strategy?	Bounty's strategy is to be a producer of hard coking coal. To achieve this Bounty intends to: • expand operations at its Cook Colliery to four underground mining areas with the intention of producing approximately 2.2 Mt per annum (on a run of mine basis) by bord and pillar mining methods; • leverage the Cook CHPP to: – develop the Cook North Project; and – develop the Minyango Project. • in the longer term, develop the Wongai Project. Bounty will also assess potential joint venture and coal toll processing opportunities at the Cook CHPP.	Section 5.2
How does Bounty generate revenue?	Bounty has a forward coking coal sales agreement in place. Bounty expects to generate revenue from forward coking coal sales under that agreement and also intends to generate ongoing revenue by: • selling coking and thermal coal from its operations into export and domestic markets; and • if opportunities arise, handling and processing coal for others.	Section 5.2

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Which industry does Bounty operate in?	Bounty operates in the Australian export coal mining industry, with a current focus on producing hard coking coal. Hard coking coal is a high carbon content coal used for the manufacturing of coke which is a key ingredient in the production of iron and steel in conventional blast furnace processing. Bounty's projects are expected to produce hard coking coal. In addition, the Cook Colliery produces some thermal coal suitable for export or domestic markets. Thermal coal is used for the generation of electricity in coal fired power stations. The Company has commissioned the Independent Coal Market Report from CRU Consulting Pty Ltd set out in Annexure B which contains detailed analysis of the industry in which Bounty operates. Potential investors are encouraged to read this report in full.	Section 5.5 and Annexure B
What are the key agreements in relation to the Bounty Group's projects?	The key agreements in relation to the Bounty Group's projects are: • the Cook/Minyango Purchase Agreements (and associated arrangements) under which the Bounty Group acquired its interest in the Cook Colliery, the Cook North Project and the Minyango Project; • the Wongai Joint Venture Agreement, Wongai Farm-In Agreement and Wongai Management Agreement in relation to the Wongai Project; • services agreements with UGM Engineers Qld Pty Ltd and ABM Resources (QLD) Pty Ltd in relation to mining at the Cook Colliery; • the coal sales agreement with XCoal Energy & Resources GmbH; • the toll washing agreement with Bluff Coal Management Pty Ltd; • the rail access arrangements; • the port access agreement for the Gladstone Port; and Bounty Group is also negotiating a further coal sales agreement with Lido Trading Limited which the directors expect will be signed shortly after the date of this Prospectus.	Section 12

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Have any Mineral Reserves or Resources been identified?	An independent geological and technical review has been undertaken by Adamelia Global Pty Ltd who completed the Cook/Minyango Independent Technical Expert's Report on the Mineral Resources for Cook Colliery, Cook North Project and Minyango Project. A separate independent technical expert report was completed by John T. Boyd Company on the Wongai Project. The following Mineral Resources have been confirmed by these experts. **Cook Colliery and Cook North Project** The Cook/Minyango Technical Expert's Report confirms the estimate of a total 459.8 Mt Mineral Resource in the following categories for the Cook Colliery and Cook North Project: • Measured – 83.9 Mt • Indicated – 162.3 Mt • Inferred – 213.6 Mt **Minyango Project** The Cook/Minyango Technical Expert's Report confirms the estimate of a total of 189.9 Mt Mineral Resource in the following categories for the Minyango Project: • Measured – 6.1 Mt • Indicated – 71.8 Mt • Inferred – 112.0 Mt **Wongai Project** The Wongai Technical Expert's Report confirmed the estimate of a total 90.2 Mt of Mineral Resources in the following categories for the Wongai Project: • Indicated – 20.2 Mt • Inferred – 70.0 Mt The Cook/Minyango Technical Expert's Report is contained in Annexure A to this Prospectus. The Company has lodged the Wongai Technical Expert's Report and the associated JORC report with ASIC and has incorporated those reports into this Prospectus by reference under section 712 of the Corporations Act. A copy of the Wongai Technical Expert's Report and associated JORC Report is also available on Bounty's website: www.bounty.com.au. Potential investors are encouraged to read these reports in full. These reports set out detailed information in relation to sampling techniques and data, reporting of exploration results and estimating and reporting of Mineral Resources.	Sections 6.1, 6.2, 6.3 and Annexure A

4. INVESTMENT OVERVIEW

Topic	Summary	Section
4.3 Key strengths		
Experience in bord and pillar mining	The Bounty Group has undertaken bord and pillar mining in Australia between 2005 and 2013 with the type of specialist equipment required for the Company's plans at the Cook Colliery, the Cook North Project, the Minyango Project and the Wongai Project. Bounty has worked at: • Wongawilli mine near Wollongong, New South Wales; • Ivanhoe mine near Lithgow, New South Wales; • Aquila and Bundoora mines near Middlemount in Queensland; and • Chain Valley mine near Newcastle in New South Wales.	Section 6.1
Opportunities identified at Cook Colliery, the Cook North Project and the Minyango Project	• Expanding production at the Cook Colliery within the next two years to a rate of 2.2 Mt (on a run of mine basis) per annum using bord and pillar underground mining techniques. • Developing the Cook North Project located on the same Cook Colliery mining lease, to further exploit the mining lease and potentially expand capacity. • Developing the Minyango Project into an operating mine using existing infrastructure at the Cook CHPP. • Identifying other uses for the current excess capacity at the Cook CHPP including toll washing. • Investigating the potential to use the longwall equipment that is still underground at the Cook Colliery to recover coal before extracting and selling the equipment.	Section 5.2
Experienced Board and management team	• The Bounty team is experienced in both underground bord and pillar mining and mine development. • Chairman and chief executive officer Gary Cochrane has approximately 10 years' experience in bord and pillar underground mining with Bounty. He was also a founding director of the Millennium coal mine during development from greenfield exploration through to production. • Non executive Director Rob Stewart's previous roles include Chief Executive and Managing Director of Whitehaven Coal Limited, mine manager at Mt Owen mine and general manager, New South Wales, at Theiss Pty Ltd. • Non executive Director Kevin Jiao has experience in international coal marketing and trading with China Minmetals Group and Vingo Resources Group. • Non executive Director Julie Garland-McLellan has experience in corporate governance with the Australian Institute of Company Directors, international mining with BHP Limited, and construction with Wimpey Construction International PLC. • General manager and site senior executive Adam Foulstone has senior management experience in underground mines with Anglo American Metallurgical Coal Pty Ltd.	Section 7

4. INVESTMENT OVERVIEW

Topic	Summary	Section
International coal demand	Metallurgical coal is an essential raw material for blast furnace steel production globally. There are three main types of metallurgical coal: • hard coking coal; • semi-soft coking coal; and • pulverised coal injection coal. Hard coking coal attracts the highest price of the three types due to its higher quality specifications. Bounty's mine and projects are expected to produce primarily hard coking coal with some thermal coal. The Coal Market Expert expects global consumption of hard coking coal to grow from 621 Mt in 2016 to 635 Mt in 2019. Hard coking coal from the Cook Colliery has been accepted in the main export markets of China and Japan. Further detail regarding the characteristics of hard coking coal from the Cook Colliery is set out in the Cook/Minyango Technical Expert's Report and the Coal Market Report. Detail regarding the characteristics of hard coking coal from the Wongai Project is set out in the Wongai Technical Expert's Report. An independent coal market report has been prepared by CRU Consulting Pty Ltd and is attached in Annexure B.	Section 5.5 and Annexure B
4.4 Key risks		
Coal market risk	The export coal market is subject to global supply and demand fluctuations including: • reduction in GDP growth in major customer nations like China, India and Japan; • increases in coal supply from competitors in Australia, the United States, Mongolia, China and elsewhere; and • changes in new technology altering the demand for hard coking coal. These fluctuations in supply and demand may lead to lower coal prices which in turn will have a negative impact on the Bounty Group's finances as well as the potential viability of its mine and projects.	Section 9.2(i)
Coal product risk	Bounty has recently re-commenced mining at the Cook Colliery and has not yet demonstrated consistency in coal production and coal quality. In particular, Bounty is yet to confirm whether it can produce hard coking coal consistently with the expected coal specification. However, the first three trains now railed by Bounty from the Cook Colliery have confirmed coal quality conforming to expected Cook Hard Coking Coal specification. There is no guarantee that future areas that will be mined will provide product with consistent specifications to coal sold previously from Cook Colliery.	Section 9.2(ii)

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Cook Colliery and the Cook CHPP operating risk	The Company intends to operate the Cook Colliery as a bord and pillar mining operation producing around 2.2 Mt of run of mine coal per annum. Performance may be negatively impacted by a number of potential risks that include but are not limited to: • not securing and maintaining permits; • unstable ground; • fires; • storms and flooding; • mine inrush; • underground dust and gas; • plant performance; • personnel performance; • securing required mining equipment; • coal chain delays; • legislative changes; • industrial action; • spare parts and consumables shortages; and • earthquakes and other seismic events.	Section 9.2(iii)
Development risks for the Cook North, Minyango and Wongai Projects	Development of the Cook North Project and Minyango Project will face risks including but not limited to the following risks: • satisfactory completion of prefeasibility and bankable feasibility studies; • securing further permitting and landowner agreements; and • securing, maintaining and altering access agreements with landowners and Traditional Owners. Development of the Wongai Project will face risks including but not limited to the following risks: • satisfactory completion of bankable feasibility study; • securing permits; and • securing and altering access agreements with landowners and Traditional Owners.	Section 9.2(iv)
Reliance on third parties	The Bounty Group is reliant on others complying with their obligations under agreements with the Bounty Group. The Bounty Group's financial performance may be adversely impacted by financial failure, insolvency or default of its joint venture partners, operators, contractor or service providers.	Section 9.2(v)
Future capital requirements	The Company expects that it will require further capital to replace equipment at the Cook Colliery and to develop the Cook North, Minyango and Wongai Projects. The availability of equity or debt funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms acceptable to the Company.	Section 9.2(vi)
Dilution and issue of further securities	The Company may issue further Shares and other securities which may rank ahead of or pari passu with the Shares. Further issues of Shares or other securities may dilute the interests of Shareholders.	Section 9.2(vii)

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Resource estimations	Resource estimates are inherently imprecise and rely to some extent on interpretations made. Should the Company encounter mineralisation or geological formations different from those predicted, resource estimates may need to be altered in a way that could adversely affect the Company's value or profitability.	Section 9.2(viii)
Competition	The Company competes with other coal mining companies in various jurisdictions. There can be no assurance that the Company can compete effectively with these companies.	Section 9.2(ix)
General risks	The Bounty Group's performance will also be affected by a number of general risks including but not limited to: • general economic conditions; • share market sentiment and other influences; and • changes in taxation or other laws which may affect the tax consequences of an investment in Bounty.	Section 9.3
4.5 Financial information		
What is the Company's financial position and performance?	Historical and pro forma financial information on the Company is contained in section 10 of this Prospectus. Potential investors are cautioned that past performance is not a guide to future performance. The Company's audited financial statements for the years from 30 June 2013 to 30 June 2017 and the reviewed financial statements for the half years ending 31 December 2016 and 31 December 2017 contained a note in relation to uncertainty around Bounty's ability to continue as a going concern. The Company's auditor also drew attention to this note in 'emphasis of matter' paragraphs in the auditor's report for each financial year. For the purposes of preparing the financial statements in each financial year, the Directors were satisfied that Bounty would be able to continue as a going concern. The Directors' opinion in relation to the Company's ability to continue as a going concern remains unchanged and as at the date of this Prospectus they consider that if the Offer is completed and the Minimum Subscription is raised, the Company will have sufficient funds for operations for at least 12 months from the date of this Prospectus. The Directors also consider that Bounty will have sufficient working capital on completion of the Offer to carry out its stated objectives. Historical and pro forma financial information regarding the Company is also considered in the Investigating Accountant's Report contained in section 11 of this Prospectus.	Sections 10 and 11
4.6 Directors and key management		
Who are the Directors and members of key management?	• Chairman and chief executive officer – Gary Cochrane • Independent non-executive director – Robert Stewart • Independent non-executive director – Julie Garland-McLellan • Independent non-executive director – Kevin Jiao • Company secretary and chief financial officer – Eryl Baron • General manager and site senior executive, Cook Colliery – Adam Foulstone	Section 7

4. INVESTMENT OVERVIEW

<table>
<tr><th>Topic</th><th>Summary</th><th>Section</th></tr>
<tr><td colspan="3">4.7 Interests, benefits and related party transactions</td></tr>
<tr><td>What significant benefits and interests are payable to Directors and other persons connected with Bounty or the Offer?</td><td>Directors and other management are entitled to remuneration and fees on ordinary commercial terms under the terms of their engagement letters.

The Company has entered into an executive service contract with an entity controlled by chief executive officer Gary Cochrane on commercial terms under which the services of Gary Cochrane as chief executive officer are provided.

The Company proposes to issue 142,857 Shares to each Director following the Company's admission to the Official List of ASX. The number of Shares held at the date of this Prospectus and once these additional Shares are issued is set out below:

<table>
<tr><th>Director</th><th>Shares held as at the date of this Prospectus</th><th>Shares that will be held following the proposed issue after admission to the Official List of ASX</th></tr>
<tr><td>Gary Cochrane</td><td>33,426,077</td><td>33,568,934</td></tr>
<tr><td>Rob Stewart</td><td>1,508,651</td><td>1,651,508</td></tr>
<tr><td>Kevin Jiao</td><td>6,573,200</td><td>6,716,057</td></tr>
<tr><td>Julie Garland-McLellan</td><td>Nil</td><td>142,857</td></tr>
</table>

Advisers and other service providers are entitled to fees for services on normal commercial terms.</td><td>Sections 7.9, 7.4, 7.5, 12.7 and 13.8</td></tr>
<tr><td>What related party transactions is the Company a party to?</td><td>In addition to the arrangements with respect to Directors' fees and remuneration described in sections 7.4 and 7.5, the Bounty Group is a party to the following related party agreements:
• the VETL Loan – a loan facility between the Bounty Group and a company associated with Bounty's chairman, Gary Cochrane
• a lease for the Company's Sydney office between the Company and a company associated with Bounty' chairman, Gary Cochrane
• deeds of access, insurance and indemnity with each of the Directors.</td><td>Section 12.9</td></tr>
</table>

4. INVESTMENT OVERVIEW

<table>
<tr><th>Topic</th><th>Summary</th><th>Section</th></tr>
<tr><td colspan="3">4.8 Substantial share holders</td></tr>
<tr><td>Who are Bounty's substantial share holders?</td><td>The table below sets out, at the date of this Prospectus, the persons that have a substantial holding in the Company within the meaning of the Corporations Act and their expected holding following completion of the Offer:

<table>
<tr><th>Shareholder</th><th>Shares</th><th>% held (undiluted basis – pre Offer)</th><th>% held (undiluted basis – post Offer)</th></tr>
<tr><td>Lido Trading Limited and its associates</td><td>44,615,247</td><td>14.9%</td><td>13.2%</td></tr>
<tr><td>VETL Pty Ltd in its capacity as trustee for the Cochrane Treasure Trust and Moongunya Investment Trust and its associates (including the Company's chairman and chief executive office, Gary Cochrane)</td><td>33,426,077</td><td>11.2%</td><td>9.9%</td></tr>
<tr><td>Amaroo Blackdown Investments LLC</td><td>27,666,667</td><td>9.3%</td><td>8.2%</td></tr>
<tr><td>Eight IP Emerging Companies Ltd</td><td>16,153,847</td><td>5.4%</td><td>4.8%</td></tr>
</table>

The table above assumes no participation by these Shareholders in the Offer and that the Minimum Subscription is raised under the Offer. The Company may discuss with these entities their potential participation. The VETL Shares do not include the 142,857 shares to be issued to Gary Cochrane or VETL following the Company's admission to the Official List of ASX.</td><td>Section 13.2</td></tr>
<tr><td colspan="3">4.9 Details of the Offer and proposed use of funds</td></tr>
<tr><td>What is the Offer?</td><td>The Offer comprises a capital raising of between $14 million and $18 million by way of an issue of between 40,000,000 and 51,428,571 New Shares at $0.35 per New Share.</td><td>Section 8.2</td></tr>
<tr><td>How is the Offer structured and who is eligible to participate?</td><td>The Offer comprises:
• the Broker Firm Offer, which is open to Australian and New Zealand resident clients of Brokers who have received a firm allocation of New Shares from their Broker;
• the Institutional Offer, which is open to institutional investors in Australia, New Zealand and certain other overseas jurisdictions; and
• the Priority Offer, which is open to selected participants resident in Australia or New Zealand identified by the Company.
New Shares are not being offered to the general public.</td><td>Section 8.3</td></tr>
<tr><td>What is the minimum number of New Shares for which I can apply?</td><td>Applications must be for a minimum of 6,000 New Shares ($2,100).</td><td>Section 8.2</td></tr>
</table>

4. INVESTMENT OVERVIEW

<table>
<tr><th>Topic</th><th>Summary</th><th>Section</th></tr>
<tr><td>Is there a minimum subscription?</td><td>The Minimum Subscription that the Company must raise under the Offer is $14 million through the issue of 40,000,000 New Shares. The Company will not issue any New Shares until it has received valid applications for this amount.

If the Company has not received valid applications for the Minimum Subscription within four months after the date of this Prospectus, it will deal with any applications received in accordance with section 724 of the Corporations Act.</td><td>Section 8.7</td></tr>
<tr><td>Is there a maximum subscription?</td><td>The maximum subscription that the Company may raise under the Offer is $18 million through the issue of 51,428,571 New Shares.</td><td>Section 8.8</td></tr>
<tr><td>What is the proposed use of funds raised under the Offer?</td><td>The table below sets out the proposed use of the proceeds from the Offer under two scenarios: if the Offer is fully subscribed and the Full Subscription is raised, and if the Offer is partially subscribed and the Minimum Subscription is raised.

<table>
<tr><th></th><th colspan="2">Full Subscription: $18,000,000 raised</th><th colspan="2">Minimum Subscription: $14,000,000 raised</th></tr>
<tr><th>Use of proceeds</th><th>$m</th><th>%</th><th>$m</th><th>%</th></tr>
<tr><td>Deferred payments (Cook acquisition)</td><td>3.0</td><td>16.7</td><td>3.0</td><td>21.4</td></tr>
<tr><td>Investment in equipment</td><td>5.3</td><td>29.3</td><td>3.6</td><td>25.7</td></tr>
<tr><td>Working Capital</td><td>5.0</td><td>27.8</td><td>5.0</td><td>35.8</td></tr>
<tr><td>Prefeasibility Study Cook North</td><td>1.0</td><td>5.6</td><td>0.5</td><td>3.6</td></tr>
<tr><td>Prefeasibility Study Minyango</td><td>1.0</td><td>5.6</td><td>0.3</td><td>2.1</td></tr>
<tr><td>Ongoing works Wongai</td><td>1.0</td><td>5.6</td><td>0.2</td><td>1.4</td></tr>
<tr><td>Cost of Raising</td><td>1.7</td><td>9.4</td><td>1.4</td><td>10</td></tr>
<tr><td>Total</td><td>18.0</td><td>100</td><td>14.0</td><td>100</td></tr>
</table>

If the Company raises between $14 million and $18 million, the proceeds proposed to be used for the ongoing works at the Wongai Project, the prefeasibility study at the Minyango Project and Prefeasibility study at the Cook North Project will be reduced with any further reductions applied towards the proposed investment in equipment.</td><td>Section 8.4</td></tr>
<tr><td>Will the Shares be quoted on the ASX?</td><td>Bounty will apply within seven days of the date of this Prospectus for admission to the Official List of ASX and the quotation of the Shares (including the New Shares but excluding the Escrowed Shares) on ASX.

Completion of the Offer is conditional on ASX approving the admission of the Company to the Official List of ASX and the quotation of the Shares on ASX. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</td><td>Section 8.16</td></tr>
</table>

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Is the Offer underwritten?	The Offer is not underwritten.	Section 8.3
What is the allocation policy?	The allocation of New Shares between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by agreement between the Lead Manager and the Company having regard to the allocation policies outlined in section 8. Broker Firm Offer With respect to the Broker Firm Offer it is a matter for the Broker how they allocate New Shares among their clients and they (not the Company or the Lead Manager) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant New Shares. Institutional Offer The allocation of New Shares among Applicants in the Institutional Offer will be determined by agreement between the Lead Manager and the Company. Priority Offer The allocation of New Shares among Applicants in the Priority Offer will be determined by agreement between the Lead Manager and the Company.	Sections 8.9, 8.10, 8.11 and 8.13
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.	Section 8.19
What are the taxation implications of investing in the New Shares?	The taxation consequences of an investment in the Company depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.	Section 13.5
What is Bounty's dividend policy?	As the Company is currently pursuing growth, the Directors do not anticipate that the Company will pay dividends in the immediate future.	Section 10.10
How can I apply?	Broker Firm Offer You should contact your Broker for information about how to submit your Broker Firm Application Form, which accompanies this Prospectus. Institutional Offer The Lead Manager will separately advise institutional investors of the procedure for applying under the Institutional Offer. Priority Offer Eligible participants will be contacted by the Company. Applicants under the Priority Offer may apply for New Shares by completing a valid Priority Offer Application Form attached to this Prospectus and lodging it with the Company.	Sections 8.9, 8.10 and 8.11

4. INVESTMENT OVERVIEW

Topic	Summary	Section
Can the Offer be withdrawn?	The Company reserves the right in agreement with the Lead Manager to withdraw the Offer at any time before the allotment of New Shares. If the Offer does not proceed, the Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.	Section 8.20
Where can I find more information about this Prospectus or the Offer?	Applicants with questions about this Prospectus or the Offer can contact the Company Secretary, Eryl Baron by email at secretary@bounty.com.au. If you are unclear in relation to any matter or are in any doubt whether to invest in Bounty, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before making a decision.	Section 8.23

5.

COMPANY OVERVIEW

5. COMPANY OVERVIEW

5.1 BOUNTY'S BACKGROUND

The Company was incorporated in December 2003 under the name Ausmet Limited. The Company is a public unlisted disclosing entity.

The Company was admitted to the Official List of ASX on 30 April 2004. In August 2009, the Company entered voluntary administration and Bounty's Shares were suspended from Official Quotation in August 2009. The voluntary administration in August 2009 ended in March 2010. In November 2015, the Company entered into voluntary administration for a second time. This voluntary administration ended in March 2016. The Company was de-listed in January 2016 under ASX Listing Rule 17.12.

Between 2005 and 2013, Bounty was an underground mining contractor with a focus on collieries in New South Wales and Queensland using bord and pillar mining methods. Bounty has worked at the following mines:

- Wongawilli mine near Wollongong in New South Wales;
- Ivanhoe mine near Lithgow in New South Wales;
- Aquilla and Bundoora mines near Middlemount in Queensland; and
- Chain Valley mine near Newcastle in New South Wales.

From September 2013, Bounty has been the sole funding developer of the Wongai Project in far north Queensland in conjunction with a joint venture partner. The Company completed a concept study and pre-feasibility study funded by several capital raising events.

In November 2017, Bounty successfully completed a $17.7 million capital raising at $0.13 per Share to acquire assets relating to the Cook Colliery, Cook North Project, and Minyango Project. The acquisition was completed on 8 December 2017 and the funds raised were also used for working capital to return the Cook Colliery to an operating mine.

The assets relating to the Cook Colliery, Cook North Project and Minyango Project were acquired under the Cook/Minyango Purchase Agreements. Summaries of the terms of these agreements and Bounty's ongoing obligations under them are set out in section 12.2. Further details regarding the assets acquired are set out in sections 6.1 and 6.2.

Since the acquisition, Bounty has successfully raised the following additional capital:

- Between 1 March 2018 and 3 April 2018, Bounty completed placements for $7.8 million at $0.25 per Share to finance the deferred payment due 1 April 2018 in relation to the Cook Colliery acquisition, upgrading the rail loop, and for plant rebuilds; and
- in April 2018, Bounty completed a further placement for $6 million at $0.30 per Share to finance the deferred payment due 30 June 2018 in relation to the Cook Colliery acquisition, to fund the purchase of mining equipment for the Cook Colliery, to fund pre-feasibility studies for the Cook North and Minyango Projects, and to provide ongoing working capital.

5. COMPANY OVERVIEW

5.2 COMPANY'S BUSINESS MODEL

Bounty is an underground coking coal mine operator and developer with particular expertise in bord and pillar mining methods. This is a flexible underground mining method more suited to the geological conditions at the Cook Colliery and the Company's development projects.

Bounty is expanding operations at the Cook Colliery and developing a pipeline of greenfield projects.

Bounty's strategy is to be a producer of hard coking coal. To achieve this Bounty intends to:

- expand operations at its Cook Colliery to multiple mining areas with the intention of producing approximately 2.2 Mt per annum (on a run of mine basis);
- leverage the Cook CHPP to:
  - develop the Cook North Project;
  - develop the Minyango Project; and
- in the longer term, develop the Wongai Project.

Bounty will also assess potential joint venture and coal toll processing opportunities at the Cook CHPP and is currently in negotiations with a third party with respect to a toll washing opportunity.

Bounty has a coking coal sales agreement in place with XCoal Energy & Resources GmbH and is negotiating an agreement with Lido Trading Limited.

Bounty has generated revenue from coal sales from early April 2018.

Bounty also, intends to generate ongoing revenue by:

- selling coking and thermal coal from its operations into export and domestic markets; and
- if opportunities arise, handling and processing coal for others.

Bounty has executed an agreement with Bluff Coal Management Pty Ltd for toll washing coal planned to commence late 2018.

Bounty is currently in negotiations with a number of third parties with respect to the sale of its coal and expects to enter into further coal sales agreements on ordinary commercial terms as opportunities arise in the ordinary course of its business.

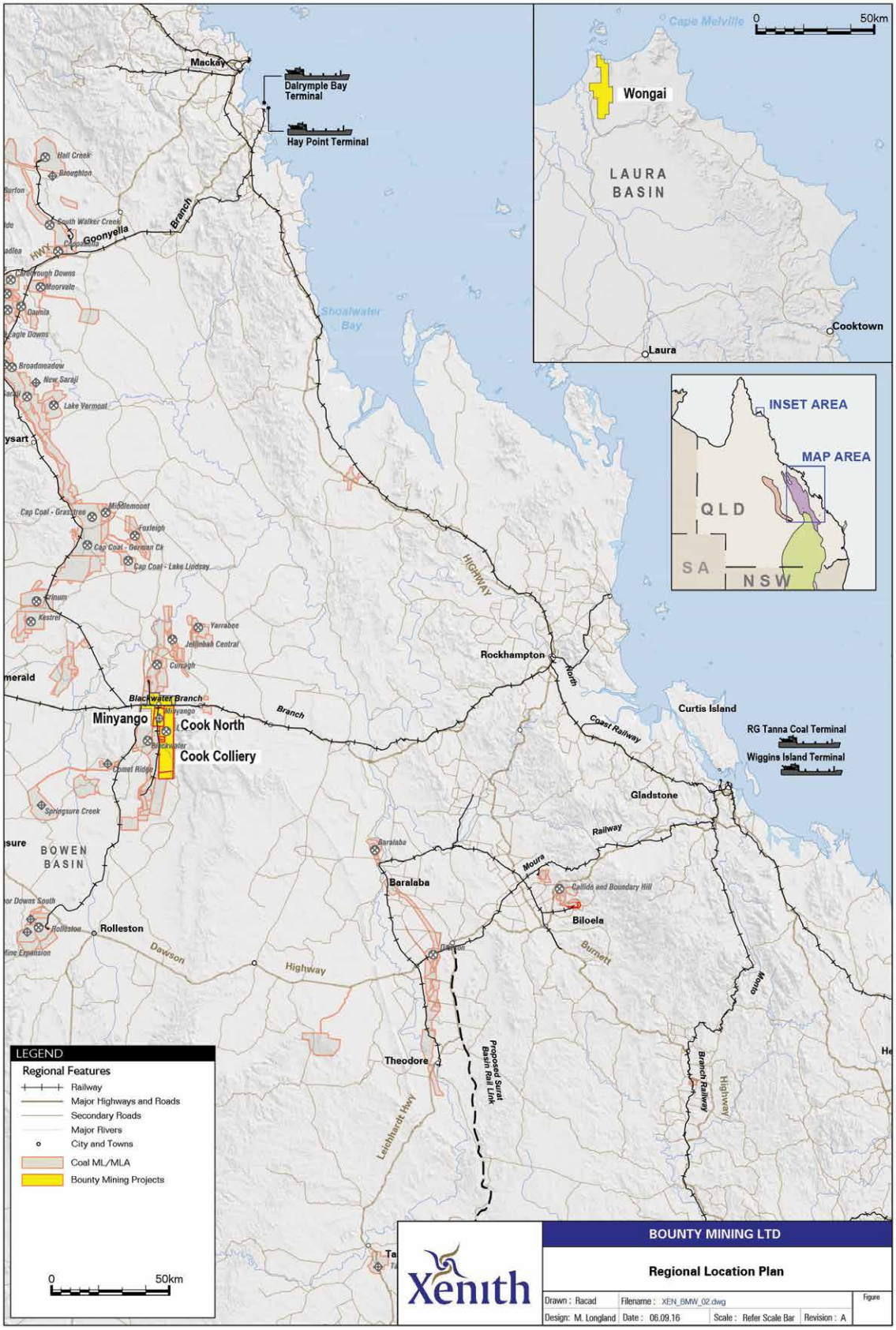
5.3 BOUNTY'S PROJECTS

The Bounty Group has four projects:

- the Cook Colliery, an operating coal mine with associated infrastructure including the Cook CHPP and a rail loop. Further information on Cook Colliery is set out in section 6.1;
- the Cook North Project, a development coking coal project located on the same mining lease as the Cook Colliery. Further information on the Cook North Project is set out in section 6.1;
- the Minyango Project, a greenfield coking coal development project in close proximity to the Cook Colliery. Further information on the Minyango Project is set out in section 6.2; and
- the Wongai Project (a joint venture), an early stage development coking coal project located in the Laura Basin. Further information on the Wongai Project is set out in section 6.3.

5. COMPANY OVERVIEW

A map depicting the location of each of the Bounty Group's four projects is set out below.



5. COMPANY OVERVIEW

5.4 OTHER OPPORTUNITIES

Bounty will assess further opportunities if and when such opportunities arise. The location of the Cook CHPP and rail loop provides some potential synergies with other tenement holders in the Central Bowen Basin area of Blackwater for toll washing and joint development of adjoining resources.

5.5 INDUSTRY OVERVIEW

Bounty operates in the Australian coal mining industry, with a particular focus on producing and selling hard coking coal.

Australia is the largest exporter of metallurgical coal which is extensively used in blast furnace steel production.

Blast furnace steel production constitutes approximately 70% of total steel production globally. Metallurgical coal is a high carbon content coal used mostly as a key ingredient in the production of iron and steel in pig iron blast furnaces. Metallurgical coal is further categorised into premium/hard coking coal (HCC), semi-soft coking coal and pulverised coal injection (PCI) coal in order of carbon content and value.

Metallurgical coal demand increased globally from 700 Mt in 2005 to 1,157 Mt in 2016. Over this same period, global demand for HCC has grown at a compound annual growth rate of 4.2% to 621 Mt in 2016. It is expected that Bounty's projects will produce primarily HCC.

So far this year, there has been renewed optimism concerning the Chinese steel sector's output, following the release of better than expected economic data, particularly in the real estate sector. Chinese steel demand has been firm, which has boosted steel prices, pushed up margins at steel mills and encouraged restocking of raw materials.

In the short-term, CRU Consulting, in its Coal Market Report, forecasts that a divergent trend will begin to emerge between the metallurgical coal products. HCC and PCI coal demand is forecast to increase, as steel mills seek higher quality products to improve productivity; this includes China, where this trend partially offsets a slight overall reduction in demand for metallurgical coal.

CRU forecasts HCC demand to increase slightly between 2016 and 2019, growing by 14 Mt to 635 Mt per annum. The main driver of this growth will be India, where consumption is forecast to rise by 16 Mt to 54 Mt per annum. Other key contributors to growth in HCC demand in Asia include Vietnam and Japan.

5. COMPANY OVERVIEW

5.6 MARKETS FOR BOUNTY COAL

Through the operation of Cook Colliery and development of the Cook North, Minyango and Wongai Coal Projects, Bounty is focused on supplying this growing market for hard coking coal.

The Cook Colliery and Cook North Project have a hard coking coal which is expected to attract a 17.6% discount to the premium coking coal in 2018. The typical attributes of the Cook coal are:

- High fluidity: 500 to 1000ddpm
- Good Coke Swell Number (CSN): 5.5 to 7.0
- Low ash: 7.5% to 8.0% (adb)
- Low to medium coke strength, CSR: 46% to 50%
- Low sulphur: 0.4% to 0.5% (adb)
- Mid volatile (VM): 24.5% to 26.5% (adb)

This coal is expected to be attractive to customers in Japan, China and India. Bounty now has a coal sales agreement in place with a US coal trader to acquire up to 275,000 tonnes of hard coking coal from the Cook Colliery between April and December 2018. Bounty is currently negotiating with Lido Trading Limited, a subsidiary of a Chinese steel mill, to acquire up to 300,000 tonne of hard coking coal from Cook Colliery between July and December 2018.

A summary of the key terms of the coal sales agreement and the expected terms of the agreement being negotiated with Lido Trading Limited, are set out in Section 12.6.

Bounty is currently in negotiations with a number of third parties with respect to the sale of its coal and expects to enter into further coal sales agreements on commercial terms as opportunities arise in the ordinary course of its business.

Cook Colliery also produces a by-product high quality thermal coal that is expected to attract a 4.5% premium to the 6,000kal FOB Newcastle price. This coal is sold to export and domestic Queensland customers.

A detailed coal market analysis and comparative review of Bounty's HCC at the Cook Colliery, Cook North Project and Minyango Project is provided by CRU Consulting in their Coal Market Report set out in Annexure B.

Coal from the Wongai Project is expected to be a hard coking coal that the Company anticipates may attract a 2% discount to the bench mark price for low-volatile hard coking coal.

6.

INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

6.1 COOK AND COOK NORTH

The Cook Colliery is an underground coal mine located 29 km South of the township of Blackwater in the Bowen Basin and produces hard coking coal for export customers in Japan and China (approximately 80%) and thermal coal for export and domestic customers (approximately 20%).

The Cook North Project is a development coking coal project located on the same mining lease as the Cook Colliery.

The Cook Colliery and Cook North are owned by Bounty through its wholly owned subsidiary Bounty Cook Pty Ltd.

The Cook Colliery was previously owned by CC Pty Ltd, a wholly owned subsidiary of Caledon Coal Pty Ltd (in liquidation). Before Bounty's acquisition, the mine and Cook CHPP had been upgraded from a small bord and pillar operation to a large longwall system with a nominal capacity of 3.5 Mt (on a run of mine basis) per annum. The mine was operating in the Argo seam which is up to 4.3 metres in thickness.

Following a minor inundation event in March 2017, CC Pty Ltd (in liquidation) was placed into voluntary administration and the mine was placed on care and maintenance.

The mine has been free of water from the inundation incident since May 2017.

The assets acquired by the Bounty Group at the Cook Colliery include the underground mine, coal processing facilities, a warehouse, workshops, administration offices and a rail loop to accommodate 8,500 tonne capacity trains.

Bounty operates the Cook Colliery as a bord and pillar underground mine. Bounty restarted underground mine production on 15 January 2018. The Directors believe the mine will produce approximately 2.2Mt (on a run of mine basis) per annum to produce 1.8Mt per annum of primarily hard coking coal and some thermal coal.

The Cook North Project may have the potential to be developed as a bord and pillar underground mine with some potential for a small open cut mine. The development of the Cook North Project could extend the life of Cook Colliery or potentially increase production capacity. The Cook North project is located 3km north of Cook Colliery on the same mining lease.

The tenements relating to the Cook Colliery and Cook North Project are sub leases of the following mining head leases:

- ML 1768;
- ML 1769;
- ML 1779;
- ML 1799; and
- ML 7357.

Further details regarding these tenements are set out in the Solicitor's Tenement Report in Annexure C.

Bounty acquired the sub leases from CC Pty Ltd under the Cook Caledon Purchase Agreement. Under the Cook Glencore Purchase Agreement, the sub-leases are proposed to be converted to mining leases and then transferred to Bounty, subject to Bounty making the final deferred payment of $7 million under the Cook Glencore Purchase Agreement in June 2019.

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

Mine plan at Cook Colliery

Infrastructure at the Cook Colliery and Cook CHPP

Run of mine coal at the Cook Colliery is trucked 14 km along a sealed private haul road from the mine to the Cook CHPP which has a 500 tonne per hour nominal capacity. There is a dedicated rail loop and train loading facility at the Cook CHPP capable of handling up to 8,500 tonne capacity trains. The train loading facility is approximately 290 km from the RG Tanna Coal Terminal which is a high capacity, multi blending coal terminal at the Port of Gladstone.

The Cook North Project is located between the Cook Colliery and the Cook CHPP. It is proposed that the Bounty Group would access the infrastructure described below for the Cook North Project given the proximity.

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

The major mine and Cook CHPP infrastructure includes:

- existing underground mine with fans, rising conveyors, access drift, electricity supply, workshop, warehouse, run of mine stockpile infrastructure, administration building and bathrooms to accommodate a mining rate in excess of 2.2Mt per annum;
- paved 14 km internal haulage road from Cook Colliery to the Cook CHPP;
- original coal handling plant built in 1970s with a major upgrade program completed in 2015. The upgrade included the installation of a new run of mine feed system, new coal fines recovery circuit and two new screen bowl centrifuges to achieve a nameplate capacity of 500 tonnes per hour;
- coal storage and handling for two products (coking and thermal coal);
- rail loop, train loading and associated rail infrastructure immediately adjacent to the Cook CHPP; and
- two active tailings storage facilities.

Port and rail infrastructure and access

The train loading facility is linked via the Blackwater rail corridor to the coal export terminals (WICET and RG Tanna) at the Port of Gladstone. The train loading facility is approximately 290km from the Port of Gladstone (approximately 5 hours railing time).

The RG Tanna Coal Terminal is a facility which is located at the Port of Gladstone and has deep water access for a range of ocean going bulk vessels to take product to international coal markets.

Gladstone Ports Corporation has provided a letter to Bounty regarding access to the RG Tanna Coal Terminal. The letter refers to discussions and a request of Bounty for tonnage capacity at RG Tanna Coal Terminal. Gladstone Port Corporation has advised that this capacity is available and provides for general conditions on a casual basis for the period of April 2018 to June 2019. A formal agreement has been executed confirming the terms of the letter.

Bounty Cook has entered into an above ground rail capacity agreement with Aurizon Operations Pty Ltd.

As at the date of this Prospectus, Bounty Cook has not secured below ground rail capacity and is relying on Aurizon Operations Pty Ltd's ability to organise such capacity on an ad hoc basis. Aurizon Operations has no express obligation to arrange the necessary capacity and Bounty Cook is liable for all charges incurred by Aurizon Operations Pty Ltd if any capacity is arranged.

The agreement further provides that Bounty Cook must secure port access and necessary capacity. Bounty Cook has an offer letter (described above) from the Gladstone Ports Corporation for capacity, and has entered into an interim casual agreement confirming the terms of the letter. Longer term agreements are targeted for completion by December 2018.

Summaries of the infrastructure arrangements referred to above are set out in section 12.6

Services contracts at the Cook Colliery

Bounty Cook has entered into services contracts with UGM Engineers Qld Pty Ltd and ABM Resources (QLD) Pty Ltd under which labour and equipment services will be provided to Bounty Cook at the Cook Colliery. Mining operations at the Cook Colliery will be undertaken by UGM Engineers Qld Pty Ltd and ABM Resources (QLD) Pty Ltd under these contracts and under the supervision of Bounty and its management team.

A summary of the key terms of these contracts is set out in section 12.3.

Resources at the Cook Colliery and the Cook North Project

The following table provides a summary of the JORC 2012 resources defined for the Cook Colliery and Cook North Project. These resource estimates were compiled in October 2016 by competent person Philip Bryant, the previous Principal Geologist Cook Colliery and have been validated by Adamelia Global Pty Ltd in the Cook/Minyango Technical Expert's Report.

Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
84	162	214	460

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

6.2 MINYANGO PROJECT

The Minyango Project is a greenfields underground coking and thermal coal project which is located immediately to the south of the township of Blackwater in Central Queensland and 10km to the north of the existing Cook CHPP. The Minyango Project is owned by Bounty through its wholly owned subsidiary, Bounty Minyango Pty Ltd.

A mining lease was granted in 2015. The Minyango Project has the potential to produce similar coking and thermal coal products to Cook Colliery. It is proposed to be a bord and pillar mine.

There are 4 seams within the Rangals coal measures in this area including the Aries, Castor, Pollux and Orion seams. The main targets of exploration are primarily the Aries and Pollux seams. Stratigraphically lower seams such as the Pisces, Vermont, Aquarius, Sagittarius and Taurus seams of the Burngrove Formation have been sporadically intersected however, no quality data exists for these seams, and they are not considered in the resource estimates in this Prospectus. The coal seams commonly split and coalesce to form other seams, particularly towards the south where the Castor and Pollux seams combine to form a thicker Gemini Seam.

The Aries, Castor, Pollux and Orion seams are potentially minable with an initial depth to top of coal of 180 metres – 200 metres. There is potential to develop a bord and pillar underground mining operation in several of these seams. Bounty intends to commence a prefeasibility study in 2018 to better define the mining and economic potential of the project. A JORC2012 resource statement was compiled in April 2018 and was reviewed by Adamelia Global Pty Ltd in their independent technical review.

The total combined Aries seam thickness ranges from 2.25m to 5.5m and averages 2.86m. The Aries seam gradually thins to the north of the Minyango Project area and is only slightly thicker in the south. The thickness of the combined Pollux seam ranges from 0.97 to 5.29m and averages 3.05m. The Pollux seam was found to be split in approximately 12% of holes drilled. The average thickness of the interburden was 0.87m.

The tenements for the Minyango Project were acquired under the Cook Caledon Purchase Agreement and are listed below:

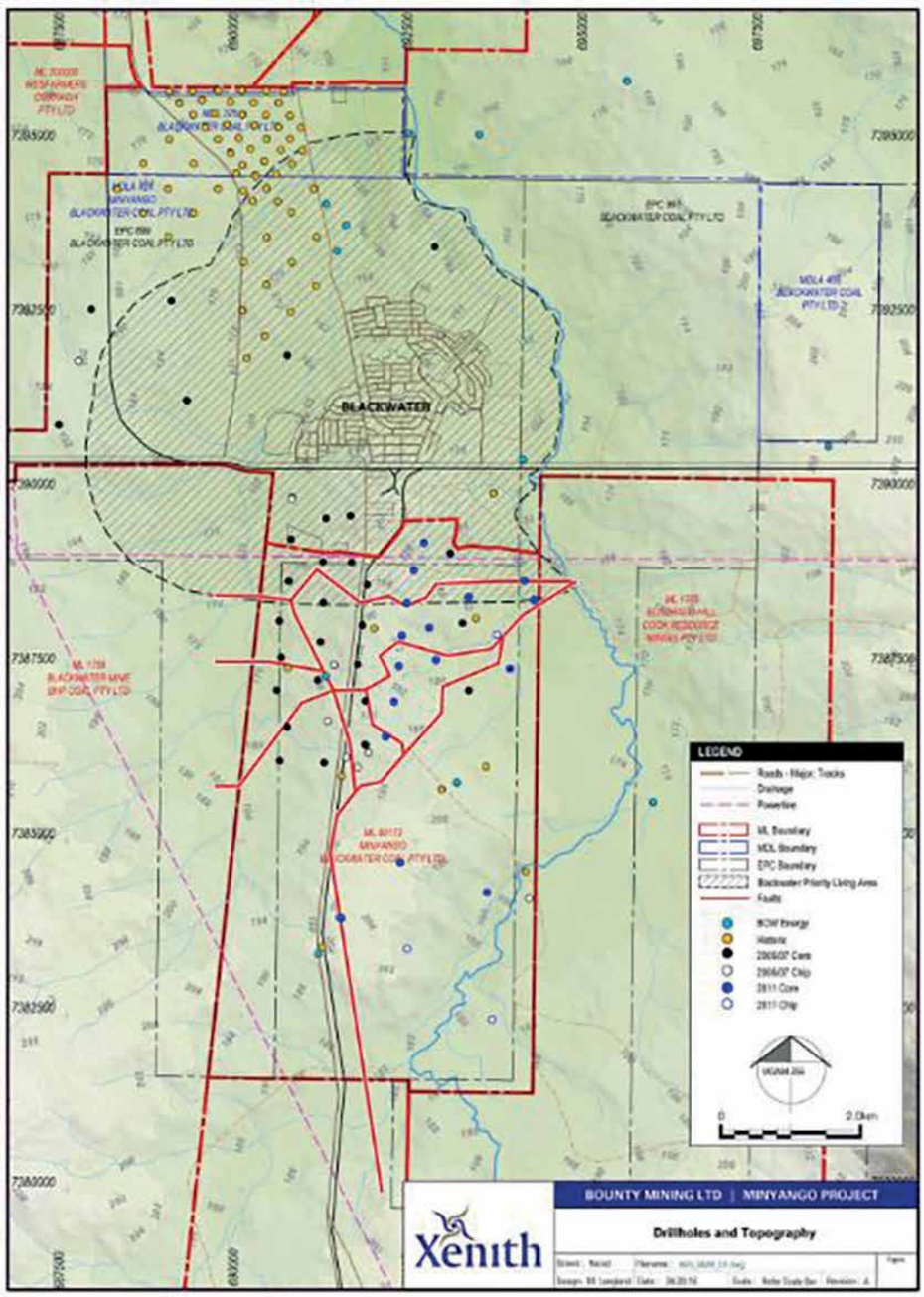
- EPC 699;
- EPC 997;
- MDL 375; and
- ML 80173.

In addition to these tenements, Bounty has agreed with the vendor that the vendor will hold two applications (MDLA 465 and MDLA 424) on trust for a period of 12 months. A summary of the Cook Caledon Purchase Agreement is set out in Section 12.2.

The Cook Caledon Purchase Agreement (and ancillary documentation related to it) requires stamping, and the transfers of the tenements under that agreement require registration before Bounty Minyango will hold legal title to these tenements. Indicative approval for the transfer has been obtained, however, until such time as the transfer is registered, Bounty will not hold legal title to the tenements. Further detail regarding the Bounty Group's interests in these tenements is contained in the Solicitor's Tenement Report in Annexure C.

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

Below is a plan of the Minyango tenements.



6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

Resources at the Minyango Project

The following table provides a summary of the JORC 2012 resources defined for the Minyango Project. These resource estimates were compiled in April 2018 by competent person Mr Troy Turner, who is a consultant with Xenith Consulting Pty Ltd and has been validated by Adamelia Global Pty Ltd in the Cook/Minyango Technical Expert's Report.

Measured (mt)	Indicated (mt)	Inferred (mt)	Total (mt)
6.1	71.8	112	189.9

The Directors intend to utilise the existing Cook CHPP infrastructure for the Minyango Project. The proximity of the Minyango Project to this existing infrastructure is expected to be a major benefit for the development.

6.3 WONGAI PROJECT

The Wongai Project is an early-stage exploration coking coal joint venture project located in Cape York, approximately 430 km north of Cairns in the Laura Basin. It is located within an exploration permit for coal, EPC 2334, originally granted in 2011 and renewed until 2021. Further details regarding the tenement for the Wongai Project are set out in the Solicitor's Tenement Report in Annexure C.

The Wongai Project is a thin seam hard coking coal project which Bounty considers is potentially well suited for underground bord and pillar mining. This is a shallow underground project with an opportunity for a low capital cost mine entry. It is only 14 km from the coast which provides an opportunity to develop a low cost transport option.

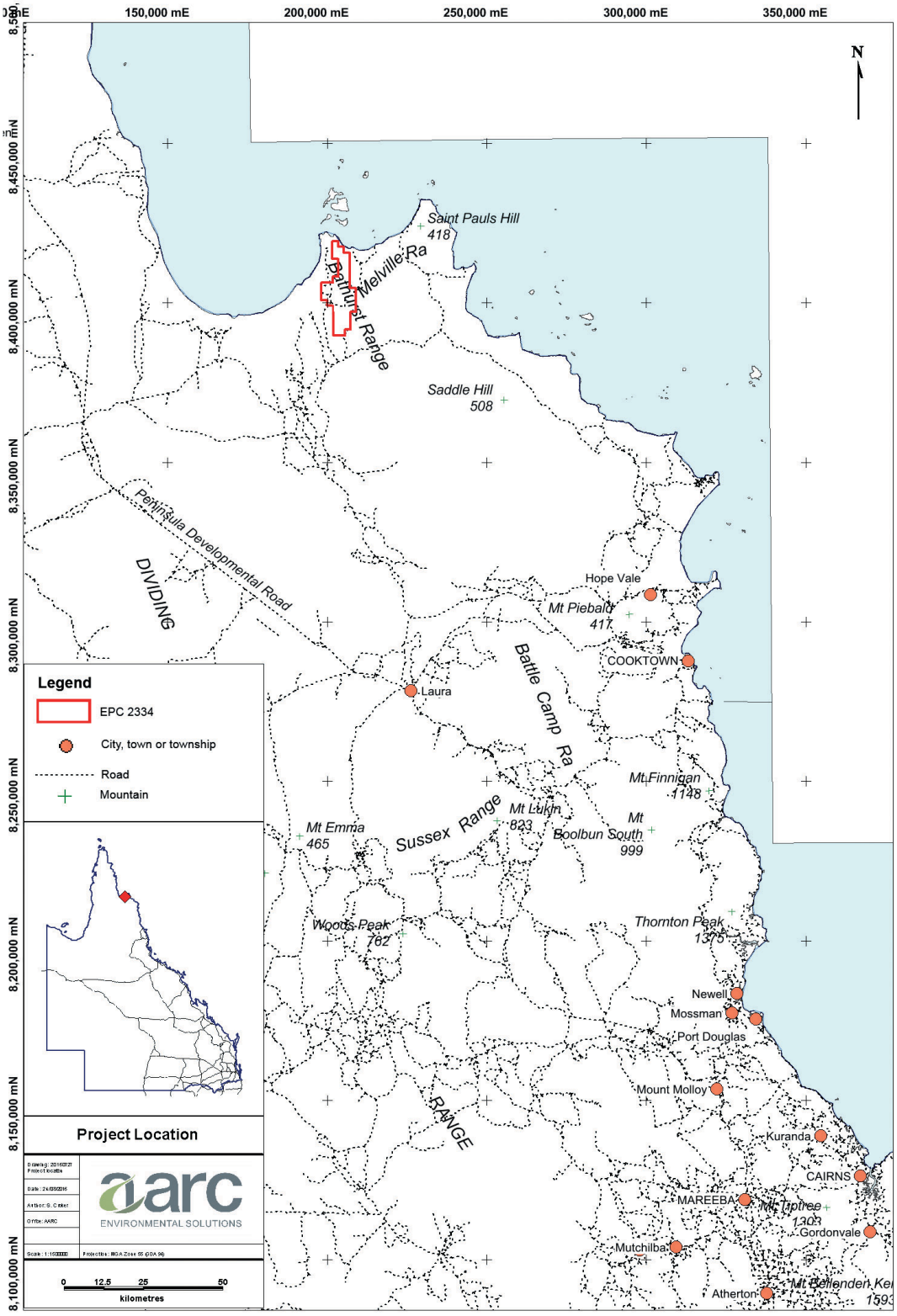
Members of the Bounty Group have entered into the Wongi Joint Venture Agreement, Wongai Farm-In Agreement and Wongai Management Agreement to develop and operate the mine. The agreements are with Aust-Pac Capital Pty Limited. Under these agreements, the Bounty Group has the right to earn up to a 48% legal and beneficial interest in the joint venture assets and purchase a further 3% to take its interest to 51%. Summaries of these agreements in relation to the Wongai Project are set out in section 12.4.

Bounty has completed a prefeasibility study for the Wongai Project and is now planning a bankable feasibility study with the objective of subsequently securing a mining lease and environmental authority.

There is an indigenous land use agreement between Bounty Mining Investments Pty Ltd, Aust-Pac Capital Pty Ltd and the Traditional Owners in respect of EPC 2334 which provides for various payments to the Traditional Owners before mining as well as the grant of a 12.5% beneficial, non-voting interest in the project. The interest in the Wongai Joint Venture is provided from the Aust-Pac interest. Amendments to the indigenous land use agreement will be required prior to washing or processing coal at the Wongai Project. A summary of this agreement is contained in Section 12.4.

6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

A locality plan of the Wongai Project is in the map below:



6. INFORMATION ON THE COOK COLLIERY, COOK NORTH, MINYANGO AND WONGAI PROJECTS

Mineral Resources

An updated JORC 2012 Report prepared by Competent Person Andrew Todd dated November 2016 defined 98.2 Mt of Mineral Resources within the EPC as categorised below. This report was reviewed by John T Boyd Company in the Wongai Technical Expert's Report which confirms the following Mineral Reserves for the Wongai Project:

Indicated (Mt)	Inferred (Mt)	Total (Mt)
20.2	70.0	90.2

The Inferred and Total quantities are 8Mt lower than assessed in the JORC 2012 Report dated November 2016.

A copy of the Wongai Technical Expert's Report and the JORC 2012 report dated November 2016 has been lodged with ASIC and is incorporated into this Prospectus by reference in accordance with section 712 Corporations Act. You can obtain a copy of the Wongai Technical Expert's Report or updated JORC 2012 report for the Wongai Project by emailing the Company at: secretary@bounty.com.au. These reports are also available on Bounty's website: www.bounty.com.au.

The Wongai Technical Expert's Report contains details of John T Boyd Company's independent assessment of the technical studies undertaken in relation to the Wongai Project.

The report includes John T Boyd Company's findings in relation to:

- geology;
- mineral resources;
- proposed mining methods;
- proposed coal processing and handling;
- environmental approvals;
- quality;
- capital costs and operating costs; and
- key risks.

In particular, the Wongai Technical Expert's Report concludes that:

- while the Bathurst seam could practically deliver a product coal of export HCC quality, there is currently insufficient data to confidently support the feasibility of thin seam bord and pillar mining systems;
- the Melville seam resources marginally inflate reported tonnages;
- additional exploration is required;
- delays in regulatory approvals have impacted the schedule of the Wongai Project and future delays (forecast to be at least July 2022 or an ML) are predicted;
- current project development costs may be understated and should be re-assessed; and
- critical further studies are required including environmental risk assessment and environmental management and underground geotechnical assessment.

7.

BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.1 OVERVIEW

To the extent applicable, in light of the Company's size and nature, Bounty has adopted the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council. Bounty's adoption or departure from the recommendations are set out in section 7.23.

The Company's Corporate Governance polices, describing how the directors oversee the Company, are also available on the Company's website.

7.2 BOARD

Gary William Cochrane GAICD
Chairman and chief executive officer

Bachelor of Engineering (Civil), Grad Dip Mining (Ballarat), EMBA (Haskayne)

Gary is the chairman and chief executive officer. An entity associated with Gary Cochrane is also a lender to the Company. He is not considered to be independent.

Gary has more than 30 years' experience in the mining, engineering and construction industry. He has worked on projects in Australia, China, Indonesia and Papua New Guinea. He has held senior management and technical roles at operating mines in Australia and Papua New Guinea.

Gary has over 18 years experience as an international mining and management consultant to the coal and hard rock mining industries. Gary is a frequent commentator on coal industry strategic supply and demand positions and coal investment opportunities and speaks at international coal conferences in Australia, China, and Japan.

Gary was a founding investor and director of the Millennium coal mine during development from greenfield exploration through to production. He is also on the board of a junior resource company, EcoTech Mining Pty Ltd, with a specialisation in process technology.

Gary completed an Executive MBA in Global Energy at the Haskayne Management School in Calgary, Canada in 2014.

Gary joined the board on 27 November 2007 and became Chairman on 28 February 2008.

Bounty intends to recruit an employee to perform the role of chief executive officer prior to 30 June 2019 at which time it is anticipated Gary will step down from this role but will continue in his role as Chairman.

Robert (Rob) Douglas Stewart FIEAust
Non Executive Director

Rob is an independent non executive director. Rob is chair of the risk committee and a member of the audit, remuneration, and nomination committees.

Rob has a Bachelor of Engineering (Civil), Master of Engineering Science (Mining) and has spent 40 years working in the mining and construction industries.

His previous appointments have included: general manager with Leighton Holdings Ltd subsidiary Thiess Pty Ltd where he was responsible for contract mining and construction in New South Wales; chief executive officer and managing director of Whitehaven Coal Limited; and executive director of CRSM LLC, a Mongolian based company identifying, evaluating and managing investments in Mongolia's resource industry.

Rob is currently a director of JukesTodd Pty Ltd, a strategic business advisor offering professional services to the resources, infrastructure and energy sectors.

Rob joined the board on 17 September 2009.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Mr (Kevin) Jian Jiao
Non-Executive Director

Kevin is an independent non executive director. Kevin is chair of the nomination committee and a member of the audit, risk, and remuneration committees.

Kevin has a BA majored in Economics (Major in International Economics), and an MBA from Melbourne University. He has also completed a post-graduate course in mining from China University of Geosciences.

Kevin has spent more than 26 years in the resources sector. He started his career with China Minmetals Group in Beijing and then moved to Melbourne and worked as the deputy managing director of Minmetals Australia. In 2004, he founded Vingo Resources Group, a commodity trading and investment company.

Kevin has experience in international coal marketing and trading.

Kevin joined the board on 18 August 2016.

Julie Eunice Garland-McLellan CSP, FAICD
Non-Executive Director

Julie is an independent non executive director. Julie is chair of the audit committee and a member of the risk, nomination, and remuneration committees.

Julie is a professional company director with a background in the resources and energy sectors. Julie has a BSc in Civil Engineering (Hons), an Executive MBA from IE Business School in Madrid, a Graduate Diploma in Applied Finance, and a Diploma and an Advanced Diploma in Company Directorship from the AICD. She has served on the boards of listed and unlisted companies.

Julie was a New South Wales AICD councillor from 2004 until 2010 and writes, facilitates and presents corporate governance training for the Institute and other clients. Her previous roles include general manager (energy and natural resources) for KPMG and strategic planner for BHP.

Julie is currently a director of Filex Holdings Pty Ltd.

Julie was on the board of Bounty from 4 April 2008 until 2 August 2016, and was reappointed on 10 November 2017.

7.3 DIRECTORS' INTERESTS IN SHARES AND OTHER SECURITIES

The table below sets out the Directors' interests in Shares as at the date of this Prospectus. The Company proposes to issue, as compensation for the additional work required in connection with the Offer, an additional 142,857 Shares to each of the Directors as soon as possible after the Company is admitted to the Official List of ASX. The table below also sets out the total number of Shares the Directors will hold following the issue.

Director	Number of Shares holdings at date of this Prospectus	Number of Shares following proposed issue after admission to the Official List of ASX
Gary Cochrane	33,426,077	33,568,934
Rob Stewart	1,508,651	1,651,508
Kevin Jiao	6,573,200	6,716,057
Julie Garland-McLellan	Nil	142,857
Total Directors	**41,507,928**	**42,079,356**

The Directors will not participate in the Offer. The Directors do not hold any other securities in the Company.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.4 DIRECTORS' FEES

The constitution of the Company provides that the Directors may be paid as remuneration for their services, with the total maximum amount set from time to time by Shareholders in general meeting with that number to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by Shareholders for Directors' fees is $300,000 per annum. The Company has agreed to pay a total of $300,000 per annum to the Directors, with each non executive director to be paid $78,000 and Gary Cochrane $66,000.

These fees payable to the non-executive directors are set out in their engagement letters the terms of which are summarised in section 12.8.

7.5 EXECUTIVE AND CONSULTING REMUNERATION TO DIRECTORS

Executive services agreement with entity controlled by Gary Cochrane

The Company has entered into an executive service agreement with Resource Management International Pty Ltd, an entity controlled by Gary Cochrane, under which Gary's services are provided as chief executive officer. The fees payable under this agreement are $334,000 (excluding GST) per annum. In addition, the contractor shall be entitled to be reimbursed reasonable travel expenses incurred in performing the services outside of the greater Sydney area.

A summary of the terms of this agreement are set out in section 12.8.

Ex gratia payments to Gary Cochrane, Rob Stewart and Kevin Jiao

Gary Cochrane, Rob Stewart and Kevin Jiao provided additional services to the Company in relation to the recent acquisition of Cook Colliery, the Cook North Project and the Minyango Project. Each of these Directors received a payment of $75,000 (excluding GST) for providing these services.

7.6 OTHER RELATED PARTY TRANSACTIONS

The current arrangements between Bounty and its related parties (other than as set out above) are:

- the VETL Loan, which is a loan owed by the Bounty Group to a company associated with director Gary Cochrane. At the date of this Prospectus, the amount outstanding on the VETL Loan is $930,302;
- the C5 Lease, which is a lease for the Company's Sydney office from a company associated with director Gary Cochrane. The Company is required to pay $4,110 (excluding GST) per month under the lease; and
- deeds of access, insurance and indemnity which the Company has entered into with each of the Directors and the company secretary.

Further detail regarding these arrangements is set out in section 12.7.

7.7 OTHER INTERESTS AND REMUNERATION

Other than as set out above or elsewhere in this Prospectus:

- no Director or proposed Director of Bounty has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of Bounty, or the Offer, or in any property proposed to be acquired by Bounty in connection with information or promotion of the Offer; and
- no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Bounty either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of Bounty or the Offer.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.8 KEY MANAGEMENT

Adam Foulstone
General manager and site senior executive, Cook Colliery

As a general manager and site senior executive, Adam has developed and delivered underground construction and mining projects, including the multi-billion dollar Grosvenor coal mine in the Bowen Basin in Queensland. He has provided leadership and direction to multi-disciplinary teams and has extensive expertise in managing complex technical and operational activities, devising strategic plans, and ensuring compliance with regulatory guidelines and industry standards.

Adam has qualifications as a mining engineer with an Advanced Diploma in Coal Mine Management, Site Senior Executive certificate, ventilation and gas management competencies. He has more than 17 years' experience in coal mining operations.

Eryl Baron
Chief financial officer and company secretary

Eryl has a BSc in Politics and Economics from London University and qualified as a Chartered Accountant with BDO Binder Hamlyn in London.

She has a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and completed the first two modules of the Advanced Certificate in Risk Management run by the Governance Institute of Australia.

David Low
Business development and project manager

David has a BE (Civil) and over 35 years of construction and mining experience. He has worked for contractors, consultants and asset owners in the delivery of various mining infrastructure works, major roads (both government and private sector) and other infrastructure projects.

David has experience in project and construction management, commercial management and contract management, covering a wide spectrum of infrastructure engineering projects.

John Grieves
Manager Technical Services

John has experience in underground technical, resource development and project management roles. He has a BEng (Mining – Hons I), MMinEng (Mine Geomechanics) and an MBA from The University of Queensland.

He was previously a project manager for the former owner of the Cook Colliery where he delivered long-term planning, and development of the Minyango Project.

7.9 LEGAL OR DISCIPLINARY ACTION

None of the Directors or members of key management have been involved in any material legal or disciplinary actions against the Director or member of key management (or against companies that the Director or member of key management was a director of at the relevant time) in the last 10 years.

Gary Cochrane, Rob Stewart and Julie Garland-McLellan were Directors and Eryl Baron was the company secretary of Bounty Group companies that entered into voluntary administration in November 2015. Gary Cochrane and Julie Garland-McLellan were Directors and Eryl Baron was the company secretary of Bounty Group companies that entered into voluntary administration in August 2009. On both occasions, the named parties worked with the administrator to trade out of administration via a deed of company arrangement and ensured the Company's shareholders retained ownership.

Other than as described above, none of the Directors or members of key management have been an officer of a company that entered into a form of external administration because of insolvency during the time that the Director or member of key management was an officer or within a 12-month period afterwards.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.10 COMPOSITION OF THE BOARD

The Board is comprised of four Directors.

At the conclusion of the Offer, the status of the Directors will be as follows:

Director	Status
Gary Cochrane	Non independent executive director
Kevin Jiao	Independent non executive director
Robert Stewart	Independent non executive director
Julie Garland-McLellan	Independent non executive director

The Board has decided that an independent Director is a non executive Director who is not a member of management, and who:

- is not a substantial Shareholder (under the meaning in the Corporations Act) of Bounty or an officer of, or otherwise associated, directly or indirectly, with a substantial Shareholder of Bounty;
- has not within the last three years been employed in an executive capacity by Bounty or another Bounty Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a significant professional adviser to Bounty or another Bounty Group member;
- is not a significant consultant, supplier or customer of Bounty or another Bounty Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with Bounty or another group member other than as a Director of Bounty; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Bounty.

7.11 BOARD ROLE

The primary role of the Board is the protection and enhancement of Shareholder value. The Board is responsible for:

- setting strategic direction;
- appointing the chief executive officer or equivalent;
- ensuring that the management team is appropriately qualified and experienced to discharge its responsibilities;
- establishing goals for management, and monitoring the achievement of these goals;
- oversight of management's risk management system;
- ensuring appropriate resources are available to senior executives; and
- approving and monitoring financial and other reporting.

In circumstances where a company approaches potential insolvency the Board also has a duty to protect the rights of creditors. This duty takes precedence over the duty owed towards Shareholders but is not inconsistent with the primary role and duty.

7.12 BOARD FUNCTIONS

The Board typically meets monthly and holds additional meetings when necessary to address specific matters that arise. In between meetings, decisions may be adopted by way of circular resolution. Day to day management of Bounty's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the chief executive officer and management of Bounty.

To the extent applicable, in light of the Company's size and nature, Bounty has adopted the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council. Bounty's adoption or departure from the recommendations is set out in section 7.23.

The Company's Corporate Governance polices, summarised below, describing how the directors oversee the Company, are available on the Company's website: www.bounty.com.au.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.13 CODE OF CONDUCT

The Company has adopted a code of conduct which provides Directors and employees with guidance in relation to:

- compliance with the law;
- record keeping;
- confidentiality;
- professional conduct;
- dealing with suppliers, advisers and regulators; and
- dealing with the community and employees.

7.14 BOARD COMMITTEES

The Board is supported by the following committees:

- audit;
- risk;
- remuneration; and
- nominations.

7.15 AUDIT COMMITTEE

The Board has established an audit committee. Its current members are Julie Garland McLellan (Chair), Kevin Jiao and Rob Stewart.

The committee's charter sets out the committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on the Company's website: www.bounty.com.au.

The committee reports to the Board on all matters relevant to its role and responsibilities. The committee has a schedule of meetings for the year which aligns with scheduled financial reporting requirements for the audit function of the committee.

7.16 RISK COMMITTEE

The Board has established a risk committee. Its current members are Rob Stewart (Chair), Kevin Jiao and Julie Garland-McLellan.

The committee's charter sets out the committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on the Company's website: www.bounty.com.au.

The committee meets as required, but also meets at least once a year to monitor and assess the Company's risk management framework.

7.17 REMUNERATION COMMITTEE

The Board has established a remuneration committee. Its current members are Julie Garland-McLellan (Chair), Kevin Jiao and Rob Stewart.

The committee's charter sets out the committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on the Company's website: www.bounty.com.au.

The committee meets as required, but also meets at least once a year to monitor and assess the Company's remuneration framework.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.18 NOMINATIONS COMMITTEE

The Board has established a nominations committee. Its current members are Kevin Jiao (Chair), Julie Garland-McLellan, and Rob Stewart.

The committee's charter sets out the committee's role and responsibilities, composition, structure and membership requirements, and the procedures for inviting non-committee members to attend meetings. The charter is available on the Company's website: www.bounty.com.au.

The committee meets as required, but also meets at least once a year to monitor and assess the Board's performance and skills.

7.19 DIVERSITY POLICY

Bounty is committed to promoting diversity among Directors, management and employees. The Company's diversity policy is available on the Company's website: www.bounty.com.au.

7.20 CONTINUOUS DISCLOSURE POLICY

The Company has adopted the following practices and procedures for ensuring continuous disclosure to the market:

- at the time of induction, employees and key consultants are informed of the Company's policies, practices and obligations in relation to continuous disclosure;
- all information, including material events and milestones, that can materially impact the Share price of the Company must be brought to the attention of a Director or the Company Secretary;
- once a matter is identified as requiring announcement to ASIC, the Company Secretary or delegated party prepares the announcement for the consideration of the Board;
- the Board reviews the draft and ascertains from management that the announcement is based on fact and not misleading;
- the Board, or if the Board cannot be assembled in time, the Chairman, authorises the release the announcement to ASIC. All announcements are also posted on the Company's website at www.bounty.com.au; and
- all external queries and comments in relation to announcements are directed to the Chairman for response if appropriate.

The Company's continuous disclosure policy is available on the Company's website: www.bounty.com.au

7.21 PRIVACY POLICY

Bounty is bound by the *Australian Privacy Act 1988* (Cth) (**Privacy Act**) and the Australian Privacy Principles contained in that Act. The Privacy Principles are designed to protect the confidentiality of information and the privacy of individuals by regulating the way personal information is managed. The privacy policy is available on the Company's website: www.bounty.com.au.

7.22 SECURITIES TRADING POLICY

The Company has adopted a securities trading policy to provide guidance to Directors and employees where they are contemplating dealing in the Company's securities.

The policy is designed to:

- ensure that Directors and employees understand procedures in relation to trading in shares and other securities, and understand the meaning and legal consequences of 'insider trading';
- protect Shareholders' interest at all times by ensuring Directors and key management personnel not use Inside Information for their personal advantage; and
- ensure that the Company operates, at all times, in accordance with legal and societal standards of good corporate practice.

The securities trading policy is available on the Company's website at www.bounty.com.au.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

7.23 COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' was published by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. Bounty's corporate governance policies and procedures have been developed in light of these principles and recommendations. The Board has assessed Bounty's current practice against these guidelines and outlines its assessment below.

Principle 1 – Lay solid foundations for management and oversight		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Bounty has adopted this recommendation. A board charter containing these details is available on the Bounty website: www.bounty.com.au.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Bounty has adopted this recommendation. It is contained in the Company's board recruitment and selection processes. Security holders will be provided with the information in: • the disclosures in our notice of meeting when recommending directors for appointment; and • the annual report for information about ongoing directors.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Bounty has adopted this recommendation. A summary of these agreements with the Directors is set out in section 12.7.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Bounty has adopted this recommendation, however the Company has increased the role of the Audit Committee Chair (it is more extensive than most companies given the non-independent Chair of the Board). Bounty's Company Secretary has discretion to approach either one depending on her perception of the circumstances.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle 1 – Lay solid foundations for management and oversight continued		
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Bounty has a diversity policy. Bounty recruits on merit. The diversity policy is available on Bounty's website: www.bounty.com.au. Bounty's policy does not include any measurable objectives for achieving gender diversity. Bounty will disclose the workforce composition in its annual report. Bounty is not a 'relevant employer' as defined.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Bounty has adopted this recommendation. The process for evaluating the performance of the board, its committees and individual directors is available on the Bounty website: www.bounty.com.au. The relevant periodic disclosures will be included in Bounty's annual report.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Bounty has adopted this recommendation. The process for evaluating the performance of senior executives is available on the Bounty website: www.bounty.com.au. The relevant periodic disclosures will be included in Bounty's annual report.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle 2 – Structure the board to add value		
2.1	The board of a listed entity should have a nomination committee which: (a) has at least three members, a majority of whom are independent directors; and (b) is chaired by an independent director, and disclose: (c) the charter of the committee; (d) the members of the committee; and (e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Bounty has adopted this recommendation. The nomination committee charter is available on the Bounty website: www.bounty.com.au. The current members of the nomination committee are set out in section 7.17. The relevant disclosures will be included in Bounty's annual report.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Bounty has adopted this recommendation. The relevant disclosures will be included in Bounty's annual report.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Bounty has adopted this recommendation. The names of the independent directors are set out in section 7.10 and the length of service is set out in section 7.2. The relevant disclosures are available on the Bounty website: www.bounty.com.au
2.4	A majority of the board of a listed entity should be independent directors.	Bounty has adopted this recommendation.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Bounty has chosen not to adopt this recommendation – the chair is an executive and acts as chief executive officer. He is also a major shareholder. Bounty's board believes that the chair's knowledge and alignment with shareholder interests is valuable and has instigated other measures (such as having the chair not a member of any board committees) plus enforces a conflict of interest policy that excludes the chair from decisions where he has a material personal interest.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Bounty has adopted this recommendation.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle 3 – Act ethically and responsibly		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Bounty has adopted this recommendation. The relevant disclosures are available on the Bounty website: www.bounty.com.au. A summary of the code is set out in section 7.13.
Principle 4 – Safeguard integrity in corporate reporting		
4.1	The board of a listed entity should have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Bounty has adopted this recommendation. The current members of the audit committee are set out in section 7.15 and their qualifications are set out in section 7.2. The audit committee charter is available on the Bounty website: www.bounty.com.au.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Bounty has adopted this recommendation.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Bounty has adopted this recommendation.
Principle 5 – Make timely and balanced disclosure		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Bounty has adopted this recommendation. A summary of the policy is set out in section 7.20. The policy is available on Bounty's website: www.bounty.com.au

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle 6 – Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Bounty has adopted this recommendation.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Bounty has adopted this recommendation. Bounty does not currently have an investor relations policy. The Directors intend to develop a policy after listing.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Bounty has adopted this recommendation. Bounty does not currently have a specific policy. The Directors intend to develop a policy after listing.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Bounty has adopted this recommendation.
Principle 7 – Recognise and manage risk		
7.1	The board of a listed entity should have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Bounty has adopted this recommendation. Section 7.16 contains a summary of the committee charter and the risk committee charter is available on the Bounty website: www.bounty.com.au. Bounty will include the relevant disclosures in its annual report.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Bounty has adopted this recommendation. Bounty is considering recommendations to revise its risk management framework to one more appropriate to a mine operator. Bounty will include the relevant disclosures in its annual report.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Bounty has chosen not to adopt 7.3 a) and instead has adopted 7.3 b). Bounty does not have an internal audit function. The relevant process is currently being developed will be posted on the website following listing.

7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

Principle 7 – Recognise and manage risk continued		
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Bounty has adopted this recommendation. Shareholders are encouraged to read the section on Risk Factors in Section 9 of this Prospectus. Bounty is currently undertaking a risk management review. The relevant disclosures will be posted on the website when recommendations of the risk management review are complete.
Principle 8 – Remunerate fairly and responsibly		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Bounty has adopted this recommendation. Section 7.17 sets out the composition of the remuneration committee and a summary of the charter. A copy of the charter is available on the Bounty website: www.bounty.com.au. Bounty will include the relevant disclosures in its annual report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Bounty has adopted this recommendation. Bounty is in the process of further developing these policies and the relevant disclosures will be posted on the Bounty website: www.bounty.com.au, when finalised.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company does not currently have an equity-based remuneration scheme. A scheme may be implemented in the future.

8.

DETAILS OF THE OFFER

8. DETAILS OF THE OFFER

8.1 IMPORTANT INFORMATION

This Prospectus contains details of the Offer to apply for New Shares in Bounty. You are encouraged to:

- read the contents of this Prospectus carefully, including the risk factors in section 9; and
- obtain independent professional advice from your accountant, lawyer, financial advisor or any other party qualified to provide advice on the contents of this Prospectus.

8.2 DESCRIPTION OF THE OFFER

The Offer comprises a capital raising of up to $18 million by way of an issue of up to 51,428,571 New Shares at $0.35 per New Share.

The process for applying for New Shares differs depending on the Offer relevant to you. The process for applying under the Broker Firm Offer is set out in section 8.9. The process for applying under the Institutional Offer is set out in section 8.10. The process for applying under the Priority Offer is set out in section 8.11.

Applications must be for a minimum of 6,000 New Shares ($2,100).

The New Shares will rank in all respects equally with the Shares held by existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's constitution. A summary of the constitution is set out in section 12.1.

8.3 STRUCTURE OF THE OFFER

The Offer comprises:

- the Broker Firm Offer, which is open to Australian and New Zealand resident clients of Brokers who have received a firm allocation of New Shares from their Broker;
- the Institutional Offer, which is open to institutional investors in Australia and certain other overseas jurisdictions; and
- the Priority Offer, which is open to selected participants identified by the Company.

No general public offer of New Shares will be made under the Offer.

The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by the Company in agreement with the Lead Manager having regard to the allocation policies outlined in sections 8.9, 8.10 and 8.11.

The Offer is not underwritten.

The Offer is made with disclosure under this Prospectus and is made on the terms, and is subject to the conditions, set out in this Prospectus.

No New Shares or other securities will be issued on the basis of this Prospectus later than the expiry date being the date 13 months after the date of this Prospectus.

8.4 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The purpose of the Offer is to raise funds to:

- finance the deferred payments due on 30 June 2018 under the Cook/Minyango Purchase Agreements;
- provide capital for fleet upgrades required to expand production at the Cook Colliery;
- continue pre-feasibility studies for the Cook North Project and Minyango Project;
- commence the bankable feasibility study for the Wongai Project;
- finance working capital;
- meet the Offer Costs; and
- meet the conditions to apply for Official Quotation of the Shares on the ASX.

8. DETAILS OF THE OFFER

The above represents the current intentions of the Company based on its current business plan and business conditions. The amounts and timing of the actual expenditure may vary and will depend upon numerous factors, including the timing of the pre-feasibility studies and bankable feasibility study the Company is proposing to undertake.

The table below sets out the proposed use of the proceeds from the Offer under two scenarios: if the Offer is fully subscribed and the Full Subscription is raised, and if the Offer is partially subscribed and the Minimum Subscription is raised.

	Full Subscription: $18,000,000 raised		Minimum Subscription: $14,000,000 raised	
Use of proceeds	$m	%	$m	%
Deferred payments (Cook acquisition)	3.0	16.7	3.0	21.4
Investment in equipment	5.3	29.3	3.6	25.7
Working Capital	5.0	27.8	5.0	35.8
Prefeasibility Study Cook North	1.0	5.6	0.5	3.6
Prefeasibility Study Minyango	1.0	5.6	0.3	2.1
Ongoing works Wongai	1.0	5.6	0.2	1.4
Cost of Raising	1.7	9.4	1.4	10.0
Total	**18.0**	**100.0**	**14.0**	**100.0**

If the Company raises between $14 million and $18 million, the proceeds proposed to be used for the ongoing works at the Wongai Project, the prefeasibility study at the Minyango Project and the prefeasibility study at the Cook North Project will be reduced with any further reductions applied towards the proposed investment in equipment.

8.5 OFFER PRICE

The Offer Price is $0.35 per New Share.

8.6 OFFER TIMETABLE

Prospectus date	1 May 2018
Opening Date (9.00am AEST)	17 May 2018
Closing Date (5.00pm AEST)	30 May 2018
Anticipated date of allotment of New Shares	11 June 2018
Shareholding statements expected to be despatched	12 June 2018
Expected date for Official Quotation of Shares on ASX	14 June 2018

The above dates are indicative only and may change without notice. The Lead Manager, in consultation with the Company, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Applicants are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

8. DETAILS OF THE OFFER

8.7 MINIMUM SUBSCRIPTION

The Minimum Subscription that the Company must raise under the Offer is $14 million through the issue of 40,000,000 New Shares. The Company will not issue any New Shares until it has received valid Applications for this amount.

If the Company has not received valid Applications for the Minimum Subscription within four months after the date of this Prospectus, it will deal with any applications received in accordance with section 724 of the Corporations Act.

8.8 MAXIMUM SUBSCRIPTION

The maximum subscription that the Company may raise under the Offer is $18 million through the issue of 51,428,571 New Shares.

8.9 BROKER FIRM OFFER

Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia or New Zealand. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

You should contact your Broker to determine whether they may allocate New Shares to you under the Broker Firm Offer.

How to apply

Applications for New Shares under the Broker Firm Offer must be made using the Broker Firm Application Form attached to this Prospectus. To subscribe for New Shares under the Offer, you must complete the Broker Firm Application Form in accordance with the instructions on the Broker Firm Application Form or given to you by your Broker.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus) together with the Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker but must be no less than 6,000 New Shares ($2,100). However, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer.

The Company, in agreement with the Lead Manager, may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Application Form and Application Monies with the relevant Broker in accordance with the Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms to the Share Registry, Lead Manager or the Company. The Broker Firm Offer opens at 9.00am (AEST) on 17 May 2018 and is expected to close at 5.00pm (AEST) on 30 May 2018. The Company, in agreement with the Lead Manager, may elect to extend the Offer or part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible.

Please contact your Broker for instructions.

8. DETAILS OF THE OFFER

Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

Payment for the New Shares must be made in full at the issue price of $0.35 per New Share. Applications for New Shares must be for a minimum of 6,000 New Shares ($2,100).

Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an Applicant to the Company to apply for New Shares in the amount specified on the Broker Firm Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus). To the extent permitted by law, an Application made by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of New Shares specified on the Broker Firm Application Form or any lesser amount without further notice to the Applicant. Acceptance of the Application will give rise to a binding contract on allocation of New Shares to successful Applicants conditional on the quotation of Shares on the ASX and commencement of unconditional trading.

Allocation policy under the Broker Firm Offer

The allocation of New Shares to Brokers will be determined by agreement between the Company and the Lead Manager. New Shares that are allocated to Brokers for allocation to their Australian and New Zealand clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications) in their absolute discretion.

It will be a matter for each Broker as to how they allocate Shares among their clients, and they (not the Company nor the Lead Manager) will be responsible for ensuring that clients who have received an allocation from them receive the relevant New Shares.

8.10 INSTITUTIONAL OFFER

Invitations to apply

Under the Institutional Offer, Institutional Investors in Australia, New Zealand, Hong Kong and Singapore will be invited to apply for an allocation of New Shares under this Prospectus.

The Lead Manager will separately advise the Institutional Investors of the Application procedures for the Institutional Offer.

Allocation policy under the Institutional Offer

The allocation of New Shares among Applicants in the Institutional Offer will be determined by agreement between the Company and the Lead Manager in their absolute discretion.

Participants in the Institutional Offer will be advised of their allocation of New Shares, if any, by the Lead Manager.

The allocation policy for the Institutional Offer will be influenced, but not constrained, by the following factors:

- number of New Shares applied for by particular Applicants;
- the timeliness of the Application by particular Applicants;
- the Company's desire for an informed and active trading market following completion of the Offer;
- overall anticipated demand under the Broker Firm Offer, Institutional Offer and Priority Offer;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that the Company and the Lead Manager consider appropriate.

8. DETAILS OF THE OFFER

8.11 PRIORITY OFFER

Who may apply

Under the Priority Offer, selected investors resident in Australia and New Zealand identified by the Company will be invited to apply for an allocation of New Shares under this Prospectus. The Company or the Lead Manager will contact these investors directly.

No general public offer of New Shares will be made under the Priority Offer (or otherwise).

How to apply

Applications for New Shares under the Priority Offer must be made using the Priority Offer Application Form attached to this Prospectus. To subscribe for New Shares under the Offer, you must complete the Priority Offer Application Form in accordance with the instructions on the Priority Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus) together with the Priority Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Priority Offer is 6,000 New Shares ($2,100). However, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Priority Offer.

The Company in agreement with the Lead Manager may determine a person to be eligible to participate in the Priority Offer, and may amend or waive the Priority Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

Applicants under the Priority Offer must lodge their Priority Offer Application Form with the Company by:

Post – by sending paper copies to:

The Company Secretary
Bounty Mining Priority Offer
Suite 301, Level 3
66 Hunter Street
Sydney NSW 2000

Hand delivery – by delivering paper copies to:

The Company Secretary
Bounty Mining Priority Offer
Suite 301, Level 3
66 Hunter Street
Sydney NSW 2000

Applicants under the Priority Offer must not send their Application Forms to the Share Registry or Lead Manager. The Priority Offer opens at 9.00am (AEST) on 17 May 2018 and is expected to close at 5.00pm (AEST) on 30 May 2018. The Company, in agreement with the Lead Manager, may elect to extend the Offer or part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and Corporations Act).

Please contact Eryl Baron at the Company by email on secretary@bounty.com.au with any questions or for further information.

Payment methods

Applicants under the Priority Offer must pay their Application Monies electronically using the method set out on the Priority Offer Application Form.

Payment for the New Shares must be made in full at the issue price of $0.35 per New Share. Applications for New Shares must be for a minimum of 6,000 New Shares ($2,100).

8. DETAILS OF THE OFFER

Acceptance of Applications

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for New Shares in the amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Application Form. To the extent permitted by law, an Application made by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of New Shares specified on the Priority Offer Application Form or any lesser amount without further notice to the Applicant. Acceptance of the Application will give rise to a binding contract on allocation of New Shares to successful Applicants conditional on the quotation of Shares on the ASX and commencement of unconditional trading.

Allocation policy under the Priority Offer

The allocation of New Shares to Applicants will be determined by agreement between the Company and the Lead Manager.

If the Offer is oversubscribed, a scaling policy will be applied and there may be a different application of the scale-back policy to each Applicant.

8.12 CLOSING DATE

The Company will accept Application Forms until the Closing Date, being 5.00pm (AEST) on 30 May 2018, or such other dates as the Directors determine in their absolute discretion subject to compliance with the ASX Listing Rules and the Corporations Act and the agreement of the Lead Manager.

8.13 ALLOCATION OF NEW SHARES

Successful Applicants will be given written notice of the number of New Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the number of New Shares allocated to them before trading in Shares. Applicants who sell Shares before they receive notice of the New Shares allocated to them do so at their own risk.

The Company and Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, whether on the basis of a confirmation of allocation provided by either of them or a Broker.

If the Company's application for Official Quotation of the Shares on ASX is denied, or if for any reason the Offer does not proceed, all Application Money will be refunded in full without interest.

8.14 SPECULATIVE NATURE OF OFFER AND RISK FACTORS

As with any investment in listed securities, an investment in the Company is subject to several risks. Applicants should understand that the Company's projects are both speculative and subject to a wide range of risks and that even if the Company successfully achieves all its stated goals, Applicants may lose the entire value of their investment.

Before deciding to invest in the Company, Applicants should read this document carefully and in its entirety, with a particular emphasis on the risk factors detailed in Section 9.

Applicants should consider these matters having regard to their personal circumstances (including financial and taxation affairs), their own risk profiles and investment parameters and, where necessary, seek professional advice before deciding whether, or not, to apply for New Shares.

8. DETAILS OF THE OFFER

8.15 EFFECT OF THE OFFER ON THE COMPANY'S CAPITAL STRUCTURE

The table below sets out the effect of the Offer on the Company's capital structure.

	Minimum Subscription	Full Subscription
Amount to be raised under the Offer	$14 million	$18 million
Total number of Shares currently on issue	298,573,804	298,573,804
Total number of New Shares to be issued under this Prospectus	40,000,000	51,428,571
Total number of Shares on issue following completion of the Offer**	338,573,804	350,002,375
Offer Price per New Share	$0.35	$0.35
Market Capitalisation at the Offer Price	$118,500,831.40	$122,500,831.25
Total number of Options on issue following completion of the Offer*	26,301,614	26,301,614
Shares to be issued to directors and management following the completion of the Offer**	671,429	671,429
Total number of shares on issue following completion of the Offer and the issue of shares to directors and management	339,245,233	350,673,804
Percentage of Shares held by existing Shareholders following completion of the Offer	88.2%	85.3%
Percentage of Shares held by Shareholders who subscribe for New Shares following completion of the Offer	11.8%	14.7%

Notes

* These Options include the 10,000,000 Options to be issued to the Lead Manager under the terms of the Lead Manager Mandate. Terms of these Options are summarised in section 13.4 and the terms of the Lead Manager Mandate are summarised in section 12.9.

** Under the terms of the Company's employment agreements, the Company expects to issue an additional 100,001 Shares to senior managers shortly after Official Quotation. The Company also intends to issue 142,857 shares to each director.

Assuming the Full Subscription is met, the expected free float of the Company on completion of the Offer will; be 58%, based on 350,002,375 Shares being on issue (assuming the Full Subscription is raised) less 121,795,847 Shares subject to various escrow conditions and 25,641,814 Shares held by Directors that are not subject to escrow. See section 12.10 for further information on escrow.

8.16 ASX LISTING

An application will be made to the ASX no later than seven days after the date of this Prospectus for the Company to be admitted to ASX, and for Official Quotation. Acceptance of the application by ASX is not a representation by ASX of the merits of the Company or the New Shares. Official Quotation, if granted, commences as soon as practicable after the issue of initial holding statements to successful Applicants.

If the Minimum Subscription is raised under the Offer and the conditions to admission of the Shares to Official Quotation are satisfied, it is expected that trading of the New Shares and existing Shares on ASX will commence on or about 14 June 2018.

If the New Shares are not admitted to Official Quotation, or the conditions of listing imposed by ASX are not satisfied, within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, the Company will not issue any New Shares under this Prospectus (or if any have been issued, the issues will be void) and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

8. DETAILS OF THE OFFER

8.17 CHESS

The Company will apply for the Shares (including the New Shares) to participate in CHESS.

Applicants who are issued New Shares under this Offer will receive holding statements in lieu of share certificates. They set out the number of New Shares issued to each successful Applicant.

The holding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

8.18 INVESTOR DIRECTED PORTFOLIO SERVICE

An investor directed portfolio service (IDPS) is an investment reporting service offered by an operator. People who invest through an IDPS are indirect investors.

Investors who gain exposure to the Company through an IDPS master trust or wrap account do not themselves become Shareholders in the Company. It is generally the operator of the investing IDPS (or its custodian or nominee) that becomes a Shareholder. It then exercises its rights as Shareholder under its arrangements with the investor.

Indirect investors complete the application form for the IDPS and receive reports from the operator, not the Company.

When investing through an IDPS master trust or wrap account, indirect investors must complete the documents required by the operator of these services.

They are not required to complete an Application Form. Enquiries should be directed to the IDPS operator.

8.19 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.

8.20 WITHDRAWAL

The Company, in agreement with the Lead Manager, reserves the right to withdraw the Offer at any time before the allotment of New Shares. If the Offer does not proceed the Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.

8.21 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify the New Shares or the Offer in any jurisdiction outside Australia and New Zealand or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia and New Zealand, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia and New Zealand, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, the offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

Potential investors should refer to the relevant warning statements below and under 'Important Information' in section 1.

8. DETAILS OF THE OFFER

Each Applicant under the Broker Firm Offer or Priority Offer warrants and represents that:

- they are an Australian or New Zealand citizen or resident in Australia or New Zealand, at the time of the application and are not acting for the account or benefit of any person in the United States or any other foreign person; and
- they will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or New Zealand except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to them.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an institutional investor (as defined in the SFA) or (iii) a relevant person (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

8. DETAILS OF THE OFFER

8.22 PRIVACY DISCLOSURE

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

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

The Company's privacy policy sets out how you can access, correct, and update the personal information that we hold about you, how you can complain about privacy related issues and how the Company responds to complaints. If you wish to see the privacy policy, please contact the Company at the relevant contact details set out in this Prospectus. A copy of the Company's privacy policy is available on the Company's website: www.bounty.com.au.

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.

8.23 ENQUIRIES REGARDING THE OFFER

Enquiries in relation to the Prospectus should be directed to:

- The Company Secretary by email at secretary@bounty.com.au

Or the Lead Manager:

- PAC Partners Pty Ltd on telephone +61 (0)2 9994 5552

9.

RISK FACTORS

9. RISK FACTORS

9.1 INTRODUCTION

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that Applicants consider the risk factors described below, together with information contained elsewhere in this Prospectus and consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.2 COMPANY SPECIFIC RISKS

(i) Coal market risk

The export coal market is subject to global supply and demand fluctuations including:

- reduction in GDP growth in major customer nations like China, India and Japan;
- increases in coal supply from competitors in Australia, the United States, Mongolia, China and elsewhere; and
- changes in new technology altering the demand for hard coking coal.

These fluctuations in supply and demand may lead to lower coal prices which in turn will have a negative impact on the Bounty Group's finances as well as the potential viability of its mine and projects.

(ii) Coal product risk

Bounty has recently re-commenced mining at the Cook Colliery and has not yet demonstrated consistency in coal production and coal quality. In particular, Bounty is yet to confirm whether it can produce hard coking coal consistently with the expected coal specification. There is no guarantee that future areas that will be mined will provide product with consistent specifications to coal sold previously from Cook.

Mitigation strategy: Ensure adequate drilling and sampling to assist in predicting future coal quality trends.

(iii) Operational risk

The current and future operations of the Bounty Group, including mine operation and development and exploration activities, will be affected by a range of factors.

The Company intends to operate the Cook Colliery as a bord and pillar mining operation producing around 2.2 Mt of run of mine coal per annum. Performance may be negatively impacted by a number of potential risks that include but are not limited to:

(A) Not securing and maintaining permits

The Bounty Group requires additional permits to increase mine output at Cook Colliery to 2.2 Mt run of mine coal per annum. If the Bounty Group is unable to secure the additional permits or maintain its existing permits this will negatively impact revenue.

Mitigation strategy: Present competent mine plans for any permits and demonstrate compliance.

(B) Unstable ground

Unstable ground is a safety threat to personnel. In addition, unstable ground may potentially damage equipment, prevent full productivity being achieved or raise operating costs. This may have a negative impact on the Bounty Group's revenue and profitability.

Mitigation strategy: Identify areas that may be prone to instability and design and implement appropriate support systems and plans to avoid collapse. Implement ongoing monitoring systems to maintain stability.

9. RISK FACTORS

(C) Fires

Fires underground or in key infrastructure at the Cook CHPP may negatively impact employee safety and production. Delays associated with these impacts will likely result in increased costs and reduction in sales revenue.

Mitigation strategy: Design and implement underground ventilation control, hazard reduction systems, fire suppressant systems, and regular compliance and systems checks.

(D) Storms and flooding

Severe local storms may cause localised flooding at the Cook Colliery or Cook CHPP. Flooding within the transport corridor between the mine and the port may interrupt rail and road access to the port. Lightning strikes may cause electrical outage or fires. These events have the potential to delay production, impact Bounty's ability to supply its coal to the customers and increase costs. This will adversely impact the Bounty Group's revenue, working capital provisions, and profitability.

Mitigation strategy: Design and implement flood mitigation strategies around the Cook Colliery and Cook CHPP sites. Maintain a coal stockpile at the port.

(E) Mine inrush

Mine inrush is caused by breaching the containment of underground water bodies. This can cause flooding of the mine operating areas and negatively impact safety and production. This would increase costs and reduce revenue and profitability, and may result in injury to personnel and damage to equipment.

Mitigation strategy: Identify and contain or remove potential sources of inrush including the testing and pre drainage of work areas.

(F) Underground dust and gas

Uncontrolled levels of methane, dust and noxious gases can result in spontaneous combustion, adverse impacts on the safety and well-being of underground mining operators and restrictions on production and increased operating costs. This may impact on the Bounty Group's revenue or profitability.

Mitigation strategy: Managing ventilation and dust control are key to mitigating these risks. Constantly monitor, design and implement ventilation systems and controls.

(G) Plant performance

The plant at the Cook Colliery or the Cook CHPP may not perform as the Company expects. Inability to achieve planned levels of productivity and performance will result in reduced revenue and increased costs.

Mitigation strategy: Implement effective and timely maintenance practices to ensure expected levels of productivity and performance are achieved.

(H) Personnel performance

Injury to personnel, damage to plant and low productivity through unsatisfactory performance of personnel may result in reduced production, increased cost and reduced revenue.

Mitigation strategy: Ensuring adequate training of all operators, maintainers, and staff to minimise harm to personnel and damage to equipment and, to maintain expected levels of productivity and performance.

(I) Securing required mining equipment

Bounty needs to secure appropriate mining equipment in a timely manner to achieve its planned production target of 2.2 Mt run of mine coal per annum. Any delay in securing this equipment will negatively effect production, mine profitability, and erode working capital provisions.

Mitigation strategy: Forward planning and funding to secure appropriate plant and to secure alternate sources of suppliers from Australia and overseas.

9. RISK FACTORS

(J) Coal chain delays

Bounty relies on third party infrastructure to reach its markets. Rail and port operator delays may negatively impact Bounty's ability to deliver its coal to customers. Any major delays will have a negative impact on cash flows and erode working capital provisions.

Mitigation strategy: Maintain an appropriate coal stockpile at the Cook CHPP and port.

(K) Legislative changes

Bounty operates in a highly regulated industry. Changes to legislation, regulations or policies may require Bounty to adjust its operations or may make obtaining permits for its development projects cumbersome or problematic. In particular, the *Mineral Resources (Financial Provisioning) Bill 2018* was introduced into the Queensland parliament on 15 February 2018. Under this bill a pooled fund is to be established, removing over time the need to provide financial assuring for entities eligible to participate in the fund. Instead, those entities would be required to pay an annual fee. If the bill is passed, these changes may be material to the ongoing development of Bounty's development projects as well as the requirements for financial assurance at Cook Colliery.

(L) Industrial action

Enterprise bargaining and other disputes between the Bounty Group and its employees or in relation to the Bounty Group's contractors may result in strikes, or uncompetitive work practices which will negatively impact mine productivity, production and, profitability.

Mitigation strategy: Implement multiple mining contracts with contractors that have established enterprise bargaining agreements.

(M) Spare parts and consumables shortages

Unexpected shortages or increases in the costs of consumables or spare parts may delay production or increase costs. This may adversely impact the Company's profitability.

Mitigation strategy: Maintain adequate levels of critical spares on site and secure multiple suppliers to maximise options of supply.

(N) Earthquakes and other seismic events

Earthquakes or other seismic events can damage assets and disrupt production and coal shipment.

Mitigation strategy: Maintain an appropriate coal stockpile at the Cook CHPP and port.

(iv) Development risks for the Cook North, Minyango and Wongai Projects

Cook North and Minyango

Development of the Cook North Project and Minyango Project is dependent on satisfactory completion of prefeasibility and bankable feasibility studies. These studies may indicate that either or both projects are uneconomic or that there are circumstances such as unfavourable geotechnical, groundwater or gas conditions that may not be effectively controlled.

Further permitting and landowner agreements are required to advance the development of these projects. Bounty may not be able to secure these permits or agreements on terms acceptable to Bounty or at all. In particular, at the Minyango Project, one of the tenements (EPC 699) falls within areas mapped as strategic cropping area and each of EPC 699, EPC 997 and MDL 375 falls within the Blackwater township priority area. Consequently, a regional interests development approval will be required for these areas in addition to ordinary permitting requirements for mining projects. This process could be drawn out for an extended period.

Bounty is party to access agreements including landowner, native title and cultural heritage agreements to ensure agreed access for development. Alterations to these agreements may impact on development plans. Effective relationships with landowners and the Traditional Owners will be required to undertake the work contemplated by these agreements. Failure to maintain these relationships or to secure alterations to existing arrangements (if required) will adversely impact development.

Mitigation strategy: Work closely with all stakeholders including the Government, community, landowners and Traditional Owners.

9. RISK FACTORS

Wongai

Development of the Wongai project is progressing with completion of a pre-feasibility study in October 2016 and plans to commence a bankable feasibility study in 2018.

This study may indicate that the project is uneconomic or that there are circumstances such as unfavourable geotechnical, groundwater or gas conditions that may not be effectively controlled. Risks associated in this are highlighted in the Wongai Technical Expert's Report.

Further permitting is required to advance the development of this project. Proximity to the Great Barrier Reef and Coastal Marine Park will draw significant attention during environmental evaluation for any mining lease. Bounty may not be able to secure the permits required to progress development of the project on terms acceptable to Bounty or at all.

Bounty is party to access agreements including landowner, native title and cultural heritage agreements to ensure agreed access for development. Alterations to these agreements are necessary for development of the project. Failure to secure alterations may impact on development plans. Effective relationships with landowners and the Traditional Owners will also be required to undertake the work contemplated by these agreements. Failure to maintain these relationships will adversely impact development.

Mitigation strategy: Work closely with all stakeholders including the Government, community, landowners and Traditional owners.

(v) Reliance on third parties

The Bounty Group is reliant on others complying with their obligations under agreements with the Bounty Group. Bounty Group is also reliant on third parties to supply essential elements for operations such as access to water, rail and port. Bounty Group has not yet entered into final, long-term and secure agreements with respect to water, rail and port access with respect to the existing operations at Cook Colliery or its development projects. The Bounty Group's financial performance may be adversely impacted by:

(A) an inability to secure access to essential elements for operations such as water, rail or port on terms acceptable to Bounty or at all;

(B) financial failure or default by a participant in any joint venture to which the Company may become a party, including the Wongai Project; or

(C) insolvency or default by any of the operators, contractors or service providers used by the Company in its activities.

Mitigation strategy: Implement selection processes to evaluate financial stability and capabilities of third parties. Identify multiple alternative sources of supply and monitor performance of partners, operators, contractors or service providers.

(vi) Future capital requirements

The Company's future capital requirements depend on numerous factors. The Company expects that it will require further capital to replace equipment at the Cook Colliery and to develop the Cook North, Minyango and Wongai Projects.

The availability of equity or debt funding is subject to market risk at the time and there is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms acceptable to the Company.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programmes. This may adversely impact revenues and profitability.

The current financial assurance amount required in relation to the Cook Colliery is set at $9,191,944. This may not fully reflect the rehabilitation costs. The financial assurance amount will be reassessed on submission of an updated plan of operations which is scheduled for 31 December 2018. There is a risk that the Queensland Department of Environment and Sciences will increase the amount of financial assurance required. See also section 9.2(iii)(K) regarding potential updates to financial assurance legislation.

Mitigation strategy: Implement capital planning strategies to allow timely access to funds. If required, reduce the scope of operations and scale back programmes to reduce funding requirements and operate with available cash flows.

9. RISK FACTORS

(vii) Dilution and issue of further securities

The Company may, without the approval of Shareholders, subject to the requirements of the Corporations Act and the ASX Listing Rules, issue further Shares or other securities which may rank ahead of or pari passu with the obligations of the Company to Shareholders on a winding up of the Company or issue Shares at a lower price than the Offer Price which may dilute the interests of Shareholders. It may also issue securities with conversion rights which, when exercised, will dilute the interests of Shareholders when those securities are in turn converted to Shares.

(viii) Resource estimations

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's value or profitability.

Mitigation strategy: Use competent experts and perform adequate exploration.

(ix) Competition

The Company competes with other Australian and international coal mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities.

Many of the Company's competitors not only operate, develop and explore for and produce hard coking coal, but also carry out downstream operations, including shipping and in-house coal sales on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

Mitigation strategy: Develop relationships with quality customers to secure ongoing access to markets. Use cost competitive operating techniques to position Bounty's hard coking coal products at a favourable point on the industry cost curve.

9.3 GENERAL RISKS

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(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:

(i) general economic outlook;

(ii) introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) 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 resource 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.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) 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 New 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 or responsibility with respect to the taxation consequences of subscribing for New Shares under this Prospectus.

9.4 SPECULATIVE INVESTMENT

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 New Shares offered under this Prospectus.

Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

10.

FINANCIAL INFORMATION

10. FINANCIAL INFORMATION

10.1 OVERVIEW

This section of the Prospectus contains the financial information of Bounty.

The historical financial information comprises the:

- the historical consolidated statements of comprehensive income for the years ended 30 June 2015 (**FY2015**), 30 June 2016 (**FY2016**) and 30 June 2017 (**FY2017**) and the six months ended 31 December 2017 (**HY2018**);
- the historical consolidated statements of cash flows for the years ended FY2015, FY2016, FY2017 and HY2018; and
- the historical consolidated statement of financial position as at 31 December 2017;

(together, the **Historical Financial Information**).

The pro forma historical financial information comprises:

- the pro-forma statement of financial position as at 31 December 2017 based on the Minimum Subscription; and
- the pro-forma statement of financial position as at 31 December 2017 based on the Full Subscription;

(together the **Pro Forma Historical Financial Information**);

(the Historical Financial Information and the Pro Forma Historical Financial Information together form the **Financial Information**).

Bounty has a 30 June financial year end. As such any references in this section to "FY" refer to a 30 June financial year end and "HY" refer to a six-month period ending on 31 December.

The Financial Information in this section should be read in conjunction with the risk factors set out in section 9 and other information contained in this Prospectus including the significant accounting policies in section 10.11. Investors should note that past results are not a reliable indicator of future performance.

All amounts disclosed in this section are presented in Australian dollars, rounded to the nearest thousand.

The Financial Information has been reviewed by Nexia Sydney Corporate Advisory Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings or Prospective Financial Information*, as stated in its Investigating Accountant's Report set out in section 11.

10.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Directors of the Company are responsible for the preparation and presentation of the Financial Information contained in this Prospectus.

The Financial Information has been prepared and presented with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in abbreviated form insofar as it does not include presentations and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purposes financial reports prepared in accordance with the Corporations Act.

Bounty's significant accounting policies are set out in section 10.11 and have been consistently applied throughout the periods.

10. FINANCIAL INFORMATION

Preparation of Historical Financial Information

The Historical Financial Information has been derived from the audited consolidated historical financial statements of Bounty for the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017 and the reviewed consolidated financial statements for the six months ended 31 December 2017.

The consolidated financial statements for 30 June 2015 were audited by Russell Bedford NSW. The consolidated financial statements for 30 June 2016 and 30 June 2017 were audited by Nexia Sydney Audit Pty Ltd. The consolidated financial statements for the six months to 31 December 2017 were reviewed by Nexia Sydney Audit Pty Ltd. Each of the audit and review opinions were unqualified and contained an emphasis of matter regarding a material uncertainty related to going concern.

Preparation of the Pro Forma Historical Financial Information

The Pro Forma Financial Information has been prepared solely for the purpose of inclusion in this Prospectus and has been derived from the consolidated statement of financial position as at 31 December 2017 and adjusted for the effects of the pro forma adjustments described in section 10.5 below.

The Pro Forma Financial Information has been prepared for illustrative purposes to show the impact of the pro forma adjustments in section 10.5 below as if they had occurred on 31 December 2017.

Due to its nature the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Going concern

The Financial Information has been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. At 31 December 2017, Bounty Group's net assets were $13.5 million; and net current liabilities were $12.3 million. Bounty incurred a loss from its continuing operations for the six months to 31 December 2017 of $2.4 million.

During December 2017, Bounty Group acquired the Cook Colliery and Minyango Project, largely comprising non-current assets, on deferred settlement terms. Bounty Group has significant vendor liabilities and future commitments resulting from the acquisitions.

As set out in section 10.5 below, since 31 December 2017 Bounty has raised $13.8 million gross of expenses through the issue of new ordinary shares to fund further deferred payments in relation to the Cook Colliery Acquisition and to contribute to working capital. Bounty has also executed a forward sales contract which will result in the Company receiving USD$5.5 million prepayment by 15 April 2018.

Following the above and the completion of the Offer, Bounty will have pro forma cash of $33.4 million and pro forma net current assets of $13.8 million under the Minimum Subscription and pro forma cash of $37.1 million and pro forma net current assets of $17.5 million under the Full Subscription.

Should the Directors not achieve the matters set out above, it is likely part or the whole of the consolidated entity will be unable to continue as a going concern and it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

10. FINANCIAL INFORMATION

10.3 HISTORICAL CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Set out below are the historical consolidated statements of comprehensive income of Bounty for FY2015, FY2016, FY2017 and HY2018 with comparative information for HY2017:

$000	Note	FY2015	FY2016	FY2017	HY2017	HY2018
Other revenues	1	2	197	1	1	7
Other revenue from ordinary activities		**2**	**197**	**1**	**1**	**7**
Cost of services	2	(20)	(4)	–	–	(413)
Employee expenses	3	(428)	(202)	(439)	–	(880)
Legal & professional costs	4	(173)	(292)	(179)	(224)	(808)
Occupancy expenses	5	(272)	(223)	(25)	(35)	(34)
Net loss on sale of assets	6	–	(625)	–	–	–
Other expenses from ordinary activities	7	(75)	(30)	(33)	(20)	(185)
Finance costs	8	(158)	(7)	–	(2)	(119)
Depreciation and amortisation expenses	9	(395)	–	–	–	–
Impairment of assets	10	(3,528)	–	–	–	–
Loss before and after tax		**(5,047)**	**(1,186)**	**(675)**	**(280)**	**(2,432)**

Notes:

1. **Other revenues** – includes interest income. In FY2016 additional revenue relates to the gain on de-recognition of the Administrator pool fund.
2. **Cost of services** – since 2013 the Company has primarily been involved in exploration of tenements. The increase in HY2018 relates to expenditure on contractors, site security and electricity following the Cook Colliery Acquisition.
3. **Employee expenses** – prior to the Cook Colliery Acquisition, the expenses relate to senior management. Subsequent to the acquisition additional employees were recruited to operate the Cook Colliery.
4. **Legal & professional costs** – relates primarily to the Cook Colliery Acquisition.
5. **Occupancy expenses** – relates to the premises in Sydney which is rented from a director of the Company (see section 10.9 for related party transactions). The increase in HY2018 is due to an increase in the number of offices rented.
6. **Net loss on sale of assets** – relates to the sale of the Company's mining equipment when under voluntary administration.
7. **Other expenses form ordinary activities** – these primarily relate to travel and accommodation expenses and computer expenses.
8. **Finance costs** – relates to interest on the loan from a director of the Company (see section 10.9 for details). No interest was charged on the loan between January 2015 and July 2017.
9. **Depreciation and amortisation expenses** – relates to the mining equipment owned by the Company prior to the voluntary administration.
10. **Impairment of assets** – relates to the mining equipment owned by the Company prior to the voluntary administration.

10. FINANCIAL INFORMATION

10.4 HISTORICAL CONSOLIDATED STATEMENTS OF CASH FLOW

Set out below are the historical consolidated statements of cash flows of Bounty for FY2015, FY2016, FY2017 and HY2018 with comparative information for HY2017:

$000	FY2015	FY2016	FY2017	HY2017	HY2018
Cash flows from operating activities					
Payments to suppliers and employees	(773)	(551)	(272)	(94)	(1,733)
Interest received	1	1	1	1	7
Finance costs	(5)	(7)	–	–	(119)
Net cash flows used in operating activities	**(777)**	**(557)**	**(271)**	**(93)**	**(1,845)**
Cash flows from investing activities					
Investment in Financial Assurance term deposit	–	–	–	–	(500)
Investment in Wongai Coal project	(446)	(44)	(743)	(654)	(119)
Investment in Cook colliery	–	–	–	–	(6,193)
Investment in office equipment	–	–	–	–	(5)
Proceeds from sale of equipment	1	301	–	–	–
Net cash flows (used in)/ provided by investing activities	**(445)**	**257**	**(743)**	**(654)**	**(6,817)**
Cash flows from financing activities					
Gross proceeds from issue of shares	1,170	400	1,171	955	17,696
Costs related to issue of shares	(152)	(6)	(38)	(37)	(885)
Proceeds of borrowings	117	–	–	–	–
Net cash flows provided by financing activities	**1,135**	**394**	**1,133**	**918**	**16,811**
Net (decrease)/increase in cash held	**(87)**	**94**	**119**	**171**	**8,148**

10.5 HISTORICAL AND PRO-FORMA STATEMENTS OF FINANCIAL POSITION

The pro-forma statement of financial position set out below is derived from the historical consolidated financial position as at 31 December 2017 after adjusting for certain pro forma adjustments including:

- pre-IPO capital raising;
- conversion of debt to equity
- deferred consideration payments prior to the completion of the Offer;
- forward sales agreement;
- material commercial agreements entered into subsequent to 31 December 2017; and
- the Minimum Subscription and Full Subscription.

10. FINANCIAL INFORMATION

$000	HY2018 Statutory (Note 1)	Subsequent events (Note 2)	Minimum Subscription (Note 3)	Pro forma Minimum	Full Subscription (Note 4)	Pro forma Full
Current assets						
Cash and cash equivalents	8,363	12,402	12,595	33,360	16,331	37,096
Trade and other receivables	143	250	–	393	–	393
Inventories	2,113	–	–	2,113	–	2,113
Other assets – prepayments and deposits	640	1,220	–	1,860	–	1,860
Total current assets	**11,259**	**13,872**	**12,595**	**37,726**	**16,331**	**41,462**
Non-current assets						
Trade and other receivables	–	350	–	350	–	350
Exploration and evaluation asset	2,386	–	–	2,386	–	2,386
Office equipment	5	–	–	5	–	5
Cook Colliery plant & equipment	12,844	1,195	–	14,039	–	14,039
Cook Colliery other mining assets	25,795	–	–	25,795	–	25,795
Financial assurance deposit	500	–	–	500	–	500
Total non-current assets	**41,530**	**1,545**	**–**	**43,075**	**–**	**43,075**
Total assets	**52,789**	**15,417**	**12,595**	**80,801**	**16,331**	**84,537**
Current liabilities						
Trade and other payables	(3,626)	1,513	–	(2,113)	–	(2,113)
Liability in relation to the acquisition of Cook Colliery	(16,250)	3,250	–	(13,000)	–	(13,000)
Financial liabilities	(2,930)	(5,143)	–	(8,073)	–	(8,073)
Employee entitlements	(768)	–	–	(768)	–	(768)
Total current liabilities	**(23,574)**	**(380)**	**–**	**(23,954)**	**–**	**(23,954)**
Non-current liabilities						
Liability in relation to the acquisition of the Cook Colliery	(6,482)	–	–	(6,482)	–	(6,482)
Provision for rehabilitation	(9,192)	–	–	(9,192)	–	(9,192)
Employee entitlements	(60)	–	–	(60)	–	(60)
Total non-current liabilities	**(15,734)**	**–**	**–**	**(15,734)**	**–**	**(15,734)**
Total liabilities	**(39,308)**	**(380)**	**–**	**(39,688)**	**–**	**(39,688)**
Net assets	**13,481**	**15,037**	**12,595**	**41,113**	**16,331**	**44,849**
Equity						
Issued capital	56,754	16,011	11,466	84,231	15,201	87,966
Accumulated losses	(46,772)	(974)	(671)	(48,417)	(670)	(48,416)
Reserves	3,499	–	1,800	5,299	1,800	5,299
Total equity	**13,481**	**15,037**	**12,595**	**41,113**	**16,331**	**44,849**

10. FINANCIAL INFORMATION

Notes

1. The HY2018 is the review statutory balance sheet as at 31 December 2017.
2. The subsequent events reflect:

   Conversion of debt to equity:

   - On 24 January 2018 the shareholders approved the conversion of $2 million of the VETL Loan to 13,333,333 ordinary shares, at an issue price of $0.15 per ordinary share. The shares were issued on 23 April 2018.
   - On 24 January 2018 the shareholders also approved the issue of ordinary shares to the Directors for outstanding Directors' fees. On 23 April 2018 1,272,039 shares were issued to the Directors at an issue price of $0.15 per ordinary shares to settle $0.19 million of outstanding Directors' fees.

   Pre-IPO fundraising:

   - In February 2018 the Company raised $5.8 million through the issue of 23,200,000 ordinary shares at $0.25 per ordinary share. The shares were issued on 1 March 2018.
   - In March 2018 the Company raised $2.0 million ($1.97 million net of transaction costs) through the issue of 8,000,000 ordinary shares at $0.25 per ordinary share. The shares were issued on 3 April 2018.
   - In April 2018 the Company raised $6.0 million ($5.81 million net of transaction costs) through the issue of 20,016,334 ordinary shares at $0.30 per ordinary share. The shares were issued on 23 April 2018.

   Pac Partners' fees – as set out in section 12.9, the pre-IPO monthly retainer is to be settled in ordinary shares at $0.13 per ordinary share. On 23 April 2018 the Company issued 1,569,231 ordinary shares to Pac Partners to settle $0.20 million of outstanding fees.

   Issue of shares to directors and management – as set out in section 2.1, 671,429 ordinary shares will be issued to directors and management on Completion of the Offer.

   Deferred consideration – as set out in section 12.2 on 28 March 2018 the first deferred consideration payment of $3.25 million was paid in respect of the Cook Colliery Acquisition. In addition, stamp duty of $1.3 million related to the assets acquired as part of the Cook Colliery Acquisition was paid in April 2018.

   Forward sales – as set out in section 12.7 on 9 March 2018 Bounty entered into a forward sales agreement with XCoal Energy & Resources GmbH for the sale of 275,000 tonnes of coal over the period to 31 December 2018. Total funds of $7.1 million was received based on an exchange rate of A$0.77 to US$1.00.

   Equipment purchases – in March 2018 the Company acquired two continuous miners for a total of $1.2 million.

   Mobilisation – as set out in section 12.3 on 12 February 2018 Bounty signed a 25-month contract with a third party to provide mining services, including labour and equipment, at the Cook Colliery. This agreement includes a commitment to a mobilisation fee totalling $1.34 million (excluding GST) which has been paid prior to the date of this report. A sum of $0.60 million of the total $1.34 million will be repaid to Bounty over a two-year period.

   Infrastructure – as set out in section 12.6 on 26 February 2018 Bounty and Aurizon Network signed a letter of undertaking in relation to the Koorilgah train loop. Under this agreement Bounty has committed to fund an upgrade of the existing rail infrastructure at a cost of up to $1.4 million. Bounty has paid $0.70 million of this amount at the date of this report.

   Rail haulage services – as set out in section 12.6 on 28 February 2018 Bounty signed an agreement with Aurizon Operations to provide rail haulage services to Cook Colliery. Bounty will be required to provide a financial assurance of $0.52 million by 30 April 2018.

3. The **Minimum Subscription** represents the issue of 40,000,000 ordinary shares at $0.35 an ordinary share to raise $14 million. Transaction costs of $3.2 million will be incurred of which $0.67 million will be expensed and $2.5 million recognised against equity. Of these expenses $1.8 million will be settled through the issue of 10 million options. The options have an exercise price of $0.4375 and a three-year maturity. The Directors have determined the fair value of the options to be $0.18 an option.
4. The **Full Subscription** represents the issue of 51,428,571 ordinary shares at $0.35 an ordinary share to raise $18 million. Transaction costs of $3.5 million will be incurred of which $0.67 million will be expensed and $2.8 million recognised against equity. Of these expenses $1.8 million will be settled through the issue of 10 million options. The options have an exercise price of $0.4375 and a three-year maturity. The Directors have determined the fair value of the options to be $0.18 an option.

10. FINANCIAL INFORMATION

10.6 NET DEBT

Set out below is Bounty' indebtedness and pro forma cash position:

	HY2018 Pro forma		
$000	Statutory	Minimum Subscription	Full Subscription
Cash and cash equivalents	8,363	33,360	37,096
Financial liabilities	(2,930)	(8,073)	(8,073)
Liability in relation to Cook Colliery Acquisition			
– current	(16,250)	(13,000)	(13,000)
– non-current	(6,482)	(6,482)	(6,482)
	(17,299)	**5,805**	**9,541**

As set out in section 12.2 the Bank of China holds security over certain Cook Colliery assets in relation to the liability for the Cook Colliery Acquisition.

10.7 SOURCES OF LIQUIDITY

Bounty's net cash position on completion of the Offer will be $5.8 million under the Minimum Subscription and $9.5 million under the Full Subscription. Bounty's source of funds is cash at bank and future cash flow from operations on commencement of mining activities. Accordingly, the Directors consider that Bounty will have sufficient working capital on completion of the Offer to carry out the entity's stated objectives.

10.8 COMMITMENTS

Bounty has the following commitments:

- On 19 January 2018 Bounty signed a 12-month contract with an independent mining contractor to provide labour services on standard commercial terms at the Cook Colliery on an as-needed basis.
- The acquisition of a continuous miner for $0.60 million (excluding GST), payment for which is due in May 2018.
- On 26 February 2018 Bounty and Aurizon Networks signed a letter of undertaking in relation to the Koorilgah train loop. Under this agreement Bounty has committed to fund an upgrade to the existing rail infrastructure at a cost of up to $1.4 million. Of this amount $0.70 million has been paid and is reflected in the pro forma balance sheet in section 10.5 with the remainder expected to be paid in September 2018.
- On 1 March 2018 Bounty signed an agreement to lease a continuous miner for a 12-month period at a total cost of $1.56 million.
- On 12 March 2018 Bounty signed an agreement to refurbish an acquired Continuous Miner at a cost of $0.9 million. Performance based payments will be made over the course of 20 weeks from that date.

10. FINANCIAL INFORMATION

10.9 RELATED PARTY TRANSACTIONS

Loan from related party

The table below summarises the transactions between Bounty and VETL, a company associated with Gary Cochrane, from 1 July 2014.

$000	FY2015	FY2016	FY2017	HY2018
Opening balance	(2,930)	(2,930)	(2,930)	(2,930)
Interest charged	(140)	–	–	(119)
Interest paid	140	–	–	119
Closing balance	**(2,930)**	**(2,930)**	**(2,930)**	**(2,930)**

The secured loan was assigned to VETL from the Company's external financiers in September 2009 under the same terms and conditions. The loan is therefore considered to be on an arm's length basis. The interest rate is 9.72% p.a. However, by agreement, no interest was charged on the loan between 1 January 2015 and 31 July 2017. Since August 2017 interest has been paid monthly.

The loan is secured by a fixed and floating charge over the assets and undertakings of Bounty Group. Since 7 December 2017 this charge is subordinated to CC Pty Limited (ACN 12 024 271 (in liquidation)) and Blackwater Coal Pty Ltd (ACN 119 407 760 (in liquidation)), the vendors of the Cook Colliery acquired by Bounty, until the completion of all deferred payments in relation to the Cook Colliery Acquisition.

During November 2016 the Company reached agreement with VETL to defer the expiry date of the loan to 31 December 2018.

At an extraordinary general meeting on 24 January 2018 shareholder approval was obtained to settle $2 million of the VETL Loan through the issue of shares at $0.15 per ordinary share. The shares were issued on 23 April 2018.

Rental of premises

The Company leased office premises from a company associated with CEO and Chairman Gary Cochrane for the following amounts (excluding GST):

$000	FY2015	FY2016	FY2017	HY2018
Rental of premises from Director related entity	–	–	25	34

Other transactions with Directors

$000	FY2015	FY2016	FY2017	HY2018
Consulting fees to Gary Cochrane in relation to role as Chief Executive Officer, Project Manager of Wongai Project and Project Manager of Cook Colliery Acquisition	120	60	175	150
Fees paid to Kevin Jiao in relation to assistance in fundraising. Satisfied through the issue of Bounty shares	–	–	25	–
Consulting services paid to Jukes Todd Pty Ltd of which Rob Stewart is a director, including for the services of Rob Stewart	–	–	–	250

10. FINANCIAL INFORMATION

10.10 DIVIDEND POLICY

As the Company is currently pursuing growth, the Directors do not anticipate that the Company will pay dividends in the immediate future.

The payment of future dividends by the Company depends upon the availability of distributable earnings, and the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Directors give no assurances about the payment of dividends, the extent of payout ratios or the future level of franking of dividends.

10.11 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been consistently applied in the preparation of the Financial Information.

a. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Bounty Mining Limited) and all of its subsidiaries, where subsidiaries are entities controlled by the parent. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of Bounty Group from the date on which control is obtained by Bounty Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, are fully eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity.

b. Revenue recognition

Revenue from rendering of services is recognised when the service is rendered to the customer.

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

All revenue is stated net of the amount of goods and services tax.

c. Goods and services tax (**GST**)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The amounts of GST recoverable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows included in receipts from customers or payments to suppliers.

d. Foreign currency transactions

Foreign currency transactions are related to services provided by overseas suppliers. These transactions are translated into Australian currency at the rates of exchange prevailing at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

e. Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

f. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g. Tax Consolidation

Bounty and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity of the Bounty Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. Bounty Group notified the ATO that it had formed an income tax consolidated group to apply from March 2005. The tax consolidated group has entered a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Contributions to fund the current tax liabilities are satisfied via a credit or debit to the member's intercompany account with the head entity.

h. Fair value

Bounty Group currently measures some of its assets at fair value on a non-recurring basis. Fair value is the price Bounty Group would receive if it were to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

10. FINANCIAL INFORMATION

i. Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed and refurbished within the economic entity includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

j. Depreciation and amortisation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The expected useful lives for each class of assets are as follows:

Plant and equipment	4 – 6 years
Office furniture	3.33 – 8.88 years
Motor vehicles	3.33 years
Computer equipment	2.66 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

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 the carrying amount. These gains and losses are included in the statement of comprehensive income.

k. Evaluation and exploration asset

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. They are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

l. Impairment of assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, in normal operational circumstances the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its 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 it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

10. FINANCIAL INFORMATION

m. Financial liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate.

n. Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amount required to settle the obligation at the end of the reporting period.

o. Employee entitlements

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave, sick leave and long service leave represent present obligations resulting from employees' services provided up to the balance date. Employee benefits are expected to be settled within one year, and have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

p. Critical accounting estimates

The Directors evaluate estimates incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Key estimates

Impairment

Bounty Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to Bounty Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell calculations which incorporate various key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as electrical coding information, and lease terms (for leased assets). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Key judgements

Exploration and evaluation asset

In respect of the Wongai Project expenditure recognised as an exploration and evaluation asset under AASB 6 "Exploration for and Evaluation of Mineral Resources", Bounty Group has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

11.

INVESTIGATING ACCOUNTANT'S REPORT

11. INVESTIGATING ACCOUNTANT'S REPORT

Nexia Australia

1 May 2018

The Directors
Bounty Mining Ltd
Suite 301, Level 3
66 Hunter Street
Sydney NSW 2000

Dear Sirs/Madams

Investigating Accountant's Report and Financial Services Guide

We have been engaged by Bounty Mining Limited (ACN 107 411 067) ("the Company") to prepare this report for inclusion in the prospect to be issued by the Company (the "Prospectus") in respect of the initial public offering of ordinary shares (the "Offer") and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the document have the same meaning in this report.

Nexia Sydney Corporate Advisory Pty Ltd holds the appropriate Australian Financial Services License under the Corporations Act 2001 for the issue of this report.

Scope

Statutory Historical Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- historical consolidated statements of comprehensive income for the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017;
- historical consolidated statements of cash flows for the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017; and
- historical consolidated statement of financial position as at 31 December 2017.

(together the "Statutory Historical Financial Information")

The Statutory 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 Statutory Historical Financial Information has been extracted from the financial statements of the Company for the years ended 30 June 2015, 2016 and 2017. The financial statements for the year ended 30 June 2015 were audited by Russell Bedford NSW. The financial statements for the years ended 30 June 2016 and 2017 were audited by Nexia Sydney Audit Pty Ltd. The financial statements for the six months ended 31 December 2017 were reviewed by Nexia Sydney Audit Pty Ltd. The opinion for each period contained an emphasis of matter in respect of going concern.

Nexia Sydney
Corporate Advisory Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

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The historical financial information is presented in the public document 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.

Pro Forma Historical Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- pro forma statement of financial position as at 31 December 2017 under the Minimum Subscription and Full Subscription.

  (together the "Pro Forma Historical Financial Information")

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in section 10.5 of the Prospectus.

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 10.5 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory 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 Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion, based on our review, on the:

- Statutory Historical Financial Information; and
- 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.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review 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 an audit. Accordingly, we do not express an audit opinion.

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

11. INVESTIGATING ACCOUNTANT'S REPORT

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 10.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 10.2 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to section 10 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Nexia Sydney Corporate Advisory Pty Ltd has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Declaration of Interest

Nexia Sydney Corporate Advisory Pty Ltd does not have any interest in the outcome of the Offer other than the preparation of this report for which normal professional fees will be received.

Nexia Sydney Audit Pty Ltd, a related entity to Nexia Sydney Corporate Advisory Pty Ltd is the current auditor for the Company. This report has been prepared independently to any work carried out as auditor by Nexia Sydney Audit Pty Ltd.

Yours faithfully,

Nexia Sydney Corporate Advisory Pty Ltd

Brent Goldman
Director
(Authorised representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL 247300)

11. INVESTIGATING ACCOUNTANT'S REPORT

Nexia Australia

FINANCIAL SERVICES GUIDE

Dated: 1 May 2018

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the directors of Bounty Mining Ltd ("Client") to provide general financial product advice in the form of an investigating accountant's report to be included in the Prospectus.

You have not engaged NSCA directly but have received a copy of the report because you have been provided with a copy of the Prospectus. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the report.

General Advice

As NSCA has been engaged by the Client, the report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

11. INVESTIGATING ACCOUNTANT'S REPORT

Nexia Australia

You should consider the appropriateness of the general advice in the report having regard to your circumstances before you act on the general advice contained in the report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees NSCA may receive

NSCA charges fees for preparing reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA $30,000 (excluding GST and out of pocket expenses) for preparing the report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years $40,000 (excluding GST) in professional fees has been received from the Client in relation to audit services.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

11. INVESTIGATING ACCOUNTANT'S REPORT

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

12.

MATERIAL AGREEMENTS

12. MATERIAL AGREEMENTS

12.1 CONSTITUTION

Below is a summary of the key provisions of the Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of a Shareholder's rights and obligations.

Shares

The Directors are entitled to issue and cancel Shares in the capital of the Company, grant options over unissued shares and settle the manner in which fractions of a Share are to be dealt with. The Directors may decide the persons to whom, and the terms on which, Shares are issued or options are granted as well as the rights and restrictions that attach to those Shares or options.

The Constitution also permits the issue of preference shares on terms determined by the Directors.

The Company may also sell a Share that is part of an unmarketable parcel of shares under the procedure set out in the Constitution.

Variation of class rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least three-quarters of the Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

Restricted securities

If the ASX classifies any of the Company's share capital as restricted securities, then the restricted securities must not be disposed of during the relevant escrow periods and the Company must refuse to acknowledge a disposal of the restricted securities during the relevant escrow periods, except as permitted under the ASX Listing Rules or by the ASX.

Share certificates

Subject to the requirements of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company need not issue share certificates if the Directors so decide.

Calls

The Directors may, from time to time, call upon Shareholders for unpaid monies on their Shares. The Directors must give Shareholders notice of a call at least 30 business days before the amount called is due, specifying the time and place of payment. If a call is made, Shareholders are liable to pay the amount of each call by the time and at the place specified.

A call is taken to have been made when a Directors' resolution passing the call is made or on any later date fixed by the Board. A call may be revoked or postponed at the discretion of the Directors.

Forfeiture and lien

The Company may forfeit Shares to cover any call, or other amount payable in respect of Shares, which remains unpaid following any notice to that effect sent to a Shareholder. Forfeited Shares become the property of the Company and the Directors may sell, reissue or otherwise dispose of the Shares as they think fit.

A person whose Shares have been forfeited may still be required to pay the Company all calls and other amounts owing in respect of the forfeited Shares (including interest) if the Directors so determine.

The Company has a first and paramount lien for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a Shareholder's Shares. The lien extends to all distributions relating to the Shares, including dividends.

The Company's lien over Shares will be released if it registers a transfer of the Shares without giving the transferee notice of its claim.

12. MATERIAL AGREEMENTS

Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where it is not in registrable form, the Company has a lien over any of the Shares to be transferred or where it is permitted to do so by the Listing Rules or the ASX Settlement Operating Rules.

General meetings

Each Shareholder, Director and auditor is entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present when the meeting proceeds to business.

Voting rights

Subject to any rights or restrictions attached to any Shares or class of Shares, on a show of hands each Shareholder present has one vote and, on a poll, one vote for each fully paid Share held, and for each partly paid Share, a fraction of a vote equivalent to the proportion to which the Share has been paid up. Voting may be in person or by proxy, attorney or representative.

Remuneration of Directors

Each Director is entitled to remuneration from the Company for his or her services as decided by the Directors but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. The remuneration of an executive Director must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in the manner that the Directors decide, including by way of non-cash benefits. There is also provision for Directors to be paid extra remuneration (as determined by the Directors) if they devote special attention to the business of the Company or otherwise perform services which are regarded as being outside of their ordinary duties as Directors or, at the request of the Directors, engage in any journey on the Company's business.

Directors are also entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings or Board meetings, or meetings of any committee engaged in the Company's business.

Interests of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

Election and retirement of Directors

There must be a minimum of three Directors and a maximum of nine Directors unless the Company in general meeting resolves otherwise.

Where required by the Corporations Act or ASX Listing Rules, the Company must hold an election of directors each year. No Director, other than the managing director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. A Director appointed to fill a casual vacancy, who is not a managing director, holds office until the conclusion of the next annual general meeting following his or her appointment. If there would otherwise not be a vacancy, and no Director is required to retire, then the director who has been longest in office since last being elected must retire.

If a number of Directors were elected on the same day, the Directors to retire is (in default of agreement between them) determined by ballot.

12. MATERIAL AGREEMENTS

Dividends

If the Directors determine that a final or interim dividend is payable, it is (subject to the terms of issue on any Shares or class of Shares) paid on all Shares proportionate to the amount for the time being paid on each Share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Directors have the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. The capitalisation and distribution may be in the same proportions which the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the ASX Listing Rules, the Directors may pay a dividend out of any fund or reserve or out of profits derived from any source.

Proportional takeover bids

The Company may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of the Company has been passed approving the proportional takeover bid under the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids cease on the third anniversary of the adoption of the Constitution.

Indemnities and insurance

The Company must indemnify current and past Directors and other executive officers (**Officers**) of the Company on a full indemnity basis and to the fullest extent permitted by law against all liabilities incurred by the Officer as a result of their holding office in the Company or a related body corporate.

The Company may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office in the Company or a related body corporate

12.2 AGREEMENTS RELATING TO COOK COLLIERY, THE COOK NORTH PROJECT AND THE MINYANGO PROJECT

Cook Caledon Purchase Agreement

On 25 August 2017 Bounty Mining, Bounty Cook and Bounty Minyango entered into the Cook Caledon Purchase Agreement, which is a sale arrangement for the Cook Colliery, the Cook North Project and the Minyango Project.

Under the Cook Caledon Purchase Agreement, Bounty Cook purchased plant and equipment at the Cook Colliery, the benefit of subleases underlying the Cook Colliery and Cook North Project being subleases of ML 1768, ML 1769, ML 1779, ML 1799 and ML 7357, mining and exploration information, certain material contracts, the benefit of a haul road lease, the benefit of a water lease and environmental authorities.

Under the Cook Caledon Purchase Agreement, Bounty Minyango purchased the Minyango Project, comprising exploration permits EPC 699, EPC 997, MDL 375, and ML 80173, certain material contracts, mining and exploration information and environmental authorities. An arrangement with respect to MDLA 424 and MDLA 465 was also entered into subsequent to signing the Cook Caledon Purchase Agreement (see the description of the MDLA waiver letter below). The Cook Caledon Purchase Agreement completed on 7 December 2017 subject to agreed deferrals and waivers (set out below).

In consideration for the above, Bounty Cook and Bounty Minyango are required to pay (in addition to a $50,000 deposit which was paid on signing) a total purchase price of $19,541,398.55 in four tranches as follows:

- completion payment (paid on 7 December 2017 – $6,291,398.55);
- first deferred payment (paid 28 March 2018 – $3,200,000);
- second deferred payment (due 8 June 2018 – $5,000,000); and
- third deferred payment (due 25 August 2018 – $5,000,000).

The obligations of Bounty Cook and Bounty Minyango under the Cook Caledon Purchase Agreement are secured by two general security deeds.

12. MATERIAL AGREEMENTS

The Cook Caledon Purchase Agreement and certain ancillary documents require stamping before Bounty Cook and Bounty Minyango's interest in the tenements and other assets can be registered on title. The sale documents were lodged with the Queensland Office of State Revenue for stamping on 22 December 2017. The stamp duty has now been paid and Bounty has received the stamped documentation. Transfer documents have not yet been lodged to transfer legal title to the subleases, tenements or motor vehicles, however, the Directors expect to lodge the transfers shortly after the date of this Prospectus. Indicative approval for the transfer of the Minyango Tenements was granted on 24 January 2018.

The Cook Caledon Purchase Agreement contains no vendor warranties as the vendors were each in liquidation at the time they entered into the transaction. The Cook Caledon Purchase Agreement otherwise contains terms customary for an agreement of this nature.

Under the Cook Caledon Purchase Agreements a number of agreements were assigned or novated to Bounty Cook or Bounty Minyango, including the relevant cultural heritage agreements, co-use agreements, transfer facility and power agreements. Since completion of the Cook Caledon Purchase Agreement a number of ancillary agreements have been identified which have not been assigned, these are:

- a compensation deed between Graeme Henry McKenzie of "Taurus", via Blackwater in Queensland (for himself, his heirs, executors, administrators and assigns called the "Owner") and Arco Resources Limited dated 16 April 1992;
- a compensation deed Blackwater Coal Pty Ltd and SunWater Limited dated 22 April 2015;
- a mining compensation agreement between Central Highlands Regional Council and Blackwater Coal Pty Ltd dated in or around 2015;
- a compensation agreement between Graeme Henry McKenzie and Blackwater Coal Pty Ltd dated 3 September 2014;
- a mining compensation and rail relocation deed between the Minister for Transport, Aurizon Network Pty Ltd, the State of Queensland (represented by Department of Transport and Main Roads), Blackwater Coal Pty Ltd and Guangdong Rising (Australia) Holding Pty Ltd (Mining Lease Application 80173) dated in or around December 2014;
- a compensation agreement between Cook Resource Mining, CC Pty Ltd and Graeme Henry McKenzie regarding Lot 24 on CP855505 and underlying ML 1779 dated on or around 13 December 2000;
- a compensation agreement between Cook Resources, CC Pty Ltd and Bevan Kethel McKenzie relating to land which McKenzie owns (lot 2 on HT344), which ML 1779 overlaps, dated 2013;
- a compensation agreement between South Blackwater Coal Pty Ltd and Blackwater Coal. South Blackwater Coal owns land under ML80173;
- a compensation agreement between CQCA and Blackwater Coal Pty Ltd;
- an access licence deed granting access to the telemetry and gauging station by Bowen Basin Pastoral Company and Blackwater Coal to CQCA in relation to ML80173;
- an access agreement for the Cook North Project with CC Pty Ltd, Cook Resources and CQCA dated 1 July 2015; and
- a compensation agreement for the Minyango Project between State of Queensland and Blackwater Coal Pty Ltd dated on or around 5 January 2015.

These agreements do not impact Bounty Cook's access or right to exploit the Cook Tenements or Bounty Minyango's right to access the Minyango Tenements. If they are not assigned they will impact future renewal of the tenements. Bounty Cook and Bounty Minyango are required to comply with the agreements which have not yet been assigned as compliance is a condition of the relevant mining leases. Operations cannot take place on the Minyango Tenements yet because no operations plan is on foot.

In particular, and subject to any future proposed mine operations plan, failing to obtain the assignment of the mining compensation and rail relocation deed will result in certain operations on the Minyango Tenements being prevented due to the presence of a rail corridor.

Bounty Mining has or is in the process of contacting each of the counter parties regarding these agreements.

12. MATERIAL AGREEMENTS

Waiver Letters

Condition Precedent Waiver Letter

A condition precedent of the Cook Caledon Purchase Agreement was obtaining the consent of a secured creditor of CC Pty Limited being the Bank of China. A second condition precedent was the consent of Qcoal Pty Ltd which holds security over the Minyango Tenements. Prior to the desired date of completion which was December 2017 these consents were not forthcoming. The parties to the Cook Caledon Purchase Agreement entered into the condition precedent waiver letter on 4 December 2017 which waived the following condition precedents:

- indicative approval for the transfer of tenements;
- CC Pty Limited's secured creditor (the Bank of China) unconditionally consenting to the transfer;
- Qcoal Pty Ltd consenting to the transfer of the Minyango Tenements;
- counterparties of all the contracts (listed in the Cook Caledon Purchase Agreement) being assigned; and
- the Goafs of long walls LW201 and LW202 are sealed and intersised.

The letter waived and deferred the satisfaction of these conditions precedent until after completion (being 7 December 2017). Since the date of the letter, indicative approval, secured creditor consent and Qcoal Pty Ltd's consent have all been obtained.

In relation to the contracts proposed to be assigned, Bounty Cook and Bounty Minyango have written to the relevant third parties requesting assignment.

In relation to the goafs, under the letter, the parties agreed that for the 12 month period from completion (7 December 2017), all money paid under the equipment rental agreement described below must be paid into escrow up to an amount of $250,000 which must be used to reimburse Bounty Cook for costs incurred in sealing the goafs. If any rent remains in the escrow account after 12 months from completion, that money is to be paid to CC Pty Limited. The escrow agreement is still being negotiated between the parties. One of the relevant longwall blocks has successfully been sealed and is now classified as a sealed goaf. Continued inertisation for the second longwall block is maintained and controlled by injection of nitrogen as it has now been for over 12 months creating an inert atmosphere. Finally, at the date of completion, there was outstanding $246,595.94 in rent due on certain Minyango Tenements. Part of the purchase price under the Cook Caledon Purchase Agreement was paid to DNRME to pay the outstanding rent.

MDLA Waiver Letter

The MDLA waiver letter was entered into on 4 December 2017. The letter provides for the treatment of MDLA 465 and MDLA 424 which cannot be transferred while still in application. The letter requires Blackwater Coal Pty Ltd to fully cooperate with Bounty Minyango in any discussions, arrangements and steps designed to give Bounty Minyango the benefit of MDLA 465 and MDLA 424 and not cancel, amend or terminate them for 12 months following completion (to 7 December 2019). During these 12 months, Bounty Minyango is able to assess the application and decide whether to proceed or withdraw. If the MDLAs have not been approved during a 12 month period following the date of execution of the letter, or approved and not transferred in a further 12 month period, Bounty Minyango agrees to waive any right to be transferred MDLA 465 and MDLA 424.

Security Agreements (Cook North Project and Minyango)

Caledon General Security Deed

On 7 December 2017, Bounty Cook and CC Pty Ltd entered into the Caledon general security deed. The deed secures Bounty Cook's obligations under the Cook Caledon Purchase Agreement and provides CC Pty Ltd the right to register a mortgage over the sublease of the Cook Tenements. These rights continue until all of Bounty Cook's obligations under the Cook Caledon Purchase Agreement and payment of secured monies are satisfied.

The deed contains standard clauses customary to an agreement of this nature and includes representations and warranties given by Bounty Cook.

12. MATERIAL AGREEMENTS

Minyango General Security Deed

On 7 December 2017 Bounty Minyango and Blackwater Coal Pty Ltd entered into the Minyango general security deed. The deed secures Bounty Minyango's obligations under the Cook Caledon Purchase Agreement and with the right to register a mortgage over the Minyango Tenements.

The Minyango General Security Deed provides that Blackwater Coal Pty Ltd's security interest over the Minyango Project is subordinate to Qcoal Pty Ltd's security interest. A priority deed confirming this has been entered into by Bounty Minyango, Blackwater Coal Pty Ltd and Qcoal Pty Ltd as a condition to Qcoal Pty Ltd giving its consent to the transaction contemplated under the Cook Caledon Purchase Agreement.

The deed continues until all Bounty Minyango's obligations under the Cook Caledon Purchase Agreement and payment of secured monies are satisfied.

The deed contains standard clauses customary to an agreement of this nature and includes representations and warranties given by Bounty Minyango.

Tripartite Agreement

On 7 December 2017 CC Pty Ltd, Blackwater Coal Pty Ltd, Bounty Mining, Bounty Cook and Bounty Minyango entered into a tripartite agreement in favour of the Bank of China Limited, Sydney Branch (acting through Brisbane Branch). The Bank of China is the secured creditor of CC Pty Ltd. As a condition to the Bank of China providing its consent to the transaction contemplated under the Cook Caledon Purchase Agreement it requested a tripartite agreement be entered into. This agreement acknowledges the security interest the Bank of China has over CC Pty Ltd. This agreement only applies to the assets transferred from CC Pty Ltd to Bounty Cook. CC Pty Ltd cannot waive or vary any rights under the Caledon general security deed without the Bank of China's consent. Bounty Cook acknowledges this under the tripartite agreement.

Equipment Rental Agreement

On 7 December 2017 CC Pty Ltd and Bounty Cook entered into an equipment rental agreement. This agreement provides for the renting of equipment by Bounty Cook which, was originally intended to be transferred but is subject to a security interest dispute. Equipment can be added to the rental schedule by written agreement between the parties. Rent is on a per equipment basis and the lease can be terminated by either party giving 30 days notice. All rent payable up to $250,000 under this agreement is to be held in escrow and reimbursed to Bounty Cook for costs incurred in sealing the goafs as set out in the condition precedent waiver letter described above.

Excluded Asset Agreement

On 7 December 2017 CC Pty Ltd and Bounty Cook entered into an excluded asset agreement. The equipment which is subject to a security interest dispute but yet to be included in the equipment rental agreement is subject to this agreement. The agreement grants CC Pty Ltd and Blackwater Coal Pty Ltd a licence to leave the excluded assets (as listed in the Cook Caledon Purchase Agreement) on the Cook North Project site for 12 months while the PPSA disputes are resolved. Bounty Cook has no right to use or interfere with the equipment subject to this agreement.

Royalty Agreements

Qcoal Pty Ltd as the former holder of the Minyango Tenements has royalty arrangements secured over the Minyango Tenements. These royalty agreements provide for a payment to Qcoal Pty Ltd based on coal sold from the Minyango Tenements only.

Royalty Deeds 0.35% and 1.4%

Qcoal Pty Ltd and Bounty Minyango are party to two royalty deeds (assigned to Bounty Minyango by Blackwater Coal Pty Ltd on 7 March 2018). The royalty payable to Qcoal Pty Ltd is 0.35% under one royalty deed and 1.4% under the other, of the coal price per tonne which for export coal is the FOBT price determined by the relevant contract or domestic coal delivery price. The royalty agreements provide a first right of refusal for Bounty Minyango to purchase Qcoal Pty Ltd's interest being the beneficial interest in the royalty. An interest in the Minyango Tenements cannot be dealt with by Bounty Minyango without Qcoal Pty Ltd's consent.

12. MATERIAL AGREEMENTS

Open Cut Deposits Deed

Qcoal Pty Ltd and Bounty Minyango are party to an open cut deposits deed (assigned to Bounty Minyango by Blackwater Coal Pty Ltd on 7 March 2018). The deed is an access agreement for Qcoal Pty Ltd to access the open cut area to undertake mining and development activities. The open cut area is made up of parts of EPC 699 and MDL 375. The open cut deposits deed gives full right to access, explore and develop and extract to Qcoal Pty Ltd. Bounty Minyango agrees to hold their interests in the tenements as they relate to open cut deposits for Qcoal Pty Ltd's benefit.

The open cut deposit deed governs the situation where proposed mining leases of Qcoal Pty Ltd and Bounty Minyango overlap. Where possible the parties are to work together to be able to utilise the tenements or if there is conflict the agreement provides priority in certain situations and obligations to obtain additional approvals to facilitate co-use.

Royalty Security Deed

At the time of initial entry into the royalty deeds and open cut deposits deed (described above), the agreements provided for the granting of a charge by Blackwater Coal Pty Ltd. With the introduction of the Personal Properties Securities Act 2009 (Cth) this is no longer a valid form of security. On 7 March 2018 Bounty Minyango and Qcoal Pty Ltd entered into a royalty security deed which secures Qcoal Pty Ltd's rights under the royalty agreements. Qcoal Pty Ltd is entitled to register a caveat and a mortgage over the Minyango Tenements subject to the royalty agreements.

Cook Glencore Purchase Agreement

On 20 November 2017, Bounty Cook and Cook Resource Mining Pty Ltd entered into the Cook Glencore Purchase Agreement. The Cook Glencore Purchase Agreement provides for the sale to Bounty Cook of the underlying resource authorities for the Cook North Project (currently subleased to Bounty Cook) certain plant and equipment (on an as is where is basis) and the on-sale by Bounty Cook to Cook Resource Mining Pty Ltd of certain plant and equipment purchased by Bounty Cook under the Cook Caledon Purchase Agreement.

Under the Cook Glencore Purchase Agreement, Bounty Cook purchased from Cook Resource Mining Pty Ltd ML 1768, ML 1769, ML 1779, ML 1799 and ML 7357 with a realignment of the Cook Tenements to take place so that Bounty Cook will acquire only one of those Cook Tenements that cover the whole of the current subleased area of the Cook Tenements, the haul road lease (described below, which will terminate the Haul Road Sublease), the water lease (described below, which will terminate the water lease) and certain items of plant and equipment owned by Cook Resource Mining Pty Ltd (including fixtures at the Cook Colliery). In consideration for the above Bounty Cook has agreed to pay Cook Resource Mining Pty Ltd $10,000,000 in two tranches:

- First Payment (due 30 June 2018) – $3,000,000; and
- the Second Payment (due 30 June 2019) – $7,000,000.

On completion of the Cook Caledon Purchase Agreement, as required under the Cook Glencore Purchase Agreement, Cook Resource Mining Pty Ltd provided and lodged with the DNRME the necessary financial assurance amount for the Cook Tenements, being $9,191,944 (**Glencore Bond**).

The Cook tenement sublease agreement, described further below, provides that on or before 20 November 2018, Bounty Cook must provide to Cook Resource Mining Pty Ltd an unconditional bank guarantee in the equivalent amount to the Glencore Bond ($9,191,944) (**Bounty Bond**). Cook Resource Mining Pty Ltd may immediately call on the Bounty Bond if Bounty Cook does not comply with obligations to rehabilitate the subleased area. On completion of the Cook Glencore Purchase Agreement, Bounty Cook must deliver to Cook Resource Mining Pty Ltd an unconditional bank guarantee to replace the Glencore Bond and must provide any additional financial assurance required for the Cook Tenements. Once the Glencore Bond is replaced, Cook Resource Mining Pty Ltd must return the Bounty Bond to Bounty Cook.

As set out above, the Cook Caledon Purchase Agreement provided for the assignment of the Cook Tenement sublease, water lease and haul road lease. The Cook Glencore Purchase Agreement included Cook Resource Mining Pty Ltd's consent to those assignments and the amendment of the terms of the Cook Tenement sublease agreement (described below).

12. MATERIAL AGREEMENTS

Cook Tenement Sublease Agreement

The Cook Tenement sublease agreement provides for the leasing of M1779, 17799, 7357, 1768 and 1769 from Cook Resource Mining Pty Ltd to Bounty Cook, granting Bounty Cook access and tenure.

Bounty Cook must pay all third party costs, taxes, royalties or other payments in connection with the subleased area, or if the relevant third party doesn't allow them to pay, reimburse Cook Resource Mining Pty Ltd for the cost. Rent of the coal processing plant is $1 per tonne of run of mine coal washed by or on behalf of Bounty Cook in the Cook CHPP (GST inclusive), paid in arrears. This rent ceases to apply on and from the later of:

- the payment of the first payment in full (as described above); and
- the provision of the Bounty Bond.

Bounty Cook agrees to reimburse Cook Resource Mining Pty Ltd for its reasonable costs in connection with obtaining any consents, considering requests for approvals or considering any proposed dealing by Bounty Cook in connection with the sublease.

Bounty Cook is wholly responsible for all rehabilitation of the subleased area, which must be carried out before the end of the term. Bounty Cook is also responsible for complying with all environmental laws.

The Cook Tenement Sublease Agreement gives Bounty Cook access to the coal processing plant on site. Bounty Cook takes this on an as is where is basis.

Notwithstanding anything else in the agreement, each party excludes all liability for indirect and consequential loss or damage.

Bounty Cook agrees to indemnify Cook Resource Mining Pty Ltd for, among other things, loss arising from environmental laws, late payment, breach, failure to rehabilitate or negligence. Cook Resource Mining Pty Ltd agrees to indemnify Bounty Cook for, among other things, a breach of the mining tenement conditions caused by Cook Resource Mining Pty Ltd, breach of the agreement or negligence.

The agreement also contains standard clauses customary to an agreement of this nature.

Water Lease 5296

As part of the Cook Caledon Purchase Agreement, Bounty Cook was assigned a water lease, subject to the consent of SunWater. Sunwater's consent has not been forthcoming and therefore the assignment will not be finalised. Bounty is negotiating directly with Sunwater to secure a new water licence of equivalent capacity to that assigned.

Cook Resource Mining Pty Ltd consented to this assignment in the Cook Glencore Purchase Agreement, and upon assignment the water lease was amended by agreement.

The water lease provides for the supply of 800 megalitres and expires on 30 April 2021. If the term of the Cook Tenement sublease agreement is extended, Bounty Cook may extend the term of the water lease.

Prior to the start of each water year, Bounty Cook may request a further 200 megalitres of water. If the additional 200 megalitres is taken three years in a row, Bounty Cook may request Cook Resource Mining Pty Ltd to enter into a water lease directly with the headlessor, on substantially the same terms, with the added 200 megalitres.

Bounty Cook is granted access to Cook Resource Mining Pty Ltd's pipeline for the purposes of accessing the water. Bounty Cook is responsible for all maintenance and repairs associated with the pipeline. Bounty Cook indemnifies Cook Resource Mining Pty Ltd for all maintenance and repair costs of the pipeline.

Bounty Cook may seasonally assign its rights to the water allocation in accordance with the *Water Act 2000* (Qld). If Bounty Cook intends to seasonally assign its rights to the water allocation, Bounty Cook must first offer the benefit of the assignment to Cook Resource Mining Pty Ltd or its related bodies corporate on terms no less favourable than those offered to any third party.

The water lease otherwise contains terms customary for an agreement of this nature.

The assignment of the water lease from CC Pty Ltd requires the consent of SunWater. SunWater has not yet provided its consent due to unpaid fees under a supply contract which was not assigned to Bounty Cook. Bounty Cook and SunWater are in negotiations to provide Bounty Cook with a new water lease to replace the lease that was not assigned. This may take some months. In the interim, Cook Colliery will be supplied with water under water lease 5297 by arrangement with Cook Resource as described below.

12. MATERIAL AGREEMENTS

Water Lease 5297

On 9 April 2018 Bounty Cook entered into a water sublease with Cook Resource Mining Pty Ltd, for access to 533 megalitres of water from Cook Resource Mining Pty Ltd's water allocation 5296. This represents 100% of water allocation 5297. The sublease has a term expiring on 30 April 2028, but may be terminated on one month's notice by Bounty Cook.

The sublease permits Bounty Cook to use the water subject to the terms of water allocation 5297.

Bounty Cook is required to pay all costs, fees and taxes associated with the water allocation.

Bounty Cook is granted access to Cook Resource Mining Pty Ltd's pipeline for the purposes of accessing the water. Bounty Cook is responsible for all maintenance and repairs associated with the pipeline. Bounty Cook indemnifies Cook Resource Mining Pty Ltd for all maintenance and repair costs of the pipeline.

The granting of the sub lease requires the consent of SunWater, consent was requested on 17 April 2018.

The water lease otherwise contains terms customary for an agreement of this nature.

Haul Road Lease

As part of the Cook Caledon Purchase Agreement, Bounty Cook was assigned a haul road lease. Cook Resource Mining Pty Ltd consented to this assignment in the Cook Glencore Purchase Agreement. The lease is a sublease of a state lease of a haul road, from Cook Resource Mining Pty Ltd to Bounty Cook.

Bounty Cook is liable for any performance security that needs to be provided to any authority.

Despite anything to the contrary in the agreement, each party excludes liability for any consequential loss.

Cook Resource Mining Pty Ltd is released from any loss that Bounty Cook may suffer as a result of anything the headlessor is permitted or required to do under the lease, and the headlessor not complying with its obligations under the lease.

Bounty Cook is required to indemnify Cook Resource Mining Pty Ltd for, among other things, any loss arising from or in connection with the environmental laws. Bounty Cook is responsible for all Crown rent and all fees, rates, taxes and other third party payments.

The haul road lease otherwise contains terms customary for an agreement of this nature.

Marketing Services Agreement

Under the Cook Glencore Purchase Agreement, Bounty Cook was required to enter into a marketing services agreement under which Bounty Cook appoints Glencore Coal Sales Pty Ltd as its exclusive coal marketing agent, except for:

- marketing services provided by Bounty Cook employees or employees of related bodies corporate, (provided Bounty Cook pays to Glencore Coal Sales Pty Ltd the administrative fee described below); or
- an arrangement to direct up to 300,000 tonnes of Cook Coal per annum to Lido Trading Limited or its related bodies corporate (provided Bounty Cook pays to Glencore Coal Sales Pty Ltd the administration fee described below).

Glencore Coal Sales Pty Ltd is under no obligation to sell a minimum amount of coal. Glencore Coal Sales Pty Ltd must use reasonable endeavours to obtain the best possible sale price for the coal, except when selling to Glencore Coal Sales Pty Ltd or a related body corporate of Glencore Coal Sales Pty Ltd – the sale price for that coal will be the average sale price achieved by Glencore Coal Sales Pty Ltd for equivalent quality coal sold to independent third parties in the three month period immediately proceeding the proposed acquisition, as agreed on a case by case basis.

Bounty Cook will pay Glencore Coal Sales Pty Ltd a fee in U.S. Dollars (the administration fee) of the higher of:

- 3% of the value of each sales contract; or
- USD $2.75 per tonne of coal from the Cook Colliery sold pursuant to a sales contract.

12. MATERIAL AGREEMENTS

Side Deed

On 7 December 2017 Bounty Cook entered into a side deed with Cook Resource Mining Pty Ltd. The deed deals with a number of side issues related to the Cook Glencore Purchase Agreement, being:

- exclusivity of marketing arrangements;
- permitted future development;
- coal processing plant; and
- sale of the Cook Colliery.

Bounty Cook and its related bodies corporate undertake not to enter into any market representation, sales agreement or similar arrangement in relation to coal from the Cook Colliery, other than with Cook Resource Mining Pty Ltd or a related body corporate, unless the opportunity is first offered to Cook Resource Mining Pty Ltd or a related body corporate and they refuse. This excludes arrangements described above under the marketing services agreement with Glencore Coal Sales Pty Ltd.

Bounty Cook irrevocably undertakes to consent to and not to obstruct existing or proposed exploration, development, expansion or other production by Cook Resource Mining Pty Ltd or related bodies corporate within 30km of the subleases area (provided those activities will not have a material adverse effect on Bounty Cook). Bounty Cook must do all things and deliver all documents required to consent to any of those activities.

If there is unused coal capacity at the Cook Colliery, or other unused mining equipment capacity, Bounty Cook must make that unused capacity available to Cook Resource Mining Pty Ltd (including a right of first refusal). The cost of the lease of the equipment will be the actual operating cost plus a 10% margin. This obligation only occurs once either completion has occurred, or the sublease is terminated (whichever is first).

Guarantee and Indemnity

On 20 November 2017 Cook Resource Mining Pty Ltd and Bounty entered into a parent guarantee and indemnity under which the Company irrevocably guarantees and indemnifies Cook Resource Mining Pty Ltd with respect to the performance of Bounty Cook under the Cook Glencore Purchase Agreement and associated agreements described above.

The guarantee and indemnity contains standard clauses customary to an agreement of this nature and includes representations and warranties given by Bounty.

12.3 CONTRACTS FOR SERVICES – COOK COLLIERY

Services agreement with UGM Engineers Qld (Pty Ltd)

Bounty Cook and UGM Engineers Qld Pty Ltd (**UGM**) have entered into a services contract which commenced on 19 January 2018. At the date of the Prospectus, terms of a variation are being negotiated. The contract is for labour and plant hire for the Cook Colliery under mining lease ML1799. The contract provides the obligations and responsibilities for Bounty Cook and UGM. Bounty Cook will manage the mining operation using the UGM plant and labour.

The contract will terminate on 25 March 2020 or earlier if terminated under one of the relevant general conditions. Bounty Cook may in its sole discretion offer to extend the term for the mining services to 25 March 2021. Bounty Cook may exercise the extension offer by giving written notice to UGM not less than three months and not more than six months prior to 25 March 2020.

Bounty Cook must pay all royalties, fees and amounts payable in connection with any process, work, material, matter, thing, or method used or supplied in the performance of the services.

Bounty Cook must pay UGM's public liability insurance premium related to the services which is capped at a maximum value of $941.54 per week.

12. MATERIAL AGREEMENTS

UGM is entitled to:

- be paid for labour and for items of plant and equipment actually used in completing the services at agreed rates;
- be paid a fixed amount for corporate overheads to cover all indirect costs associated with head office operations and costs directly incurred by UGM;
- an 'at risk fee" which is to ensure that the UGM's performance aligns with the objectives of Bounty Cook for the 'safe and efficient execution' of the services to meet milestones and produce consistent tonnage at the most reasonable costs. UGM is not entitled to this fee if agreed KPIs are not achieved. This fee is further adjusted by a compliance fee;
- be reimbursed for light vehicle costs which is limited to $1,000 per week per vehicle;
- be reimbursed if UGM elects to arrange accommodation for UGM personnel who are performing the mining services under the contract. The reimbursement is limited to $1,323 per month per person; and
- performance bonuses paid under UGM's employment agreements on achieving performance targets.

Services agreement with ABM Resources (QLD) Pty Ltd

ABM Resources (QLD) Pty Ltd (**ABM**) and Bounty Cook entered into an agreement for the supply of labour to the Cook Colliery. The agreement is for 12 months commencing 19 January 2018 and ceasing on 18 January 2019.

The agreement sets out a sliding scale depending on work performed with rates charged per hour, per employee. There is also a profit component of the monthly progress claim, which is based on the tonnes of coal delivered.

ABM can terminate the contract if Bounty Cook commits a serious breach of contract that is not rectified within 30 days. Bounty Cook may terminate the contract at any time, including for convenience.

Bounty Cook is required to provide accommodation and messing facilities for ABM's workers.

The labour hire agreement prohibits subcontracting and assignment without the consent of Bounty Cook.

The labour hire agreement contains terms customary for a document of this nature.

Accommodation agreement – Rosewood Village

Qantac Pty Limited and Bounty Cook have entered into an accommodation supply agreement for the personnel of Cook Colliery. This agreement provides that Qantac Pty Limited supply accommodation and catering services from time to time as agreed. This agreement is on standard terms for a document of this nature. Bounty Cook provides an indemnity for breach of the agreement, death of or personal injury to any person or damage or loss of property, only to the extent caused or contributed to by Bounty Cook or its personnel.

12.4 MINE EQUIPMENT

Bounty Cook has entered into leases with various third parties in relation to equipment necessary for the operation of the Cook Colliery. These leases are all on standard terms and include indemnities given by Bounty Cook in relation to damage (non-wear and tear), releases for liability and certain limitation of liabilities.

Bounty Cook has entered into product supply agreements with Cougar Mining Group Pty Limited. The agreements provide for the lease/sale of:

- Joy car 1 for $3,900 per week 52 weeks plus GST with a $120,000 deposit payable;
- Joy Car 2 for $3,900 per week 52 weeks plus GST with a $120,000 deposit payable; and
- Feeder Breaker for $6,738 per week for 52 weeks plus GST with a $120,000 deposit payable.

These agreements are short form agreements, which provide for title transfer upon payment of the full contract price, and risk transfer upon the earlier of delivery and or title transfer.

12. MATERIAL AGREEMENTS

12.5 AGREEMENTS RELATING TO THE WONGAI PROJECT

Bounty Mining Investments holds a 22.5% interest in the Wongai Coal Project (which is made up of EPC 2334) along with Aust-Pac which holds a 77.5% interest. The Wongai Project is governed by a farm in agreement between Aust-Pac and Bounty Mining Investments and a joint venture agreement between Aust-Pac and Bounty Mining Investments.

The Wongai Joint Venture has been established for the purpose of carrying out the Wongai Coal Project as a commercial venture in accordance with good mining practice and the joint venture documents.

Wongai Farm-in Agreement

Aust-Pac and Bounty Mining Investments entered into the Wongai Farm-in Agreement on 13 September 2013. Under the Wongai Farm-in Agreement, Aust-Pac granted Bounty Mining Investments the right to acquire up to a 51% interest in the Wongai Coal Project by sole funding the required works for three phases of agreed exploration works.

Following completion of the Phase 1 Interest, Bounty Mining Investments is entitled to appoint the manager of the Wongai Project. Bounty Mining Investments has appointed Bounty Operations as manager.

Bounty Mining Investments is solely responsible for all exploration costs associated with the Wongai Project until the end of the sole funding period, which is the period from the satisfaction of the conditions precedent under the Farm-In Agreement to the end of the Phase 3 period described below (or another date agreed by the parties).

After the sole funding period, Aust-Pac and Bounty Mining Investments must contribute to cash calls in proportion to their participating interest. Bounty Mining Investments has completed Phase 1 and Phase 2 and is currently planning the Phase 3 works. Phase 3 works include completion of Phase 3 drilling, an environment impact study and the preparation of a bankable feasibility report. Bounty intends to use a portion of the proceeds of the Offer to begin the bankable feasibility report. On completion of the Phase 3 works, Bounty Mining Investments will be entitled to a further 25.5% interest in the Wongai Joint Venture.

Bounty Mining Investments has a right to register a caveat over EPC 23345. A caveat was registered 26 September 2013.

The Wongai Farm-in Agreement will terminate automatically when:

- the Phase 3 interest (an additional 25.5%) is registered in the name of Bounty Mining Investments, provided Bounty Mining Investments does not elect to proceed to acquire the additional interest (3%); or
- the additional interest (3%) is registered in the name of Bounty Mining Investments.

Wongai Joint Venture Agreement

Aust-Pac and Bounty Mining Investments entered into the Wongai Joint Venture Agreement on 13 September 2013. As set out above, Bounty Mining Investments currently has a 22.5% interest in the Wongai Joint Venture registered on title, however the Wongai Joint Venture Agreement deems Bounty Mining Investments to have a 40% participating interest until it is transferred the Phase 3 interest.

The day to day operations of the Wongai Joint Venture are governed by the management committee. Each participant in the Wongai Joint Venture with an interest of 20% or more is entitled to appoint up to two representatives to the management committee at any time. Voting is in proportion to participating interests (currently 40% – Bounty Mining Investments and 60% – Aust-Pac). Unless otherwise stated, all decisions of the management committee are made by simple majority. A 'Special Majority' decision of the management committee is defined to be:

- until a third party joins – unanimous decision; or
- after a third party joins 70% of the total participating interest.

12. MATERIAL AGREEMENTS

The decisions requiring a 'Special Majority' are standard for an agreement of this kind, but include:

- termination of the Wongai Joint Venture;
- the acquisition, relinquishment, renewal or disposal of any tenement;
- project finance secured over joint venture assets;
- appointment or removal of the auditor of the manager;
- a decision to mine;
- the approval of any proposed agreement or any variation to any existing agreement between the manager and any participant (or a related body corporate of a participant) unless already approved as part of an approved annual program;
- approval of an encumbrance over the Wongai Joint Venture; and
- suspension or termination of mining operations.

The Wongai Joint Venture Agreement provides for the cash call regime. Upon completion of the sole funding period, each participant must contribute to all joint venture expenditure in proportion to its participating interest on each due date.

The Wongai Joint Venture Agreement provides each participant with a first right of refusal to acquire the interest of another party which receives a bona fide offer from a third party. In addition to this, a tag along right is exercisable where a third has offered to purchase at least a 50% participating interest from any controlling participant.

Standard change of control provisions apply to a participant's sale of shares without consent.

As part of the Wongai Coal Project, the parties also entered into the management agreement (described below) and a deed of cross security. The deed of cross security contains terms common to this type of transaction.

The Wongai Joint Venture Agreement also provides that Aust-Pac must transfer 12.5% from its participating interest to a trust established by the Traditional Owners. The indigenous land use agreement for the Wongai Project requires this transfer to be made prior to the first shipment of coal. No interest has been transferred to the Traditional Owners. The Traditional Owners' interest will be a non diluting interest and will not require contribution by the Traditional Owners to expenditure or cash calls.

Further to this obligation, an additional indigenous land use agreement dated 23 November 2011 and amended on 27 November 2014 between Bounty Mining Investments, Aust-Pac and certain Traditional Owners provides further obligations for the Wongai Joint Venture. There are significant payments and other benefits awarded to the native title parties under this agreement including:

- $25,000 on completion of a prefeasibility study;
- $50,000 on completion of the bankable feasibility study;
- $200,000 on commencement of construction and $300,000 six months following the completion of construction;
- $3,000,000 within 28 days of the first shipment of coal;
- $3,000,000 within 12 months of the first shipment of coal;
- an annual payment of $2,000,000 with the first payment to be made within 28 days of the first shipment of coal; and
- a royalty following commencement of commercial production.

Management agreement

Aust-Pac, Bounty Mining Investments and Bounty Operations entered into a management agreement on 13 September 2013. The agreement provides for the conduct of the manager (Bounty Operations) in relation to the Wongai Project.

The agreement gives the manager all powers, functions and authority as are necessary to enable the manager to carry out its duties.

12. MATERIAL AGREEMENTS

The participants must pay or reimburse the manager for all joint venture expenditure. At the end of the sole funding period the participants, in return for the manager's services, must pay the following fee on a monthly basis:

- from the decision to mine up until completion of commissioning an annualised amount of $1.5 million plus 16% of all costs reasonably incurred by the manager; or
- from the commencement of commissioning the management fee is 16% of joint venture expenditure including capital costs, the cost of trans-shipment of coal taxes and any marketing fees for the month plus 5% of the Wongai Joint Venture expenditure for bargaining and trans-shipment across from any provisions for the appointment of marketing manager.

Bounty Operations will cease to be the manager (and the management agreement will terminate) on the first to occur of the following:

- if Bounty Operations resigns by giving 90 days prior notice of its resignation to each participant;
- if Bounty Operations has committed an act constituting wilful misconduct, bad faith or negligence or has failed to meet a KPI and that has a material effect on the Wongai Project and has not remedied or rectified or has not diligently commenced to remedy or rectify that breach within 120 business bays of receipt of notice from all of the non-related participants requiring Bounty Operations to remedy that breach;
- if Bounty Operations is subject to any insolvency event; or
- the end of the life of the Wongai Project.

The agreement otherwise contains terms customary for an arrangement of this nature.

12.6 INFRASTRUCTURE AGREEMENTS

Capacity through RG Tanna Coal Terminal

Gladstone Ports Corporation has provided a letter to Bounty dated 21 November 2017. The letter refers to discussions and a request of Bounty for tonnage capacity at RG Tanna Coal Terminal of up to 1.6 million tonnes. Gladstone Port Corporation has advised that this capacity is available and provides for general conditions on a casual basis for the period of April 2018 to June 2019.

The letter offers, for the period April to June 2018 140,000 tonnes capacity and then for the period July 2018 to June 2019 1,020,000 million tonnes.

Interim Casual Coal Handling and Port Services Agreement

By a letter dated 19 April 2018 (attaching a request for acknowledgment), Gladstone Port Corporation (**GPC**) offered an interim casual coal handling and port services agreement to Bounty Cook. The letter provides that the term of the interim agreement commences from 27 April continuing until the date of execution of formal documentation relating capacity and port services or 30 June 2019 whichever is earlier.

The letter notes that execution of an ongoing coal handling and port services agreements requires various internal approvals. The letter provides that GPC agrees to provide the terminal and port capacity requested by Bounty Cook on an interim term and casual basis. The letter attaches the general terms for interim coal handling and requests Bounty Cook sign the acknowledgment. Bounty Cook has signed and returned the acknowledgment.

GPC is required to perform its obligations to unload, stockpile and load on ship the coal duly delivered by Bounty Cook. Bounty Cook agrees to pay the agreed charges per tonne as well as certain other charges as set out in the agreement including for example public holiday charges.

The agreement provides for one pad and for additional pads as determined by GPC. There is a minimum guaranteed capacity of zero tonnes and a maximum guaranteed capacity of 1,270,000 tonnes per contract year.

The agreement contains terms typical for a casual arrangement including acknowledgements that use of the stockpile area and port facilities is at Bounty Cook's own risk. Further, the agreement provides that Bounty Cook must maintain certain types of insurance at its own cost. These insurance policies are public risk, environment (insurance in respect of sudden, accidental or unintended environmental damage, injury or contamination) in a reasonable amount as may be agreed from time to time, any insurance required by law, hull and machinery insurance and certain other insurance relating to vessels engaged by Bounty Cook.

12. MATERIAL AGREEMENTS

The agreement may be terminated by GPC in the event Bounty Cook abandons or terminates its operations at the Cook Colliery, the shipper admits to or notifies GPC in writing that it does not intend to offer for transport at any time after such notice, insolvency on behalf of Bounty Cook, Bounty Cook fails to effect insurance, defaults and punctual performance of any one or more of its obligations which is not cured in 14 days.

The agreement contains several special conditions including an acknowledgment by Bounty Cook that its rights under the interim agreement are subordinate to the rights of coal customers under existing coal handling agreements and that Bounty Cook agrees to enter into discussions regarding a coal handling agreement for terminal capacity and a port services agreement for on water capacity in Gladstone Harbour, with such agreements to be finalised prior to March 2019 with a maximum guaranteed capacity of circa 1.6 million tonnes per contract year.

Assignment cannot take place without the consent of GPC which cannot be withheld unreasonably.

The interim casual coal handling and port services agreement otherwise contains terms typical for an agreement of this nature.

Longer term agreements are targeted for completion by December 2018 with Gladstone Port Corporation.

Rail transport agreement – above ground assets

Bounty Cook has entered into an above ground capacity agreement with Aurizon Operations Pty Ltd (**Aurizon Operations**). The rail agreement provides for 1 million tonnes from commencement until 30 June 2018 and 1.2 million tonnes of above ground capacity for the Cook Colliery on an annual basis from 1 July 2018. The agreement ceases on 31 March 2019, unless six months before the end of the initial term Bounty Cook elects to continue, at which time the further term commences and ends 31 March 2022.

The agreement provides for capacity and fuel charges, cancellation charges, excess capacity charges and other standard fees in relation to the services.

The agreement provides that Bounty Cook must enter into and assure necessary below ground capacity and port capacity to allow Aurizon Operations to perform its obligations under the agreement.

As at the date of this Prospectus, Bounty Cook has not secured below ground capacity and is relying on Aurizon Operations' ability to organise such capacity on an ad hoc basis. Aurizon Operations has no express obligation to arrange the necessary capacity and Bounty Cook is liable for all charges incurred by Aurizon Operations if any capacity is arranged.

The agreement further provides that Bounty Cook must secure port access and necessary capacity. As at the date of this Prospectus, Bounty Cook has an offer letter (described above) from the Gladstone Ports Corporation for capacity, but has not entered into any formal agreement.

The agreement contains terms you would usually see in an agreement of this nature including strict limitation of liability and indemnities in favour of Aurizon Operations.

12. MATERIAL AGREEMENTS

12.7 COAL SALES AGREEMENTS

Coal Sale Agreement with XCoal Energy & Resources GmBH

Bounty Cook is party to a coal sale agreement with X Coal Energy & Resources GMBH. The contract is for the supply and sale of 275,000 metric tonnes (plus or minus 10% at the buyer's option) of Cook Colliery mid volume hard coking coal. The coal supplied is required to meet certain specifications. The sale agreement is on FOBT terms and is for the period 9 March 2018 to 31 December 2018 or until the loading of the 275,000 metric tonnes is complete. The loading port is the port of Gladstone, Queensland. Bounty Cook is responsible for any taxes and/or dues imposed on the coal including any export duties, royalties, charges, fees or tonnage dues or any other similar costs. The agreement contains terms ordinary for an agreement of this nature. The agreement is subject to Singapore law.

Coal Sale Agreement being negotiated with Lido Trading Ltd

Bounty Cook is negotiating a coal sale agreement with Lido Trading Limited, a subsidiary of a Chinese steel mill, for a trial blended cargo of 65,000 metric tonnes of Cook/Curragh coal hard coking coal. The Directors expect this agreement will be signed shortly after the date of this Prospectus. If successful Lido Trading have the option to extend the contract by another 235,000 metric tonnes of Cook/Curragh coking coal blend.

The following terms are in the draft agreement:

The coal supplied is to meet certain specifications. The sale agreement is on FOBT terms and if extended is for a period from 1 July 2018 to 31st December 2018 or, subject to Lido Trading accepting the option, until the 300,000 metric tonnes (including the trial shipment of 65,000 metric tonnes) of Cook/Curragh coking coal is supplied. Lido Trading is to directly fund the purchase of Curragh coal for blending, with pricing to be agreed on a shipment by shipment basis.

The loading port is Gladstone, Queensland. Bounty Cook is responsible for any taxes and/or duties imposed on the coal including duties, royalties, charges, fees or tonnage dues or other similar costs.

The agreement contains ordinary terms for an agreement of this nature including capacity warranties and limitation of liabilities (in favour of both parties). The agreement is subject to Singapore Law.

12.8 TOLL WASHING AND RAIL LOADOUT AGREEMENT

On 27 April 2018 Bluff Coal Management Pty Ltd as agent for and on behalf of the Bluff Coal Joint Venture and Bounty Cook entered into a toll washing and rail loadout agreement in relation to the Cook Colliery. Bounty Cook has agreed to provide coal washing and train loading facility services at the Cook Colliery to the Bluff Coal Joint Venture. The Bluff Coal Joint Venture is entitled to 100,000 tonnes worth of capacity at the Cook CHPP per month. The term of the agreement is two years.

Bounty Cook agrees to provide services including washing, stockpiling, loading and logistics in consideration for a per tonne of washed coal fee with a minimum labour fee per month. Bounty Cook is responsible for all consumables and other costs in relation to the services. The toll washing and rail loadout agreement is subject to several conditions precedent being satisfied, including the upgrading of the Cook CHPP which will be at the cost of the Bluff Coal Joint Venture and the Bluff Coal Joint Venture securing rail capacity. The intended commencement date is 1 October 2018 subject to the satisfaction of conditions precedent.

The agreement requires the parties to agree certain protocols prior to the commencement date which are intended to govern the day to day logistics of the wash arrangement.

12.9 TRANSACTIONS WITH RELATED PARTIES

VETL Loan

In September 2009, Westpac Banking Corporation (**Westpac**) assigned a loan facility and associated charges over the assets of the Company and its subsidiaries to VETL Pty Ltd ("VETL"), a company associated with the Company's Chairman and Chief Executive Officer, Gary Cochrane. Under the terms of the assignment, VETL agreed to pay Westpac approximately $1.08 million and in return, Westpac agreed to assign and transfer all of its right, title and interest in the loan facility to VETL on the same terms previously agreed. Following the assignment, VETL advanced a further $6.7 million, excluding capitalised interest, although no further funds have been advanced since October 2011. The Bounty Group and VETL have amended the terms of the VETL Loan numerous times since the assignment.

12. MATERIAL AGREEMENTS

The key terms of the VETL Loan (based on the terms of the Westpac facility assigned to VETL and the amendments since that time) are as follows:

Term	Summary
Borrower	Bounty Minyango Pty Ltd (formerly Bounty Equipment Leasing Pty Ltd)
Guarantors	Bounty Operations Pty Ltd and Bounty Mining Ltd
Security	Charges (including fixed charges over specified assets and fixed and floating charges over the whole of the assets and undertakings of the borrower and guarantors), guarantees and indemnities provided by the borrower and guarantors.
Payment obligations	Amounts payable by the borrower include: • principal; • interest at 9.72% per annum (implicit rate); • default interest equal to the implicit rate plus 2% per annum at discretion of VETL when payments are not made when due; • deposits and GST on hire purchases; • duties, taxes and charges in respect of the document; • indemnities and expenses including all liabilities, losses, damages, claims, proceedings, fines, penalties, costs and expenses which VETL or any of its managers suffers as a direct or indirect result of a variety of scenarios; and • other costs and expenses which VETL reasonably spends or incurs under a variety of scenarios.
Final repayment date	31 December 2018.

At the date of this Prospectus, the balance of the VETL Loan is $930,302 and companies associated with Mr Cochrane hold 33,426,077 Shares, which is approximately 11.2% of Bounty's total issued Share capital.

The Directors, other than Gary Cochrane, consider that the transactions between Bounty and VETL outlined above have been on arm's length terms in accordance with section 210 Corporations Act.

Services agreements and engagement letters with Directors

Services agreement – Gary Cochrane

The Company has entered into a services agreement with Resource Management International Pty Ltd (**RMI**), a company controlled by Gary Cochrane, under which RMI provides the Company with the services of Mr Cochrane to fulfil the role of chief executive officer of the Company. Under the agreement, RMI is not permitted to utilise another person to provide the services or subcontract the services.

The agreement commenced on 1 April 2018 and terminates on 30 June 2019. The agreement contemplates that Bounty intends to recruit an employee to perform the role of chief executive officer prior to 30 June 2019. Mr Cochrane is required to work sufficient hours to complete the services described in the agreement, which include the day-to-day management of the Company's affairs and assisting with raising capital and completion of the planned works on the Wongai Coal Project. RMI is entitled to an annual fee of $334,000 (excluding GST) for providing the services under the agreement, which is to be paid monthly after submission of an invoice. The Company is also required to reimburse reasonable travel expenses incurred by RMI in providing the services outside the greater Sydney area. RMI is required to maintain professional indemnity insurance on terms satisfactory to the Company.

12. MATERIAL AGREEMENTS

The services agreement can be terminated by the Company by giving four weeks' notice if the services are no longer needed or by RMI by giving eight weeks' notice if RMI believes the services can no longer be provided. The Company is also able to terminate the agreement without notice if it is found that RMI has committed serious misconduct in performing the services.

The Directors, other than Gary Cochrane, consider that the financial benefits given under this agreement constitute reasonable remuneration in accordance with section 211 Corporations Act (or are otherwise on arms length terms in accordance with section 210 Corporations Act).

Engagement letters – Directors

The Company has entered into engagement letters with the directors on ordinary commercial terms. The letters set out each Directors' duties and obligations, induction and training requirements and remuneration entitlements.

Gary Cochrane, as chairman, is entitled to an annual fee of $66,000 for his role as chairman. These fees are in addition to the fees payable to RMI under the services contract described above.

The non-executive directors are each entitled to an annual fee of $78,000 excluding GST for their role as non-executive Directors. The Directors are also entitled to be paid reasonable travel, hotel and other expenses.

The Board considers that the financial benefits given to the Directors and officers in respect of the services agreements and engagement letters outlined above constitute reasonable remuneration in accordance with section 211 of the Corporations Act.

Directors' and officers' insurance and deeds of access, insurance and indemnity

Bounty has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as Directors and officers of Bounty and its subsidiaries and all legal expenses incurred as Directors and officers of Bounty and its subsidiaries.

The indemnity only applies to the extent and in the amount that the Directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by Bounty or its subsidiaries, under the general law or otherwise. The indemnity does not extend to any liability:

- to Bounty or a related body corporate of Bounty; or
- arising out of conduct of the Directors and officers involving a lack of good faith.

The Company pays insurance premiums in respect of the Directors' and officers' liability indemnities noted above. The Board considers that the financial benefits given to the Directors and officers in respect of the Directors' and officers' liability arrangements outlined above are reasonable in the circumstances and have been provided in accordance with section 212 of the Corporations Act.

Lease from entity associated with Director, Gary Cochrane

The Company leases its Sydney office from C5 Holdings Pty Ltd, a company associated with director Gary Cochrane. The Company pays $4,110 in monthly rental to C5 (excluding GST) with an annual increase of 2% per annum. The lease is otherwise on commercial terms for lease of this kind.

12. MATERIAL AGREEMENTS

12.10 LEAD MANAGER MANDATE

The Company has engaged PAC Partners Pty as the Lead Manager for the Offer under a mandate letter which was amended on 28 August 2017.

Under the Lead Manager Mandate, the Company will pay the Lead Manager a capital raising fee equal to 5% of any funds introduced by the Lead Manager under the Offer, plus a management fee equal to 1% of the total funds raised under the Offer.

The Company is also required to reimburse any reasonable out-of-pocket expenses that the Lead Manager incurs in connection with the engagement under the Mandate Letter, subject to the Company's prior approval of any expenditure over $1,000.

As consideration for providing financial and corporate advisory services on a reasonable endeavours basis, the Lead Manager has earned a monthly retainer of $17,000 totalling $204,000 (excluding GST) for the 12 months prior to Official Quotation. These fees were settled by the issue of 1,569,231 Shares.

Following the successful listing of Bounty on the ASX Bounty will pay a monthly retainer of $7,000 (excluding GST) in cash to the Lead Manager for a period of 12 months.

In further compensation following Official Quotation, the Lead Manager will be issued 10,000,000 Class B Options, which will vest immediately, with a 3-year expiry period and an exercise price of $0.4375. A summary of the terms of the Class B Options to be issued to the Lead Manager is set out in section 13.4.

Under the Lead Manager Mandate, if the Offer takes longer than anticipated or takes an unanticipated course that is advantageous to the Company and its stakeholders, the parties are required to negotiate a revised basis for remuneration in good faith.

The Lead Manager is entitled to terminate the Mandate Letter at any time by issuing a notice of termination, upon which it will be entitled to be paid fees and expenses that have accrued to the date of termination. Bounty may also terminate the Mandate Letter by giving the Lead Manager notice of termination subject to the payment of all outstanding and contingent fees and expenses.

Bounty has also provided a standard indemnity to the Lead Manager and its associates in respect of all losses, claims and liabilities arising in connection with the engagement under the Lead Manager Mandate.

12.11 RESTRICTED SECURITIES AND ESCROW AGREEMENTS

Subject to the Company being admitted to the Official List and the ASX's determination, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for periods of up to 24 months from the date of Official Quotation.

The Company expects approximately 122 million Shares will be subject to escrow. In addition, it is expected that the A Class Options and B Class Options will be treated as restricted securities, and the underlying Shares issued if the options are exercised, will be subject to escrow for 24 months from the date of Official Quotation.

During the period in which the escrowed Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact the ability of a Shareholder to dispose of Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

The Company will enter into escrow agreements in the form required by the ASX Listing Rules with each holder of Shares or Options subject to escrow.

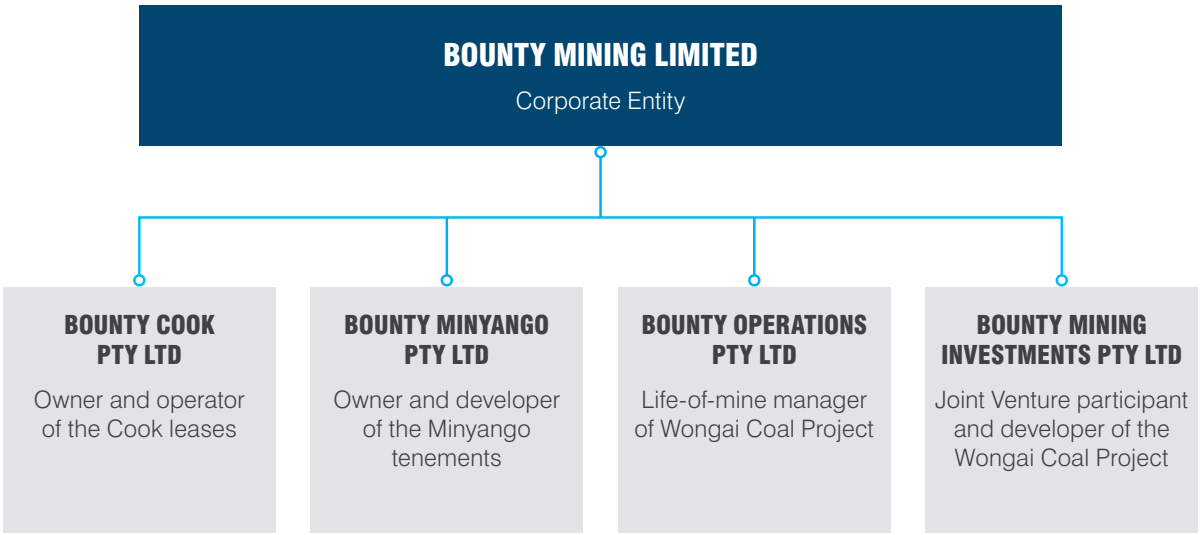
13.

ADDITIONAL INFORMATION

13. ADDITIONAL INFORMATION

13.1 CORPORATE STRUCTURE

Bounty's corporate structure is set out below.



13.2 SUBSTANTIAL HOLDINGS

The table below sets out, at the date of this Prospectus, the persons that have a substantial holding in the Company within the meaning of the Corporations Act and their expected holding following completion of the Offer:

Shareholder	Shares	Percentage held (undiluted basis – pre Offer)	Percentage held (undiluted basis – post Offer)
Lido Trading Limited and its associates	44,615,247	14.9%	13.2%
VETL Pty Ltd in its capacity as trustee for the Cochrane Treasure Trust and Moongunya Investment Trust and its associates (including the Company's chairman and chief executive office, Gary Cochrane)	33,426,077	11.2%	9.9%
Amaroo Blackdown Investments LLC	27,666,667	9.3%	8.2%
Eight IP Emerging Companies Ltd	16,153,847	5.4%	4.8%

Notes

1. Assumes that no Options have been exercised into Shares on completion of the Offer.
2. Assumes the Minimum Subscription is raised.
3. Assumes that none of the substantial Shareholders will subscribe for New Shares under the Offer. The Company has not received notice of whether any of the substantial Shareholders intend to subscribe for New Shares under the Offer. If any of the substantial Shareholders do subscribe for New Shares under the Offer, the percentage of issued capital in which such Shareholders and their associates have a relevant interest will increase from the amounts shown in the table above.
4. VETL Pty Ltd shares do not include 142,857 shares to be issued following admission to the Official List of ASX.

13.3 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to the Shares are set out in the Company's Constitution a summary of which is contained in section 12.1. In addition, the Shares are subject to any rights and liabilities under the ASX Listing Rules and Corporations Act.

13. ADDITIONAL INFORMATION

13.4 OPTIONS AND CONVERTIBLE SECURITIES

Class A Options

The Company has issued 16,301,614 Options (to acquire 16,301,614 Shares) at the date of this Prospectus. These are Class A Options. These options were issued as capital raising fees.

The key terms and conditions of the Class A Options are as follows:

- all shares issued on exercise of the options will rank pari passu in all respects with the Company's Shares;
- the options will not be quoted on the ASX;
- the exercise price is $0.4375;
- 1,000,000 of the Options vest on 25 August 2018 and the balance (15,301,614) vest on 7 December 2018;
- the Options are not transferable;
- the Options expire 24 months after Official Quotation; and
- any Shares issued on exercise of the options will be subject to the same ASX Listing Rule restrictions (if any exist) as the shares issued to the relevant shareholders.

Class B Options

As required by the Lead Manager Mandate, on Official Quotation the Company will issue 10,000,000 Options to the Lead Manager under the Lead Manager Mandate. These are Class B Options.

The terms and conditions of the Class B Options are as follows:

- all shares issued on exercise of the options will rank pari passu in all respects with the Company's Shares;
- the options will not be quoted on the ASX;
- the exercise price is $0.4375;
- the options vest immediately;
- the options expire 36 months after Official Quotation; and
- any Shares issued on exercise of the will be subject to the same ASX Listing Rule escrow restrictions (if any exist) as the Options.

13.5 TAXATION CONSIDERATIONS

The taxation consequences of an investment in the Company depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

13.6 LITIGATION

To the best of the Directors' knowledge and belief, no litigation is currently underway or threatened against the Company.

13.7 CONSENTS AND DISCLAIMERS OF RESPONSIBILITIES

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Pac Partners Pty Ltd has given, and has not withdrawn, its written consent to be named as Lead Manager to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as legal adviser to the Company in relation to the Offer in the form and context in which it is named and for the inclusion of its independent solicitor's report in Annexure C of this Prospectus in the form and context in which it is included.

13. ADDITIONAL INFORMATION

Adamelia Global Pty Ltd has given, and has not withdrawn, its written consent to be named as independent technical expert in relation to the Cook Colliery, Cook North Project and Minyango Project in the form and context in which it is named and for the inclusion of its Cook/Minyango Technical Expert's Report in Annexure A of this Prospectus in the form and context in which it is included.

CRU Consulting Pty Ltd has given, and has not withdrawn, its written consent to be named as expert adviser to the Company in relation to the coal market in the form and context in which it is named and for the inclusion of its Coal Market Report in Annexure B of this Prospectus in the form and context in which it is included.

Nexia Sydney Corporate Advisory Pty Ltd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in section 11 in the form and context in which it is included.

Nexia Sydney Audit Pty Ltd has given, and has not withdrawn, its written consent to be named as auditor to the Company, in the form and context in which it is named.

Computershare Investor Services Pty Ltd has given, and not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named.

John T Boyd Company has given, and not withdrawn, its written consent to be named as independent technical expert in relation to the Wongai Project and for the incorporation by reference of the Wongai Independent Technical Expert's Report into this Prospectus in accordance with section 712 of the Corporations Act in the form and context in which it is incorporated.

13.8 INTERESTS OF EXPERTS AND ADVISERS

Except as set out in this Prospectus, no 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 any interest or has had any interest during the last two years, in the formation or promotion of Bounty, or in property acquired or proposed to be acquired by Bounty in connection with its formation or promotion, or the Offer of the Shares; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any of those persons in connection with the services provided by the person in connection with the formation or promotion of Bounty, or the Offer of the Shares.

Pac Partners Pty Ltd has acted as Lead Manager to the Offer. The Lead Manager will be paid certain fees for these services, details of which are disclosed in section 12.9.

McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice on the Offer. McCullough Robertson will be paid an estimated fee of $196,000 (excluding GST) for these services. McCullough Robertson has also prepared the Solicitor's Tenement Report and will be paid an additional estimated fee of $28,500 (excluding GST) for these services Further amounts may be paid in accordance with their normal time-based charges.

Nexia Sydney Corporate Advisory Pty Limited has acted as Investigating Accountant in relation to the Offer, has prepared the Investigating Accountant's Report in section 11 and performed work on due diligence enquiries. Nexia Sydney Corporate Advisory Pty Ltd will be paid an estimated fee of $40,000 (excluding GST) for these services. Further amounts may be paid to Nexia Sydney Corporate Advisory Pty Ltd in accordance with their normal time-based charges.

Nexia Sydney Audit Pty Ltd has acted as auditor to the Company. Nexia Sydney Audit Pty Ltd has been paid a fee of $15,000 (excluding GST) for the review of the half year report for the half year ended 31 December 2017. Further amounts may be paid to Nexia Sydney Audit Pty Ltd in accordance with their normal time-based charges.

Adamelia Global Pty Ltd has acted as Independent Technical Expert in regard to the Cook Colliery and Cook North and Minyango Projects, has prepared the Cook/Minyango Technical Expert's Report and will be paid an estimated fee of $100,000 (excluding GST). Xenith Consulting Pty Ltd also undertook verification of the geological database for Cook Colliery, Cook North Project and the Minyango Project as well as preparation of the JORC 2012 report referred to in the Cook/Minyango Technical Expert's Report. Xenith Consulting Pty Ltd will be paid an estimated fee of $93,500 (excluding GST) for these services.

13. ADDITIONAL INFORMATION

John T Boyd Company has acted as an Independent Technical Expert in regards to the Wongai Project, has prepared the Wongai Technical Expert's Report. The report was prepared in relation to a previous notice of meeting John T Boyd Company was paid a fee of $62,000 (excluding GST). No further fee will be paid to John T Boyd Company. Geos Mining prepared a JORC 2012 report referred to in the Wongai Technical Expert's Report. Geos Mining has been paid an estimated fee of $40,455 (excluding GST) for these services.

CRU Consulting Pty Ltd has acted as independent coal market expert, prepared the Coal Market Report and will be paid an estimated fee of $35,000 (excluding GST).

Computershare Investor Services Pty Ltd has acted as Share Registry to the Company in relation to the Offer. Computershare Investor Services Pty Ltd will be paid an estimated fee of $10,000 (excluding GST) for these services. Further amounts may be paid to Computershare Investor Services Pty Ltd in accordance with their normal charges.

13.9 EXPENSES OF THE OFFER

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, fees payable to the Lead Manager, accounting fees, legal fees, share registry fees, printing costs and other miscellaneous expenses are estimated to be approximately $1.4 if the Minimum Subscription is raised and approximately $1.7 if the Full Subscription is raised.

13.10 ELECTRONIC PROSPECTUS

This Prospectus is available in electronic form at www.bounty.com.au. Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by Bounty free of charge during the period of the Offer.

Applications must be made by completing a paper copy of the Application Form. Bounty does not accept Application Forms electronically.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Application Form.

Bounty will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While Bounty believes that it is unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, Bounty cannot give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Bounty or a financial adviser.

13.11 PRIVACY

If you complete an Application Form, 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 Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities 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 we hold about you. If you wish to do so, please contact the Company 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.

13. ADDITIONAL INFORMATION

13.12 SECTION 708A(11) OF THE CORPORATIONS ACT

Subject to satisfaction of the relevant conditions, this Prospectus will also have the effect of removing any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities that are quoted securities of the body;
- either a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made, or a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

13.13 AUTHORISATION

This Prospectus is issued by the Company. Each of the Directors has given and has not withdrawn before the date of this Prospectus their consent to the issue of the Prospectus and to its lodgement with ASIC.

Dated 1 May 2018

Gary Cochrane
Chairman and Chief Executive Officer

14.

GLOSSARY

14. GLOSSARY

A number of capitalised terms are used throughout this Prospectus. Except to the extent the context otherwise requires:

/t	means per tonne.
adb	means air-dried basis.
AEST	means Australian Eastern Standard Time.
Applicant	means an applicant for New Shares under this Prospectus.
Application	means an application for New Shares under this Prospectus.
Application Form	means an application form attached to this Prospectus.
Application Money	means the amount of money accompanying an Application Form submitted by an Applicant, being the Offer Price multiplied by the number of New Shares applied for.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Listing Rules	means the rules of the ASX that govern the admission, quotation and removal of securities from the ASX's official list.
ASX Settlement	means ASX Settlement Pty Ltd ACN 008 504 532.
ASX Settlement Operating Rules	means the ASX Settlement Operating Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act.
ATO	means Australian Tax Office.
Aust-Pac	means Aust-Pac Capital Pty Ltd ACN 103 653 425 in its own capacity and in its capacity as trustee of the Wongai Unit Trust.
Blackwater Coal Pty Ltd	means Blackwater Coal Pty Ltd (in liquidation) ACN 119 407 760.
Board	means the board of Directors of the Company.
Bounty Cook	means Bounty Cook Pty Ltd ACN 111 762 924.
Bounty Group	means, collectively, the Company, Bounty Cook, Bounty Minyango, Bounty Mining Investments and Bounty Operations.
Bounty Minyango	means Bounty Minyango Pty Ltd ACN 103 192 829.
Bounty Mining Investments	means Bounty Mining Investments Pty Ltd ACN 165 575 815.
Bounty Operations	means Bounty Operations Pty Ltd ACN 103 192 838.
Broker	means any ASX participating organisation selected by the Lead Manager and the Company to act as a Broker to the Offer.
Broker Firm Application Form	means the green Application Form for the Broker Firm Offer attached to this Prospectus.

14. GLOSSARY

Broker Firm Offer	means the invitation to investors in Australia and New Zealand who have received a firm allocation of New Shares from their Broker, described in section 8.9.
Chairman	means the chairman of the Company, Mr Gary Cochrane.
CHESS	means Clearing House Electronic Sub-register System, operated by ASX Settlement.
Class A Options	means Options on the terms set out in section 13.4.
Class B Options	means Options on the terms set out in section 13.4.
Closing Date	means the date on which the Offer closes, being 30 May 2018 or another date nominated by the Company in agreement with the Lead Manager.
Coal Market Expert	means CRU Consulting Pty Ltd.
Coal Market Report	means the coal market report contained in Annexure B.
Company or Bounty	means Bounty Mining Ltd ACN 107 411 067.
Constitution	means the constitution of the Company as amended from time to time.
Cook CHPP	means the coal handling and preparation plant, and rail loop, acquired by Bounty Cook in connection with the Cook Colliery.
Cook Colliery	means the coal project operating on the Cook Tenements
Cook Colliery Acquisition	means the acquisition pursuant to the Cook Calendon Purchase Agreement and the Cook Glencore Purchase Agreement.
Cook Hard Coking Coal	means the coking coal the Company expects will be produced from the Cook Colliery, Cook North Project and Minyango Project further details of which are contained in the Cook/Minyango Technical Expert's Report.
Cook North Project	means the exploration project adjacent to Cook Colliery described in sections 5.2 and 6.1.
Cook Caledon Purchase Agreement	means the asset sale agreement between Bounty Mining, Bounty Cook, Bounty Minyango and CC Pty Ltd dated 25 August 2017 and described in section 12.2.
Cook Glencore Purchase Agreement	means the asset sale agreement between Bounty Cook and Cook Resource Mining Pty Ltd dated 20 November 2017 and described in section 12.2.
Cook Tenements	means the mining leases described in section 6.1.
Cook/Minyango Purchase Agreements	means, collectively, the Cook Caledon Purchase Agreement and the Cook Glencore Purchase Agreement.
Cook/Minyango Technical Expert's Report	means the independent technical expert report prepared by Ademelia Global Pty Ltd in relation to the Cook Colliery, Cook North Project and Minyango Project set out in Annexure A.
Corporations Act	means the Cor*porations Act 2001* (Cth).
Corporations Regulations	means the *Corporations Regulations 2001* (Cth).

14. GLOSSARY

CSN	means crucible swell number, a coal quality reference.
CC Pty Ltd	means CC Pty Ltd (in Liquidation) ACN 121 024 271.
CQCA	means collectively BHP Coal Pty Ltd, UMAL Consolidated Pty Ltd, BHP Queensland Coal Investments Pty Ltd, Mitsubishi Developments Pty Ltd, QCT Investments Pty Ltd, QCT Mines Pty Ltd, and QCT Resources Pty Ltd.
CSR	means coke strength after reaction, a coal quality reference.
Directors	means the directors of the Company.
DNRME	means Department of Natural Resources Mines and Energy.
EPC	means an exploration permit for coal issued under the Mineral Resources Act.
Escrowed Shares	means the Shares that are expected to be subject to escrow as described in section 12.11.
Full Subscription	means the amount to be raised under this Offer if it is fully subscribed, being $18 million, by way of the issue of 51,428,571 New Shares at $0.35 per New Share.
FY	means financial year.
FY2015	means the financial year ended 30 June 2015.
FY2016	means the financial year ended 30 June 2016.
FY2017	means the financial year ended 30 June 2017.
GST	means goods and services tax.
HCC	means hard coking coal.
HIN	means a holder identification number.
HY2017	means the six months to 31 December 2016.
IAS	means an initial advice statement prepared for the purposes the relevant State and Federal environmental legislation.
IPO	means initial public offering.
Indicated Mineral Resource or Indicated	has the meaning given to that term in the JORC Code.
Inferred Mineral Resource or Inferred	has the meaning given to that term in the JORC Code.

14. GLOSSARY

Institutional Investors	means an investor: • in Australia who is a 'wholesale client' for the purpose of section 761G of the Corporations Act and who is either a 'professional investor' or 'sophisticated investor' within the meaning of sections 708 (11) and 708(8) Corporations Act; • in New Zealand to whom an offer or invitation can be made without the need for a product disclosure statement under the FMC Act, being persons who are an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, persons who meet the investment activity criteria within the meaning of clause 38 of schedule 1 of the FMC Act, persons who are large within the meaning of clause 39 of the FMC Act, persons who are a government agency within the meaning of clause 40 of schedule 11 of the FMC Act, or persons who are eligible investors within the meaning of clause 41 of the FMC Act; or • in certain other jurisdictions, in the absolute discretion of the Lead Manager, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one which the Company is willing, in its absolute discretion, to comply), In all cases provided that such person is not in the United States.
Institutional Offer	means the invitation to Institutional Investors in Australia, New Zealand and selected overseas jurisdictions, described in section 8.10.
Investigating Accountant	means Nexia Sydney Corporate Advisory Pty Limited ACN 114 696 945.
JORC Code	means the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, 2012 edition.
KPIs	means key performance indicators.
Lead Manager	means PAC Partners Pty Ltd ACN 165 738 438.
Lead Manager Mandate	means the mandate letter and subsequent amendment between the Company and the Lead Manager with respect to the Offer described in section 12.10.
Listing Rules	means the listing rules of ASX.
Measured Mineral Resource or Measured	has the meaning given to that term in the JORC Code.
Mineral Resource	means a coal occurrence in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories, as defined in the JORC Code.
Mineral Resources Act	means the *Mineral Resources Act 1989* (Qld).
Minimum Subscription	means the minimum amount to be raised under the Offer, being $14 million by way of the issue of 40,000,000 New Shares at $0.35 per New Share.
Minyango Project	means the project relating to the exploration and potential subsequent development of the Minyango Tenements.
Minyango Tenements	means the exploration permits and mining lease described in section 6.2.

14. GLOSSARY

ML	means a mining lease under the Mineral Resources Act.
Mt	means million tonnes.
New Shares	means the Shares offered under this Prospectus.
Offer	means the offer of New Shares under this Prospectus.
Offer Costs	means the costs of the Offer described in sections 8.4 and 13.9.
Offer Price	means $0.35 per New Share.
Official List	means the official list of ASX listed companies as maintained by ASX.
Official Quotation	means official quotation by ASX.
Opening Date	means the date on which the Offer opens, being 17 May 2018, or another date nominated by the Company in agreement with the Lead Manager.
Options	means options to acquire Shares.
Ore Reserve	has the meaning given to that term in the JORC Code.
PCI	means pulverised coal injection.
Priority Offer	means the offer to selected participants in Australia and New Zealand identified by the Company, described in section 8.11.
Priority Offer Application Form	means the blue Application Form for the Priority Offer attached to this Prospectus.
Prospectus	means this prospectus dated 1 May 2018 as modified or varied by any supplementary prospectus issued by the Company and lodged with ASIC.
RG Tanna Coal Terminal	means the coal terminal of that name operated by Gladstone Ports Corporation.
SRN	means a security holder reference number.
Settlement Facility	has the meaning specified in the ASX Settlement Operating Rules.
Shareholders	means holders of Shares.
Share Registry	means Computershare Investor Services Pty Ltd ACN 078 279 277.
Shares	mean fully paid ordinary shares in the Company.
Solicitor's Tenement Report	means the solicitors report on the Bounty Group's tenements set out in Annexure C.
Traditional Owners	means a person or people who is or are a member or members of a local descent group having certain rights and responsibilities in relation to a tract of land relevant to the Company's projects.
United States or U.S	means United States of America, its territories and possessions, and any state of the United States of America and the District of Columbia.

14. GLOSSARY

VETL	means VETL Pty Ltd ACN 094 451 439 as trustee for the Cochrane Treasury Trust, an entity controlled by Director, Gary Cochrane.
VETL Loan	means the debt facility provided to the Company by VETL as described in section 12.9.
Westpac	means Westpac Banking Corporation Limited ACN 007 457 141.
Wongai Deed of Cross Security	means the deed of cross security between Aust-Pac, Bounty Investments and Bounty Operations described in section 12.4
Wongai Farm-In Agreement	means the farm-in agreement between Aust-Pac and Bounty described in section 12.4.
Wongai Joint Venture	means the joint venture between Bounty Mining Investments and Aust-Pac established under the Wongai Joint Venture Agreement.
Wongai Joint Venture Agreement	means the joint venture agreement between Bounty Mining Investments and Aus-Pac described in section 12.4.
Wongai Management Agreement	means the management agreement between Aust-Pac, Bounty Mining Investments and Bounty Operations described in section 12.4.
Wongai Project	means the early-stage exploration coking coal project located in the Laura Basin of Queensland which is based on the Wongai Tenement and pursued by the Wongai Joint Venture.
Wongai Technical Expert's Report	means the independent technical expert's report prepared by JT Boyd Company in respect of the Wongai Project incorporated into this Prospectus by reference in accordance with section 712 Corporations Act.
Wongai Tenement	means EPC 2334.
You	means the investors under this Prospectus.

15.

CORPORATE DIRECTORY

15. CORPORATE DIRECTORY

DIRECTORS

Gary Cochrane – Executive Chairman
Rob Stewart – Non-Executive Director
Kevin Jiao – Non-Executive Director
Julie Garland McLellan – Non-Executive Director

COMPANY SECRETARY

Eryl Baron

INVESTIGATING ACCOUNTANT

Nexia Sydney Corporate Advisory Pty Ltd
ACN 114 696 945

Level 1 16 Market Street
SYDNEY NSW 2000
Telephone: +61 2 9251 4600
Facsimile: +61 2 9251 7138
Website: www.nexia.com.au

AUDITOR

Nexia Sydney Audit Pty Ltd
ACN 606 785 399

Level 1 16 Market Street
SYDNEY NSW 2000
Telephone: +61 2 9251 4600
Facsimile: +61 2 9251 7138
Website: www.nexia.com.au

LEAD MANAGER

PAC Partners Pty Ltd
ACN 165 738 438

Level 10, 330 Collins Street
Melbourne VIC 3000
Telephone: +61 3 8633 9834
Website: www.pacpartners.com.au

REGISTERED OFFICE

Suite 301, Level 3
66 Hunter Street
SYDNEY NSW 2000
Telephone: +61 2 9231 5852
Email: secretary@bounty.com.au
Website: www.bounty.com.au

LEGAL ADVISER TO THE OFFER

McCullough Robertson

Level 11, 66 Eagle Street
Brisbane QLD 4000
Telephone: +61 7 3233 8888
Facsimile: +61 7 3229 9949
Website: www.mccullough.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street
ABBOTSFORD VIC 3067
Telephone: 1300 555 159
Website: www.computershare.com/au/

ANNEXURE A
COOK/MINYANGO TECHNICAL EXPERT'S REPORT

ANNEXURE A COOK/MINYANGO TECHNICAL EXPERT'S REPORT

THE ADAMELIA GROUP
ADAMELIA GLOBAL PTY LTD
ACN 158 704 226

Bounty IPO
Independent Technical Expert Report

Prepared for Mr Gary Cochrane – Chairman, Bounty Mining Ltd

Bounty Mining Ltd

Document Properties

Client:	Bounty Mining Ltd
Project:	Independent Technical Expert Report for the Cook Colliery and Minyango Project ASX IPO
Project Number:	038-101-171019-0
Project Location	Desktop
Document Number:	AG_038_01
Report:	Independent Technical Expert Report for the Cook Colliery and Minyango Project ASX IPO

Revision History

Rev	Description	Originator	Checked By	Date
001	Draft v0	CH	DT	22/01/2018
002	Draft v1	DT		18/02/2018
003	Final	DT	RJ	23/02/2018
004	Final Updated with Minyango JORC 2012	CH	DT	21/04/2018

David A Thomas
Principal - Mining

Date

THE ADAMELIA GROUP
Mining
Property
Investment
Technical
Management

GPO Box 995
BRISBANE Q 4001
Australia

(p) +61 7 3102 3066
www.adamelia.com.au

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1 Executive Summary

This Independent Technical Expert Report ("ITER") of the Cook Colliery and Minyango Project holdings of Bounty Mining Ltd ("Bounty") has been prepared by Adamelia Global Pty Ltd ("AG") at the request of Mr Gary Cochrane, Chairman of Bounty. The purpose of the report is to provide independent technical review of, and opinion on, the coal resources and operating plans of Bounty with regard to the Cook Colliery and Minyango Project coal tenements (the "Project") for inclusion in a prospectus for an Initial Public Offering (IPO) to be made on the Australian Stock Exchange.

The Project is located in Central Queensland, south of the town of Blackwater and some 200km west of Rockhampton. The Minyango tenements surround and continue immediately south of Blackwater, while Cook Colliery is about 30km south of Blackwater.

In completing this assignment, AG have undertaken the following work.

- Review of the geology and JORC resource estimate for the Project.
- Review of geotechnical conditions for the Project.
- Review of the expected coal quality from the Project.
- Development of an independent 5-year bord and pillar plan of operations for the Project.
- Review of mine site infrastructure and its appropriateness for planned mining operations.

A summary of the findings of the above work is provided immediately following, while more detailed discussion of each area is contained in subsequent sections of this report.

1.1 Resources

The resources for Cook Colliery and Minyango are contained within five primary coal seams of the Rangal Coal Measures, with each seam generally 1.5m-3m thick and separated by 10m-30m of non-coal material. The depth from the surface to the seams in the minable areas ranges from around 140m to over 400m. In certain areas, two or more of these seams combine to form a single, thicker coal seam.

The total Resource within the Project tenements based on the latest JORC compliant estimates are provided in Table 1-1.

Table 1-1 : Summary of JORC Compliant Resources – Cook Colliery and Minyango

Tenement	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)
Cook Colliery	83.9	162.3	213.6	459.8
Minyango >1.2m thick	6.1	71.8	112	189.9
Total	90	234.1	325.6	649.7

Following review and consideration (including independent audit by Xenith at Cook), AG considers that both the existing geological models and the Resource estimates provide for a high level of confidence to support this ITER and subsequent mining reserve calculations.

1.2 Coal Quality

Historically, Cook Colliery has produced a coking coal as their primary product, with a mid-ash thermal coal as a secondary product. The basic specifications for each product are provided in Table 1-2.

Table 1-2 : Summary Specifications – Cook Colliery Coal Products

Coking Coal Specification		Thermal Coal Specification	
Parameter	**Value**	**Parameter**	**Value**
Moisture (ar)	9%	Moisture (ar)	9%
Ash (ad)	7.5%	Ash (ad)	14.5%
Volatile Matter (ad)	26.0%	Volatile Matter (ad)	22.0%
Total Sulphur (ad)	0.4%	Fixed Carbon	62.0%
Specific Energy (ad)	7700 kcal/kg	Total Sulphur	0.4%
Phosphorous in coal	0.080%	Specific Energy (ad)	7000 kcal/kg
CSN	6-7	Phosphorous in coal	0.160%
Gray King	G7	Hardgrove Grindability	74
Dilatation - initial	405°C	Ash Fusion Temperature	+1300°C
Fluidity	1000ddpm		
RvMax	1.08%		

Historically, coking coal has represented 75-80% of the total product.

The available data supports that a 7.5% ash (ad) coking product with CSN in the specified range of 6 to 7 with nominal 52% vitrinite content and can be produced. Total sulphur is as expected, but coking rheology testing indicates lower than specified values of fluidity, dilatation and Gray King in all cases, plus a modest increase in rank from the specified RvMax of 1.08% to 1.13%. Phosphorus levels are at times elevated for individual samples and a detailed study of the Argo sample in 200 mm intervals indicated that phosphorus levels vary greatly for individual plies, with some of the lower plies rising to as high as 0.4%.

The available data indicates that a maximum 14.5% ash (ad) thermal product can be readily produced.

Data from bore cores suggest that washing yields of +90% are achievable, however, historic washing yields have been around 70%, with around 80% being a coking product. This is believed to be a function of dilution added during the mining process as compared to poor plant performance.

Of concern going forward is that there is very little raw coal quality data and no washed coal data in the southern area of Cook Colliery, which forms the majority of the resource to be mined over the next 5 years. While mining elsewhere has shown actual quality to be fairly consistent across the resource, the lack of bore core data in the south raises the risk that quality may not be as projected from previous mining, and additional drilling is necessary to more accurately predict the quality at Cook going forward.

Data from bore core within Minyango suggests that similar products can be produced from the target mining seams there.

1.3 Geotechnical Environment

The Rangal Coal Measures in the Blackwater area have proven to be very difficult to successfully mine by underground longwall methods. The Leichhardt and Sirius Creek Mines were abandoned due to seam gas and poor ground conditions. The South Blackwater Mines operated reasonably successfully for about 35 years using conventional pillar extraction in Laleham. However, following a conversion to longwall mining at Kenmare, the resultant success was mixed and ultimately Kenmare was abandoned and closed due to geotechnical issues.

Given the relatively high-quality coal resources available for extraction at Cook Colliery, there has always been a temptation to mine with longwall mining methods. However, longwall mining methods have been unsuccessful and are considered to present an unacceptable level of risk as a potential mining method going forward. This is primarily due to:

- The density of faulting, including seam equivalent displacement faulting, which does not provide for adequate retreat length of longwall panels between faults and has historically resulted in difficult geotechnical conditions restricting longwall productivity and resulting in costly downtime and ground control costs.
- The presence of overlying Castor seam workings, with an interburden typically around 8-10m, which has resulted in inter-seam mining stress on the lower mine workings due to high stress concentrations associated with overlying Castor seam pillars. This has historically resulted in poor ground conditions both on the longwall face and associated gateroads and led to costly downtime associated with poor geotechnical conditions. In addition, unless carefully planned, the overlying abandoned Castor seam workings provide a source of water which present a potential flood inundation risk. The ultimate demise of Cook Colliery in 2017 under the previous ownership was associated with a flood inundation from overlying workings that forced the ceasation of longwall operations, and which highlights the need for careful mine design layout and management of overlying Castor seam working risk.

Despite the previous poor experience with longwall mining at Cook Colliery and associated mines including Kenmare, AG considers that the current opportunity to utilise a more flexible bord and pillar mining method utilising fit for purpose mining equipment, including place change equipment, provides a unique opportunity for Bounty to successfully recover high quality coal. The nearby Laleham mine (next to Kenmare) in particular demonstrated very successful place change mining in the same target seam sequences (albeit at shallower cover depths).

While the geotechnical risks particularly associated with faulting and overlying seam workings remain when using bord and pillar mining methods, AG considers that with diligent mine planning, appropriate equipment selection and strong operational management, these risks can be reduced to an acceptable level and indeed provide an opportunity for highly productive mining recovery.

1.4 Mine Infrastructure

The underground infrastructure incorporating the decline access drift for men and material, underground travelling roadways, mine services (electrical power supply, water supply and pump return pipeline) at the mine were noted as being in acceptable to good condition. The standard and

quality of installations appeared within acceptable parameters with no notable safety (or other) defects.

Much of the coal clearance (conveying) system has been installed as new and/or replaced. The installation is of a high standard and suited to the planned production duty.

On surface, the mine buildings are functional and suited to the required duty. These are also suitably equipped and with normal ongoing maintenance should be serviceable for many years.

Over recent times the coal preparation plant (CPP) has undergone some major design changes with new equipment being installed to replace some of the older and outdated equipment. The layout is good with open access to most areas. Some sections have been upgraded to a nameplate capacity of 750tph throughput but in general the plant is currently rated at 500tph.

The plant condition is considered good and suited to the required duty i.e. for the planned underground production of 2-2.5Mtpa.

Services as applicable to the process plant including electrical power supply and water were stated as being reliable with no major outages experienced.

1.5 Operations Plan

A five-year plan of operations has been developed for Cook Colliery that contemplates the use of bord and pillar methods to extract the coal. With the right equipment, the bord and pillar method is far more flexible than longwall mining, and therefore, is well suited to the conditions at Cook.

Given the relatively thick (4-4.5m) Argo seam section, and the readily available mining equipment, a two-stage bord and pillar mining methodology has been adopted for the five-year plan at Cook. This methodology involves initial advance mining at minimum height in the top portion of the seam followed by extraction of the remaining bottom portion of the seam (floor coaling) on retreat. Each mining unit will be equipped with both a wide head and narrow head continuous miner (CM) working in tandem to advance a panel to the full extent of the block, extracting a 2.5-2.8m thickness of the seam while leaving 0.5m of roof coal for stability. Upon reaching the inbye end of the panel block, the wide head CM would be removed and relocated to begin mining of the next panel while the bolting rigs would be removed from the narrow head CM and the floor coal extracted from the inbye end of the panel back to the beginning (outbye end) of the panel. This CM would then have its bolting rigs reinstalled and be relocated to the next panel to re-join the wide head CM.

Using the above methodology, the minimum amount of ground support is installed during panel advance and the floor coal can be mined without installing any additional ground support, thereby reducing mining costs compared to extracting the full mining height on advance. A similar methodology is being used at the nearby Ensham underground mine with good success.

In addition to the above methodology to be used in the near term, Bounty plan to eventually employ place change mining at Cook. Therefore, this method has been adopted as an additional mining unit when the equipment can be made available, which is projected to be August 2019, assuming the equipment is purchased new and ordered by end of June 2018. Similar to the above methodology, panel development using the place change method would involve panel advance in the upper portion of the seam at a nominal height of 2.5m, leaving 0.5m of coal in the roof, followed by floor coaling on

panel retreat. Unlike the above methodology, only one CM is projected per mining unit, with this CM performing both panel advance and panel retreat.

Based on the use of the above methodology, the planned timing for the introduction of mining units, and reasonable projections for mining unit productivity and mining costs, Table 1-3 provides a summary of the projected mine production and free on rail (FOR) costs for the five-year operations plan at Cook.

Table 1-3 : Summary of Production and Costs – Five-Year Plan

Calendar Year	2018	2019	2020	2021	2022
Total ROM Production (kt)	1,022	1,770	2220.4	2151.6	2249.1
CPP Yield	90.3%	90.4%	90.0%	88.1%	90.9%
Total Product (kt)	923.2	1601.2	1998.5	1894.7	2044.3
Coking Coal (kt)	738.6	1281.0	1598.8	1515.8	1635.4
Thermal Coal (kt)	184.6	320.2	399.7	378.9	408.9
Avg. No. of Personnel (Mine & CPP)					
Company Wages	64	103	134	134	134
Company Staff	36	38	38	38	38
Contract Mining	81	106	106	106	106
Direct FOR Mining Costs ($000's)					
Labour	$46,999	$62,700	$69,412	$69,389	$69,389
Maintenance	$7,720	$13,546	$16,751	$16,141	$16,897
Consumables	$21,023	$31,984	$34,711	$32,676	$31,807
Equipment Hire	$6,633	$7,800	$6,558	$6,558	$6,558
Outbye Contract Operations	$947	$2,210	$3,611	$3,560	$2,450
Power, Water, Other	$12,614	$15,365	$17,392	$17,103	$17,512
Total Cost ($000's)	**$95,936**	**$133,605**	**$149,934**	**$146,928**	**$146,015**
Cost per Product Tonne	**$103.91**	**$83.44**	**$67.53**	**$68.29**	**$64.92**

To deliver the above plan, the capital expenditures summarised in Table 1-4 are projected to be required.

Table 1-4 : Summary of Projected Capital Expenditures – Five-Year Plan

	Expenditure by Calendar Year ($000's)				
Item	**2018**	**2019**	**2020**	**2021**	**2022**
Mine Extension Feasibility Studies	$2,625	$500			
Initial Equip. Purchase/Rebuild	$8,410				
CPP & Miscellaneous Overhauls	$1,000				
New Place Change Unit	$2,550	$9,300			
Conveyor Extensions	$0	$3,500	$2,300		
Sustaining Capital	$2,400	$7,200	$5,000	$2,000	$2,000
Total Expenditure	**$16,985**	**$20,500**	**$7,300**	**$2,000**	**$2,000**

1.6 Project Risks

Following review of the geology, resources, coal quality and geotechnical environment, AG has identified the following primary risks to the Project that could have a material impact on the five-year operational projections contained herein. In this context, AG considers a material impact to be a negative 10% or greater change in projected production or costs.

1.6.1 Geology and Resources

AG considers that the structural geology and coal quality for the target seams has been well understood and that both the method of data compilation and associated geological modelling is of a sufficiently high standard to support accurate JORC Resource estimates. This has been further validated through AG review of available data and through independent audit by Xenith Mining Consultants, whereby the structural from – to seam picks of existing model grids have been validated against sighted borehole intersections.

As such, while there is a good understanding of the Resource and little risk of the Resource tonnages being less than projected, there is a risk of faulting of the Argo and/or Pollux seams being more disruptive than anticipated in areas away from the overlying Castor seam workings due to both a lack of drill hole data and seismic survey data. This risk could lead to less than anticipated production and higher mining costs than projected from late 2019 onwards.

1.6.2 Geotechnical

From a geotechnical standpoint, the overall mine design and proposed ground support parameters are considered appropriate and should provide for geotechnical stability based on the implementation of appropriate controls during mining. However, the operations plan is premised to a large extent on successfully being able to leave at least a 0.5m thick coal beam roof in all workings, which is something that has not been achieved in the past. While the primary reasons for past failures to maintain an adequate coal beam roof reportedly relate to equipment and cultural issues, there is also a lack of a good visual horizon indicator in the coal seam (i.e. stone band) to guide operators as to their vertical position within the coal seam. Therefore, it could be fairly easy to lose the proper horizon in the seam, allowing the roof coal to become too thin and the weak shale layer above the seam to collapse and become part of the ROM product, leading to lower productivity and washing yields and higher ground support costs.

However, AG did observe a definite "dull coal" band near the top of the seam in the areas visited that would aid in maintaining the proper cutting horizon, and diligent control on a cut by cut basis will be required in order to mitigate this risk.

1.6.3 Coal Quality

While coal seam quality data from bore cores is considered adequate on a raw coal basis over the majority of the Cook resource area, there is a definite lack of washed quality data in the southwest portion of the proposed mining area, lack of any data to the southeast of the existing workings, and a lack of data on the coking product quality "as shipped" over the past few years.

Although the coal quality across the existing database is fairly consistent, and no reports of poor shipment quality in the past have been sighted, given the above, there is still a risk that coal quality

and yields could be lower than anticipated, resulting in lower product tonnages and/or lower sales prices for product coal.

1.6.4 Mine Production

The build-up in mine production forecast by Bounty in the five-year operations plan is fairly aggressive, both in terms of introduction of mining units and unit productivity. While the overall productivity is considered achievable, there is a risk that the time frame to achieve this productivity could be longer than anticipated, primarily due to new labour hire training and efficiency.

1.6.5 Ventilation

While an allowance of $3M has been included in the capital expenditure schedule to "debottleneck" the ventilation system around the pit bottom, and an attempt has been made in the scheduling to limit the number of units off of any one ventilation spilt, no formal ventilation simulations have been conducted to verify these assumptions and there is still a risk that the existing ventilation facilities may be inadequate to allow recovery of the coal in the manner projected in this operations plan. The impact of this risk would be to move operations into the thinner seam Cook Central area sooner than anticipated, which would increase mining costs.

2 Introduction

2.1 Purpose

This Independent Technical Experts Report ("ITER") of the Cook Colliery and Minyango Project holdings of Bounty Mining Ltd ("Bounty") has been prepared by Adamelia Global Pty Ltd ("AG") at the request of Mr Gary Cochrane, Chairman of Bounty. The purpose of the report is to provide independent technical review of, and opinion on, the coal resources and operating plans of Bounty with regard to the Cook Colliery and Minyango Project coal tenements (the "Project") for inclusion in an Initial Public Offering (IPO) to be made on the Australian Stock Exchange.

Bounty has recently acquired the formerly operating Cook Colliery longwall mine and associated Minyango and Cook North coal tenements from Caledon Coal Limited (Adminstrators Appointed), and has begun restarting underground mining operations using the bord and pillar method. In order to raise the necessary capital to fully enable this restart, an IPO is being undertaken.

2.2 Capability and Independence

AG provides independent technical services to the minerals and finance sectors including exploration design and management, resource and reserve evaluation, mining engineering, and independent technical assessment for financing and purchase of mineral properties/projects.

The contained independent technical review on geology and coal resources, coal quality, geotechnical, infrastructure and mining aspects of the project has been undertaken by an AG team led by David Thomas, Principal-Mining with AG. The qualifications of Mr. Thomas and the AG team can be found in Appendix A to this report.

Neither the above named individual nor AG have a direct or indirect financial interest or association with Bounty, the properties and tenements reviewed in this report, nor the outcome of any transactions that may rely on this report, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. AG believes the present arrangements for services rendered to Bounty do not in any way compromise its independence with respect to this review.

Drafts of this ITER have been provided to Bounty, but only for the purposes of verifying factual information and the reasonableness of assumptions contained herein.

2.3 Scope of Work and Methodology

The scope of work for AG agreed with Bounty was to provide an independent technical review of the Project, addressing the following elements.

- Review of the geology and JORC resource estimate for the Project.
- Review of geotechnical conditions for the Project.
- Review of the expected coal quality from the Project.
- Development of an independent 5-year bord and pillar plan of operations for the Project.
- Review of mine site infrastructure and its appropriateness for planned mining operations.
- Preparation of a formal report for inclusion in the IPO Prospectus.

The ITER review commenced in mid-November, with a core AG team travelling to the mine site to discuss planned operations with Bounty personnel, observe the surface mine infrastructure including the coal preparation plant, and visit the underground workings to observe present mining conditions and the condition of the existing underground infrastructure. Following the two-day site visit, AG was provided with the complete data set used during the sales process from Caledon Coal Limited (Administrators Appointed) to be used as the basis for the review. Additionally, a number of meetings were held between AG and Bounty representatives to discuss progression of Bounty's operating plans, address queries arising from AG's initial review, and request additional information.

In parallel with AG's review work, Xenith Mining Consultants undertook a thorough audit of the geological model for the Cook Colliery leases, and AG utilised Xenith's services as necessary in regards to geological review and modelling for mine planning purposes.

2.4 Reliance/Materiality/Limitations

AG has relied on data provided by Bounty and its sub-consultants, as well as publicly available information relating to the tenements and its previous, limited exposure to the Project. Time and scope has not permitted AG to independently verify all geological or operating data or projections, however, AG has completed a basic audit of the information and finds no reason to suspect that the information provided by Bounty is not accurate or factual.

In determining reasonableness, AG has considered whether any identified risks or issues are likely to be material to the business plans and financial projections of Bounty. In this context, AG has defined materiality as having a negative impact of more than 10% on the planned production, operating costs, capital expenditures or revenues as contained in the business plan.

All opinions, findings and conclusions expressed herein are those of the independent specialists of AG who completed this report.

It should be noted that coal mining, and particularly underground coal mining, is to a large extent dictated by the geological and geotechnical environment. While diligent planning and management can identify and mitigate most risks, there remains the possibility that all risks will not be identified and planned for in advance such that unexpected conditions and/or events will arise during the course of underground coal mining that may have a material impact on operations.

3 Project Background

3.1 Project Location

The location of the Cook Colliery and Minyango Project areas is shown in Figure 3-1. The town of Blackwater is located within the Minyango Project, 200km west of Rockhampton and approximately 600km north-west of Brisbane. The Capricorn Highway and the high capacity Blackwater System Railway cross the Blackwater township. Most of coal mined in the Blackwater area is exported through the Gladstone Coal Terminal, approximately 300km by rail.

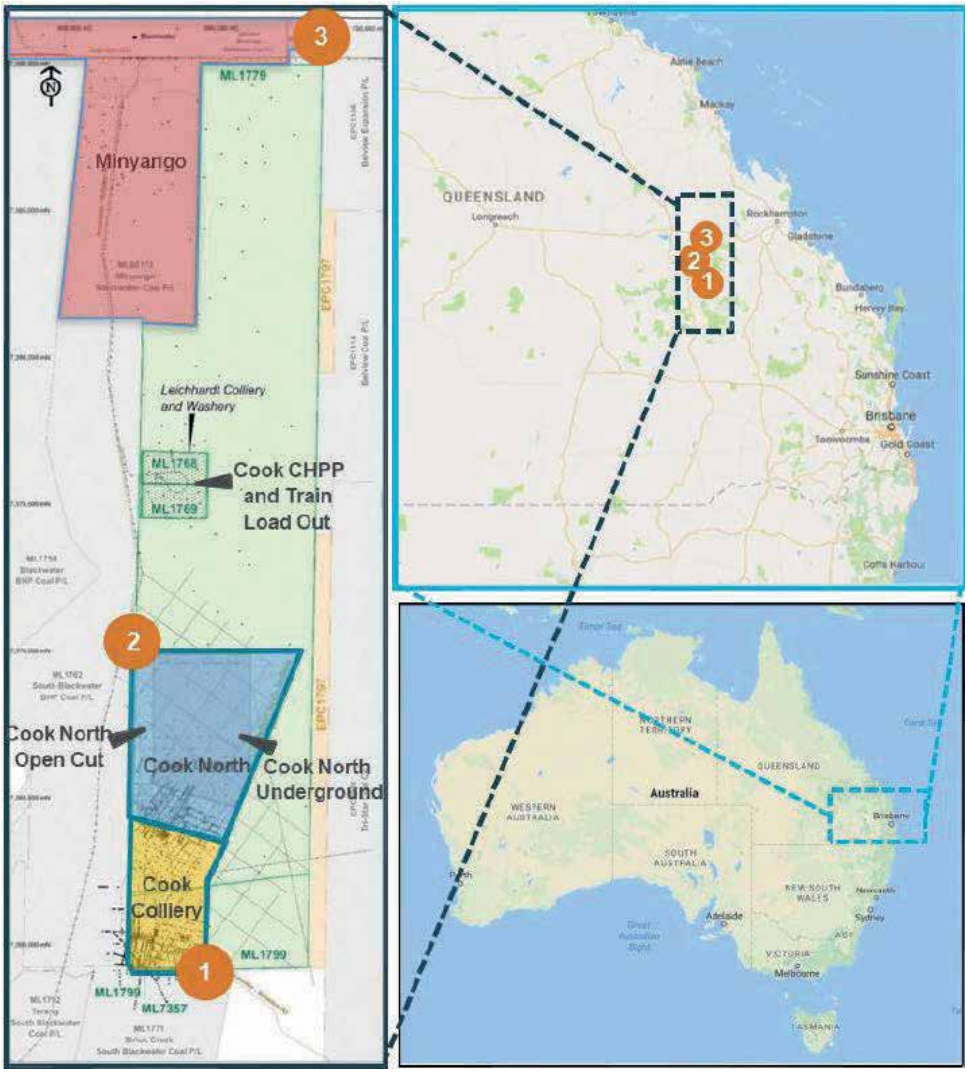


Figure 3-1 : Location of Cook Colliery and the Minyango Project

3.2 Mining Tenements

Cook Colliery consists of ML1779, the southern portion of ML1799 (south of latitude 7370000N) and ML7357, which form the mining area, and ML1768 and ML1769, which form the area of the coal handling and preparation plant (CHPP) facilities. The present terms of the mining leases for the colliery expire on 30 April 2021, while the leases for the CHPP expire on 30 September 2028.

The Minyango Project consists of a number of mining tenements as follows.

- EPC 699
- EPC 997
- MDLa 424 (application)
- MDLa 465 (application)
- MDL 375
- ML 80173

Of particular relevance is ML80173, which was granted in December 2015 and expires on 31 December 2040.

3.3 Previous Operations

Mining operations at Cook Colliery have been primarily in the 2m-2.5m thick Castor Seam and 3m-5m thick Argo Seam. The interburden thickness between the seams where mining has taken place averages 15m-20m. Mining has largely been carried out by bord and pillar methods, although a longwall system operated for several years in the early 1990s and then again from 2015-2017.

Faulting of the coal seams has had a significant impact on mining conditions and the present extent of mine workings. Faults are predominantly reverse faults in nature with displacement ranging from a few centimetres up to 90m.

Historically, Cook has produced a mixture of medium to high volatile coking coal and a medium ash thermal coal after treatment through a coal handling and preparation plant ("CHPP") facility.

3.4 General Coal Seam Geology

The target coal measures of the Project are the Rangal Coal Measures, which are characterised in the area by a typically low seam dip (averaging less than 5 degrees), dipping to the east and striking slightly east of north.

The Rangal Coal Measures are unconformably overlain by the Rewan Formation, which consists of a grey-green claystone, siltstone and sandstone. The Rewan sediments can reach up to 200m in thickness at the Cook Colliery.

The Rangal Coal Measures predominantly consists of fine to medium grained, lithic sandstone interbedded with siltstone and mudstone. The average thickness of Rangal Coal Measures within the Cook Colliery Project Area is about 100 m.

The coal seams within the Rangal Coal Measures that occur in the project area are (in stratigraphic order from top to base) the Aries, Castor, Pollux, Orion, and Pisces. The coal seams commonly split and coalesce to form other seams, and in particular, the Argo (Pollux/Orion) seam and the Gemini (Castor/Pollux) seams. A schematic illustrating the nature of the coal seam splits from north to south over the project area is shown in Figure 3-2.

Towards the north and east directions from the south-western corner of ML 1799, the Argo seam splits into the Pollux and Orion seams. In the northern area of ML 1799 (Cook North) towards the northern boundary of the sublease (7370000N, AMG84), the Castor and Pollux Seams combine and coalesce to form the Gemini seam. Further north again to the south of Minyango the Gemini and Orion seams combine to form the Taurus seam.

Within the Minyango lease area, the coal seams are split again with the Aries and Pollux seams providing the main potential for mining recovery.

To the west of Cook Colliery, the Rangal Coal Measures are sufficiently shallow to be extracted by open cut mining as is the case in the BMA Blackwater mining leases adjacent to ML 1779, ML 7357 and ML 1799. BMA have been mining adjacent to the Cook Colliery leases since 1968. The opencut operations are currently producing 15 Million tonnes per annum (Mtpa) of Rangal coals and are supplying coking and thermal coal markets.

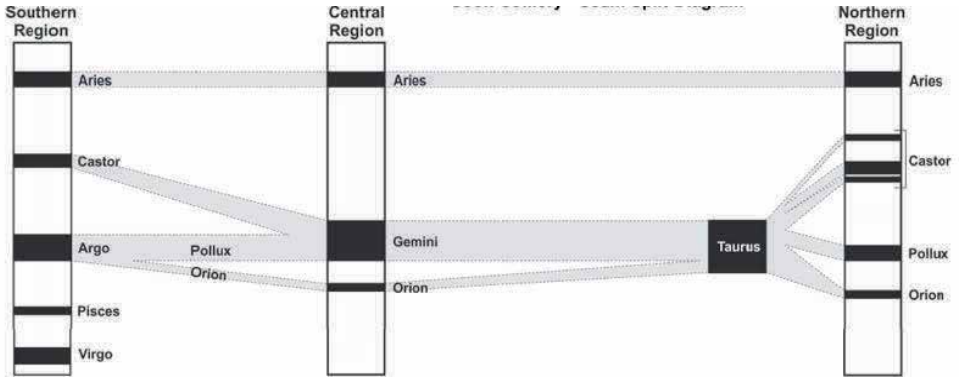


Figure 3-2 : Schematic Illustrating Seam Splitting Southern Area to Northern Area of Project

3.5 Exploration

3.5.1 Exploration within the Cook Colliery Area

The location of all exploration holes over the Cook Colliery/Cook North areas is shown in Figure 3-3. There are over 1,600 boreholes drilled in the area, some spaced as close as 50m from each other within the Cook Colliery leases, most of which have been logged with wireline geophysical logs.

There are also several sets of 2D seismic reflection surveys from which the data has been re-processed and interpreted in 2005 and 2016, and a 3D seismic reflection survey was completed over a large portion of the Cook North area in 2015 and early 2016.

Coal quality data from original drilling in the 1970's and 1980's has been misplaced over time, however, there is an abundance of coal quality information for the Castor and Argo seams based on previous mining operations in Cook Colliery.

In 2005, Xstrata Coal completed 19 partially cored holes within ML1779, five of which are located in the southern portion that represents the Cook Colliery sub-lease.

A series of 44 open and partially cored holes were drilled from 2007 through 2010 in the areas to the east and south of previous mining, and a series of 12 cored holes were completed in the Cook North area in 2016.

3.5.2 Exploration within the Minyango Project Area

The location of all exploration drill holes within the Minyango Project area is shown in Figure 3-4. The various exploration programs completing these holes were as follows.

- The Queensland Department of Mines drilled 21 fully cored boreholes in the Minyango Project Area (mainly within EPC 997) during 1968 and 1969.
- In 1988, Coal Resources of Queensland (CRQ) commenced an exploration program involving seven open boreholes and 35 line-kilometres of 2D seismic surveys.
- In 1995 Minyango Resources NL was granted EPC 553 over the area and four lines of 2D seismic surveys were completed by 1996.
- In 2005, a program targeting a shallow opencut area was completed by QCoal. Some 60 open boreholes and seven partly cored boreholes were completed within the proposed open pit area. Subsequently a 2006 drilling program resulted in the drilling of 3,630 m over 15 boreholes including a total of 942 m of 4C (100 mm diameter) core. A further 2007 drilling program was completed between July and October with a total of 5,217m drilled, including 953m of HQ3 (61 mm diameter) core.
- In 2009, six boreholes were completed to obtain additional detailed coal seam data including coal quality (coking properties), coal seam gas analysis and desorptions, and in-situ stress testing of strata lithology. In addition, a re-interpretation of faulting was conducted by Geo-Solve, and also involved re-processing of old seismic data by Velseis.
- In 2011 a total of 19 holes involving larger PQ size (85mm) coring of the target coal seams were completed to gain a more accurate representation of coal quality. In addition, a 3D seismic survey of the Minyango exploration area to map the roof of the Aries and Pollux seams and characterise faults and other structures associated with these two seams was undertaken.

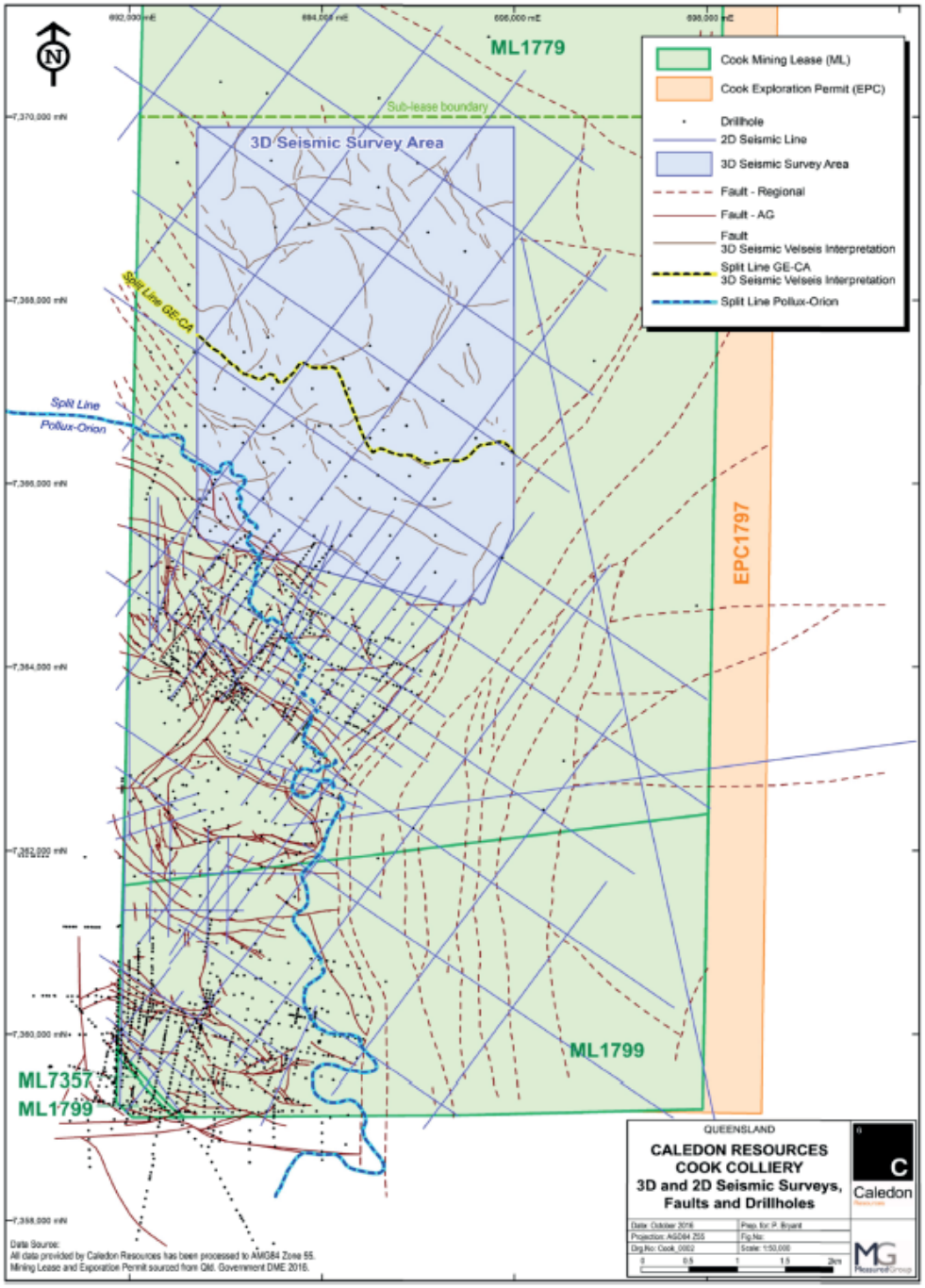


Figure 3-3 : Exploration Over Cook / Cook North

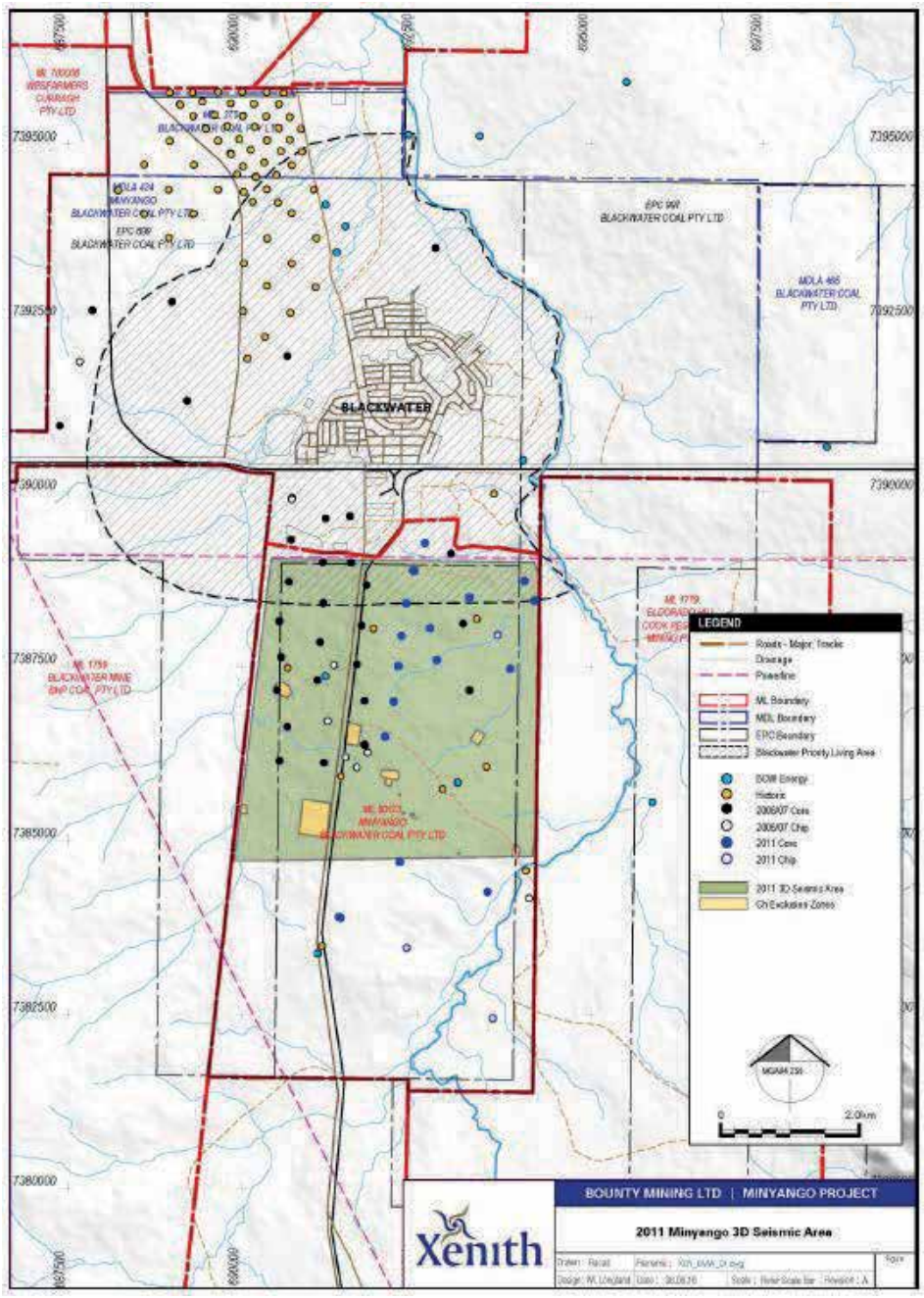


Figure 3-4 : Exploration Over Minyango Project Area

4 Resources

4.1 Survey Data

The existing Cook Colliery and Cook North geological data are kept together for database and modelling purposes. Because of the large geographic separation, the Minyango geological data is separated from the Cook geological data.

There are separate survey datum coordinate systems adopted for Cook and Minyango areas as follows.

- Cook spatial data (including AutoCAD and geological model files) generally references the older Australian Geodetic Datum 1984 [AGD84]/ Australian Map Grid [AMG84] [Zone 55] coordinate reference system, within which the majority of data was first processed.
- Minyango spatial data (including AutoCAD and geological model files) generally references the newer Geocentric Datum of Australia 1994 [GDA94]/ Map Grid of Australia as applied to GDA94 [MGA94] [Zone 55] coordinate reference system.

4.2 Cook Colliery Resources

4.2.1 Cook Colliery Resource Estimate

The most recent JORC Resource estimate for Cook Colliery, including Cook North, was released in 2016 and signed off by Mr Phillip Bryant (JORC Resources Report Cook Colliery Sublease ML 1799, ML 7357, ML 1779, ML 1768 and ML 1769. Report prepared for Caledon Coal Pty Ltd, Phillip Bryant December 2016).

The geological model for the Cook Colliery area is in Minex software format. The geological department of Caledon Coal also updated the geological model of the Cook Colliery based on fault conditions encountered during mining operations of the Argo seam and re-interpretations of faults from historic seismic data. The 2016 (Bryant) Coal Resource estimate for Cook Colliery is based on Resource polygons including the additional data from the mining operations in the Argo seam to the end of October 2016.

The December 2016 JORC Coal Resource Estimate was endorsed by the Competent Person (Mr Phillip Bryant), with appropriate qualifications. The estimate covered areas of the resources not mined at Cook Colliery to the end of October 2016. The Resource estimate only includes coal resources within the southern portion of ML 1779, ML 1799 and mining lease ML 7357 (the mine area) and excludes the resources in ML1768 and ML 1769 (the CHPP area).

The total Coal Resource for Cook Colliery is estimated at 459 Million tonnes (Mt) of which 246Mt are comprised of both Measured and Indicated categories as shown in Table 4-1.

Table 4-1 : Total Coal Resources of Coal Seam Deposits in Cook / Cook North (November 2016) (P. Bryant, December 2016)

Seam	Resource Category	Seam Thickness (m)	Coal Area (m^2)	Tonnage (Mt)	RD (g/cc)	IM (% Adb)	Ash (% Adb)	VM (% Adb)	FC (% Adb)	SU (% Adb)	SE (MJ/kg) (Adb)	CSN	Phosp. (% Adb)
ARIES	Measured	1.6	1,470,721	3.3	1.39	2.1	16.6	24.6	56.8	0.45	28.3	4.5	-
	Indicated	1.56	7,553,349	17.0	1.41	2.1	17.8	24.8	55.1	0.42	27.6	4.0	-
	Inferred	1.53	30,299,688	65.0	1.38	1.7	19.9	24.0	54.2	0.39	27.7	4.0	-
	Total	**1.56**	**39,323,758**	**85.3**	**1.39**	**1.8**	**19.3**	**24.2**	**54.5**	**0.40**	**27.7**	**4.0**	**-**
CASTOR	Measured	2.78	3,515,984	13.0	1.33	1.9	12.2	25.8	60.4	0.41	30.1	5.5	-
	Indicated	2.44	19,032,538	61.3	1.32	1.9	11.1	24.0	63.0	0.39	28.6	4.5	-
	Inferred	2.68	16,748,962	59.7	1.33	1.6	13.0	22.8	62.6	0.36	30.1	6.0	-
	Total	**2.63**	**39,297,484**	**134.0**	**1.33**	**1.7**	**12.4**	**23.4**	**62.5**	**0.37**	**29.7**	**5.5**	**-**
POLLUX	Measured	2.76	3,105,590	11.4	1.33	1.9	11.0	24.6	62.7	0.40	30.9	4.0	0.15
	Indicated	2.86	16,960,651	65.0	1.34	1.7	11.9	23.5	63.2	0.39	30.8	4.5	0.19
	Inferred	2.65	16,051,816	57.0	1.34	1.5	12.5	23.3	63.1	0.36	30.6	3.5	-
	Total	**2.75**	**36,118,057**	**133.4**	**1.34**	**1.6**	**12.2**	**23.5**	**63.1**	**0.37**	**30.7**	**4.0**	**0.18**
ARGO	Measured	4.65	8,178,560	50.2	1.32	1.9	10.0	25.3	63.4	0.35	31.4	4.0	0.15
	Indicated	4.44	1,524,080	9.0	1.33	1.9	9.7	25.0	63.5	0.36	31.6	5.0	0.13
	Inferred	4.54	319,467	1.9	1.31	2.1	9.2	25.0	63.9	0.36	31.6	5.5	0.17
	Total	**4.54**	**10,022,107**	**61.1**	**1.32**	**1.9**	**10.0**	**25.2**	**63.4**	**0.35**	**31.5**	**4.0**	**0.15**
ORION	Measured	1.5	3,211,229	6.0	1.35	1.8	13.5	24.7	60.6	0.33	30.1	5.5	0.13
	Indicated	1.45	6,350,787	10.0	1.40	1.8	20.7	23.2	54.4	0.37	27.1	5.0	0.13
	Inferred	1.38	17,655,071	30.0	1.42	1.7	23.3	22.4	52.7	0.37	26.2	-	-
	Total	**1.44**	**27,217,087**	**46.0**	**1.41**	**1.8**	**21.4**	**22.9**	**54.1**	**0.36**	**26.9**	**5.0**	**0.13**
TOTAL	Measured	-	19,482,084	83.9	1.33	1.9	11.0	25.2	62.4	0.37	31	4.5	0.15
	Indicated	-	51,421,405	162.3	1.35	1.9	13.2	24.0	61.0	0.39	29.3	4.5	0.17
	Inferred	-	81,075,004	213.6	1.35	1.6	15.6	23.2	59.7	0.37	29.3	4.0	0.17
	Total	**-**	**151,978,493**	**459.8**	**1.35**	**1.7**	**14.2**	**23.8**	**60.5**	**0.37**	**29.6**	**4.0**	**0.17**

The resource estimation process excluded Coal Resources adjacent to major faults such as the Tannyfoil Fault Zone, which are considered barren zones based on geotechnical advice and interpretation of seismic data. Most of the Coal Resource at the Cook Colliery occurs in less than 500m depth cover. Only seams located within the southeast corner of the project area are located beyond the 500m depth of cover.

Coal quantities have been determined from the seam thickness models in MINEX and using the "Detail Report Generator" to estimate the Resources, which allows for a grid mesh size of 5m x 5m through the model area. Resources were estimated by using RD analysed on an air-dried basis and with a minimum seam thickness of 1.5m.

The basis for borehole spacing Points of Observation supporting the JORC Resource Estimates (December 2016) was as follows.

- Measured Coal Resources were based on boreholes spaced 500m apart and which have reliable data for both seam thickness and coal quality;
- Indicated Coal Resources were based on boreholes spaced 1,000m apart and which have reliable data for both seam thickness and coal quality; and
- Inferred Coal Resources were based on boreholes spaced 4,000m apart and which have reliable data for both seam thickness and coal quality.

The definition of reliable data normally refers to borehole data that has downhole geophysical logging to confirm the seam thickness as well as coal quality data from the analysis of the bore core. The

Measured and Indicated Resource categories are based on boreholes that have both geophysical log data and coal quality data.

The total Inferred Coal Resource of 213.6Mt includes coal extrapolated 2km beyond the outmost boreholes. This 2km extrapolated zone is supported by the results from the high resolution seismic surveys covering most parts of the tenement. The results provide added confidence in the geology of area beyond the boreholes indicating the absence of igneous intrusives and complex features which may affect the continuity of the coal seams.

An independent geological audit has been conducted by Xenith Mining Consultants (Xenith) during the months of December 2017 to January 2018. The audit entailed checking structural coal seam picks for the target seams using base information including geophysical LAS files and paper records. This was then checked against the existing structural model grids which were used to support the December 2016 JORC Resource Estimates. Xenith confirmed that the structural geological model for the area was accurate, with no significant discrepancies or material issues identified. Following review and consideration (including independent audit by Xenith), AG considers that both the existing geological model and the 2016 JORC Resource estimate provide for a high level of confidence to support this ITER and subsequent mining reserve calculations.

For compliance with the JORC Code 2012 Section 4 'Estimation and Reporting of Ore Reserves' for the Cook / Cook North JORC Resource Estimate, a full check list of Tables 1, 2 and 3 has been compiled by Xenith 2018, and is presented for reference as Appendix B.

4.2.2 Coal Seam Structure at Cook Colliery

The target mining seams at Cook Colliery are the Argo seam (combined Pollux and Orion seams) in the south and central area, the Pollux seam in the central to northeast area, and the Gemini seam (combined Pollux and Castor seams) in the northern area. The Aries seam, and the Orion seam away from the Argo seam area, are considered too thin to form a viable underground mining target.

The Castor seam by resource category is shown in Figure 4-1, while the thickness of the seam as shown in Figure 4-2 ranges from 1.82m to 3.90m, with an average thickness of 2.6m. The Castor seam can produce a coking product (75%) and a thermal product (20%). The Castor seam is on average about 12m above the Pollux Seam, but in the northern area the seams coalesce.

In the southwestern area of ML1799, the Pollux and Orion seams combine to form the Argo seam. The Argo seam is the primary mining target for the five-year mining plan at Cook Colliery, although to the east and north beyond the split line, the Pollux seam is the primary mining target. The Argo seam by resource category is shown in Figure 4-5, while the thickness of the Argo seam as shown in Figure 4-6 ranges from 3.0m to 5.8m, with an average thickness of 4.4m.

In the area where the Argo Seam splits into the Pollux and Orion Seams, the Pollux Seam remains adequately thick to continue the current mining operation. The Pollux Seam thickness ranges from 1.7m to 3.6m and averages 2.5m in thickness in this area as shown in Figure 4-4.

From northing coordinate of 7367750 to the north of Cook Colliery Area, covering around 1,700ha, the Castor and Pollux seams coalesce to form another seam known as the Gemini Seam. The thickness of Gemini Seam in the Cook Colliery area ranges from 4.4m to 6.7m with an average of about 5.3m.

Overburden and interburden sediments generally comprise lithic claystone siltstone, sandstone and carbonaceous shale. The depth of cover to mining ranges from around 120m-140m along the western lease boundary to around 260-280m along the regional boundary fault to the east.

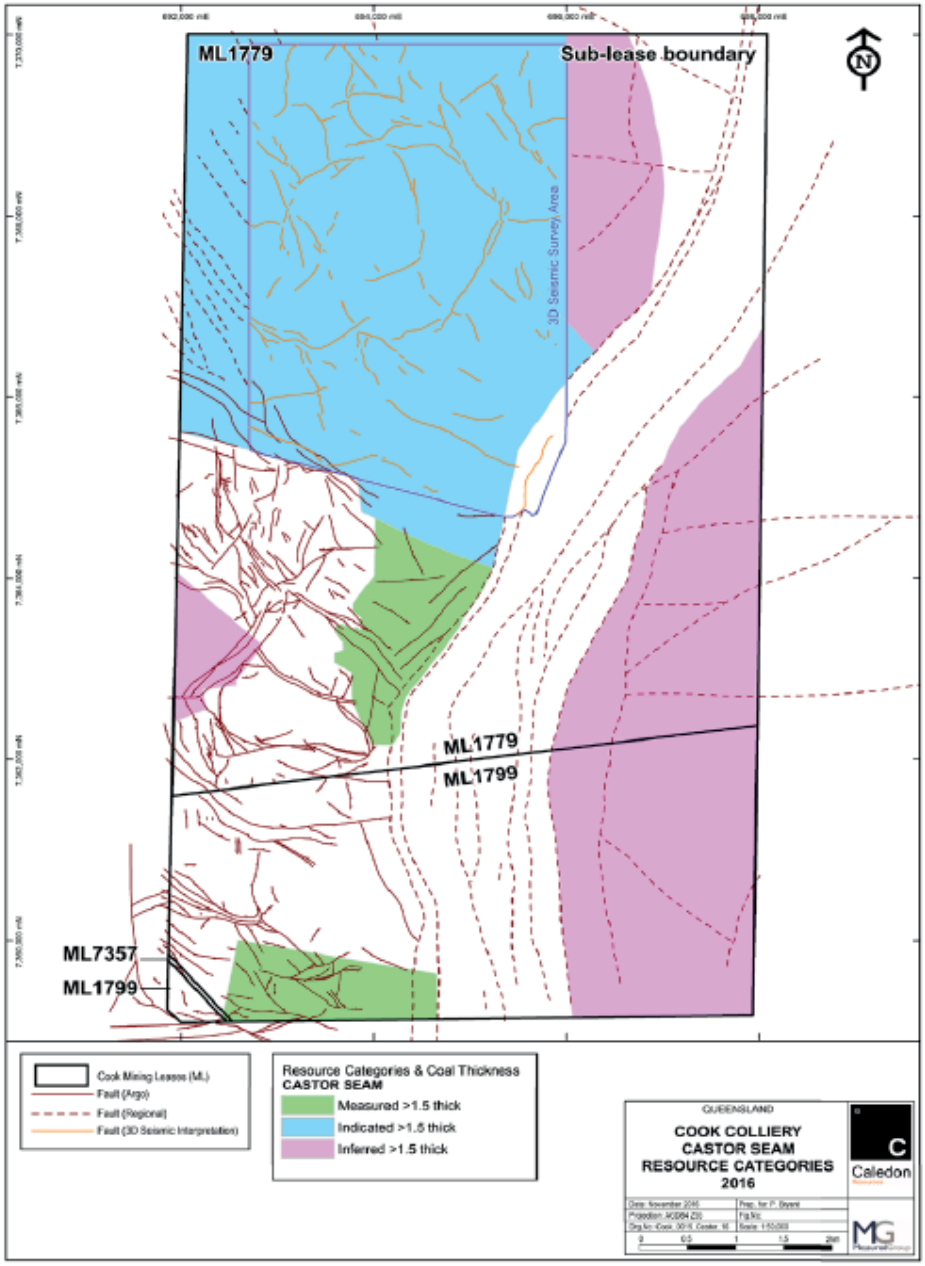


Figure 4-1 : Castor Seam Resource Polygons – Cook Colliery

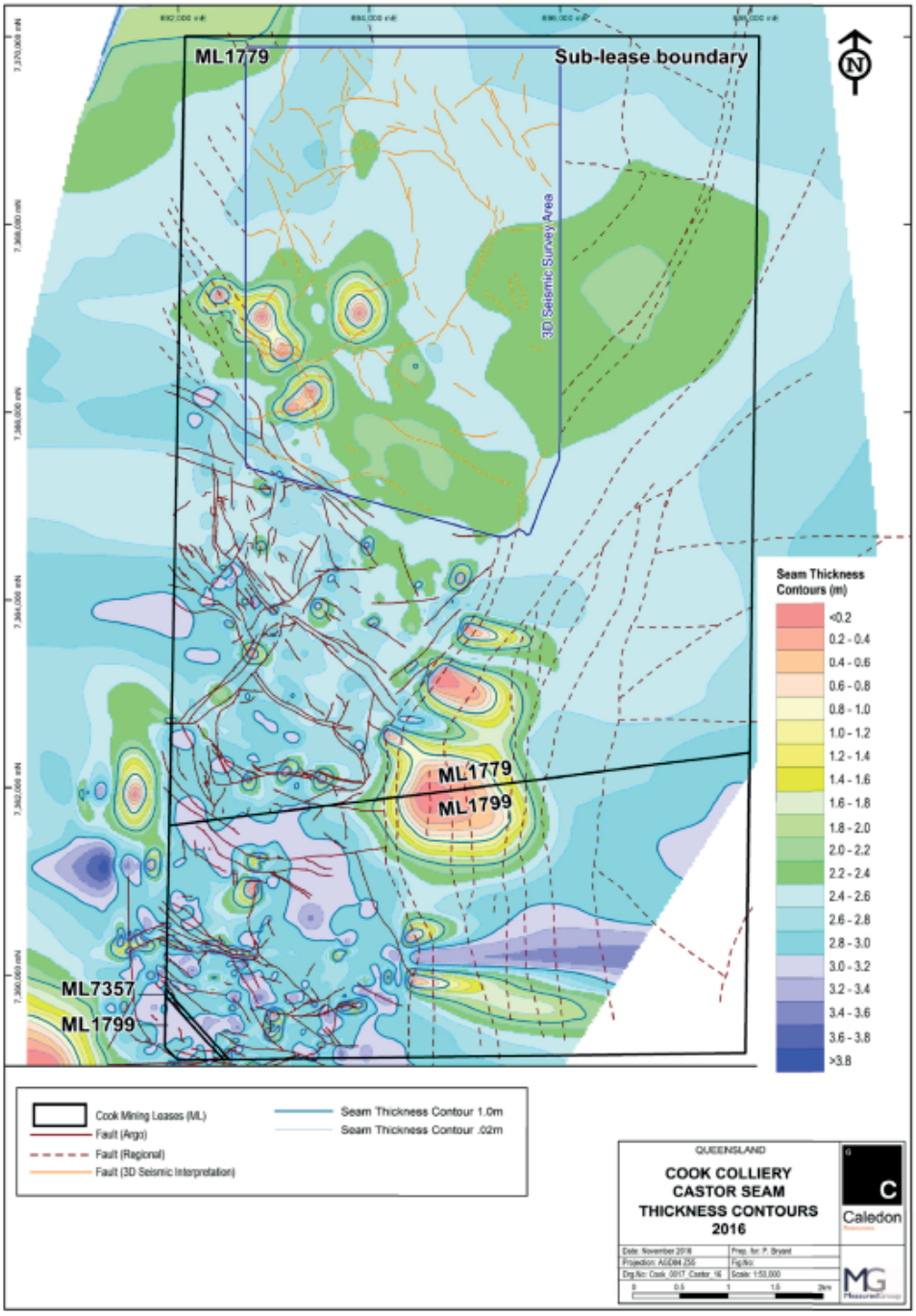


Figure 4-2 : Castor Seam Thickness – Cook Colliery

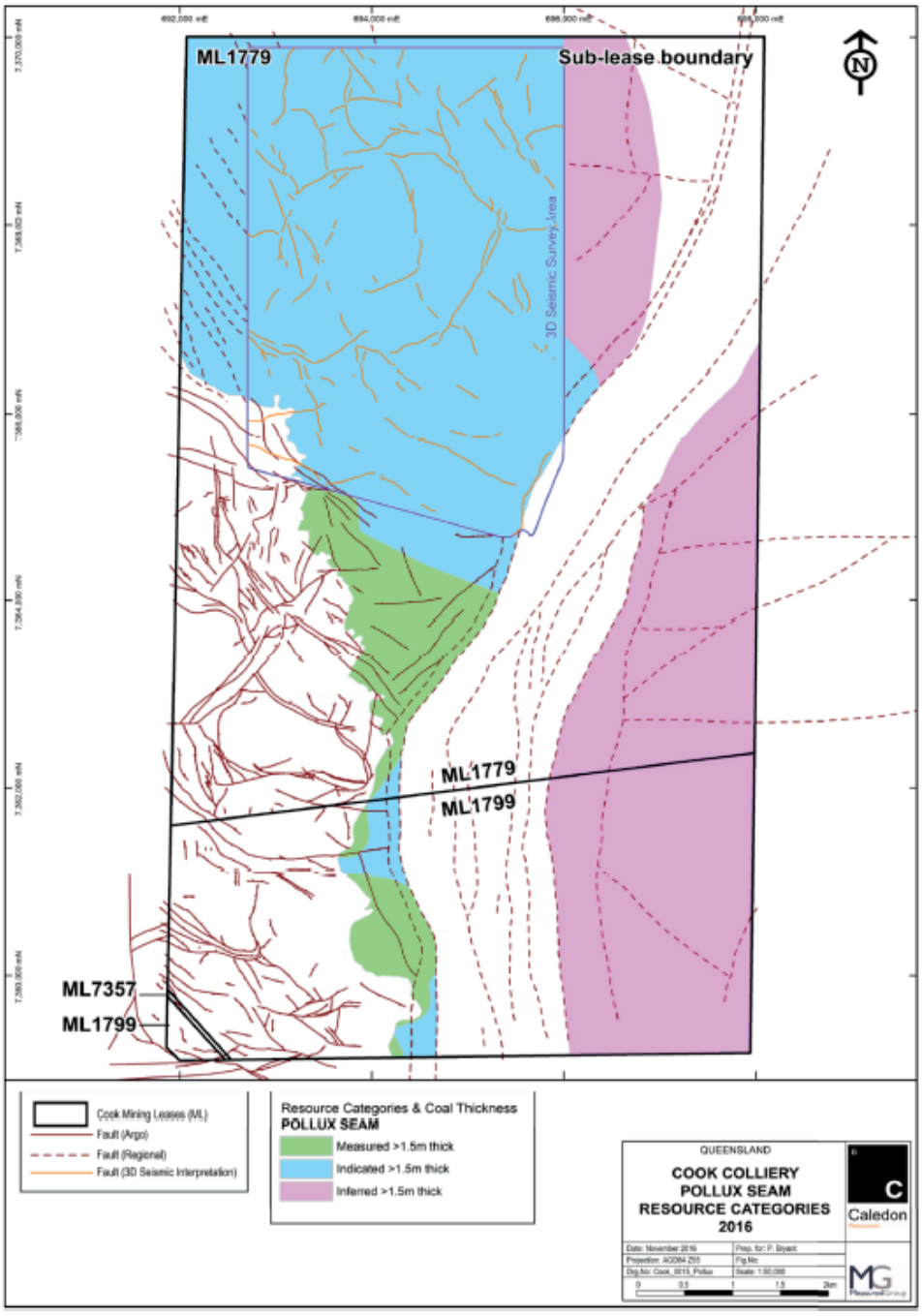


Figure 4-3 : Pollux Seam Resource Categories – Cook Colliery

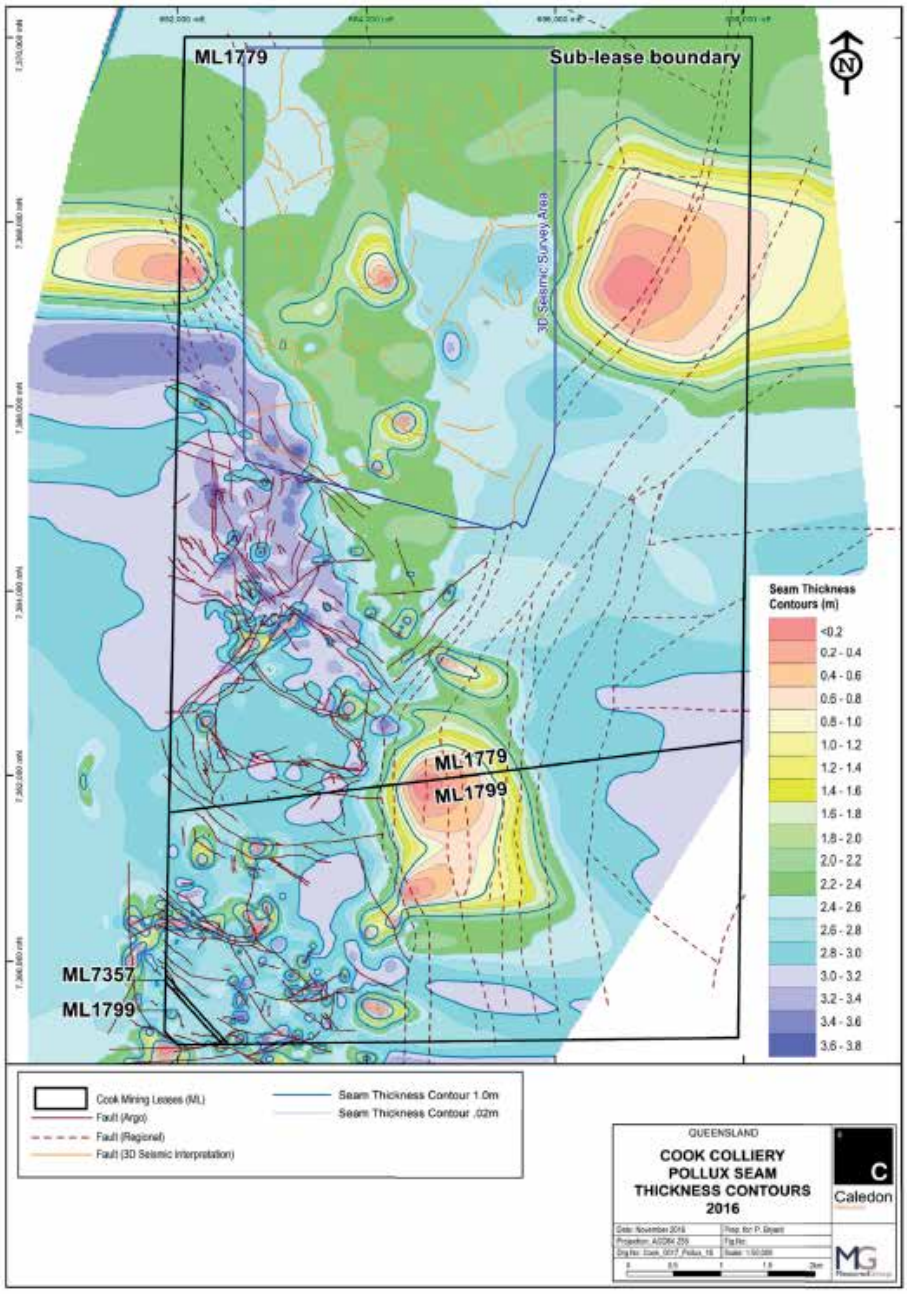


Figure 4-4 : Pollux Seam Thickness - Cook Colliery

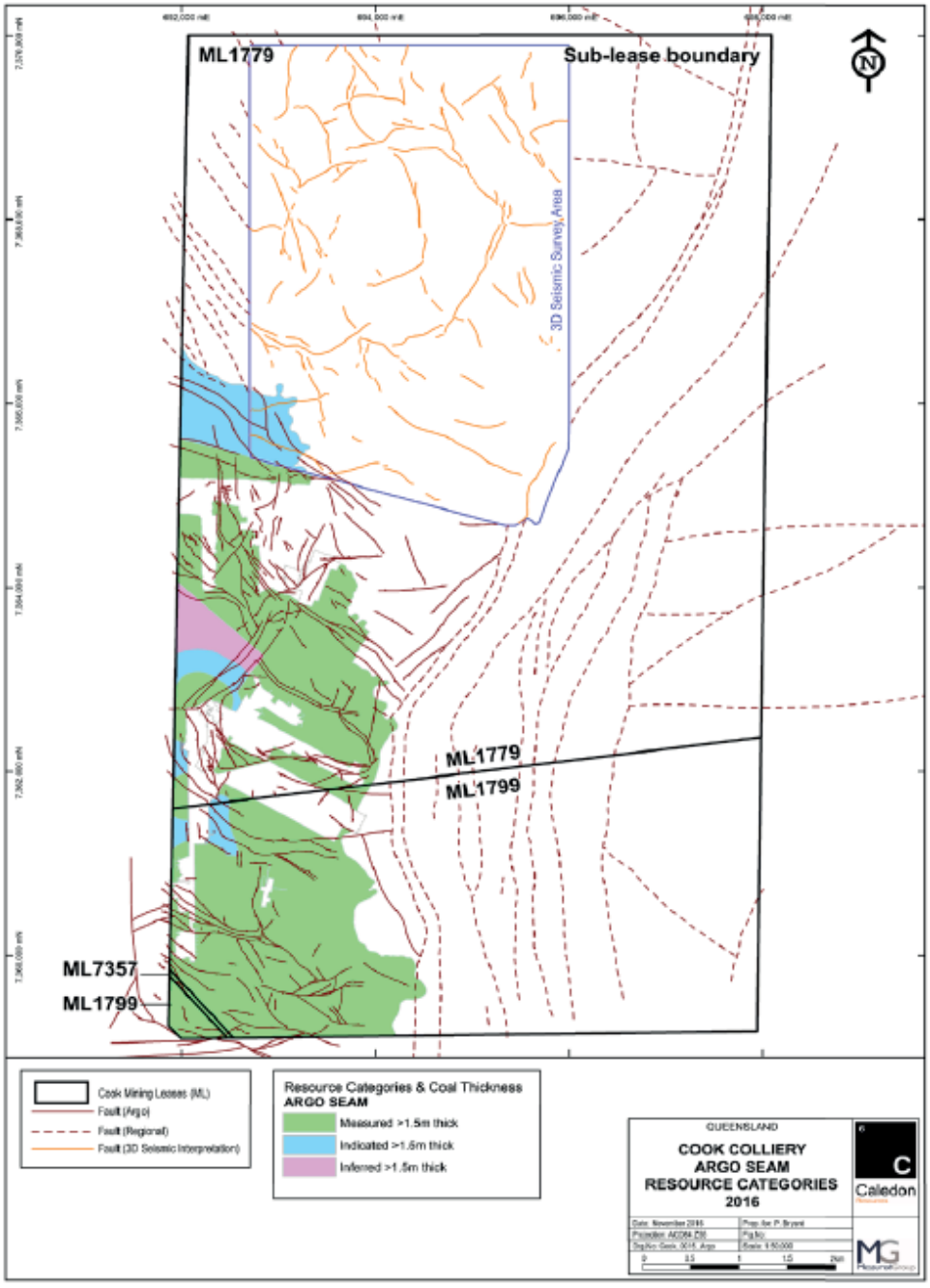


Figure 4-5 : Argo Seam Resource Categories - Cook Colliery

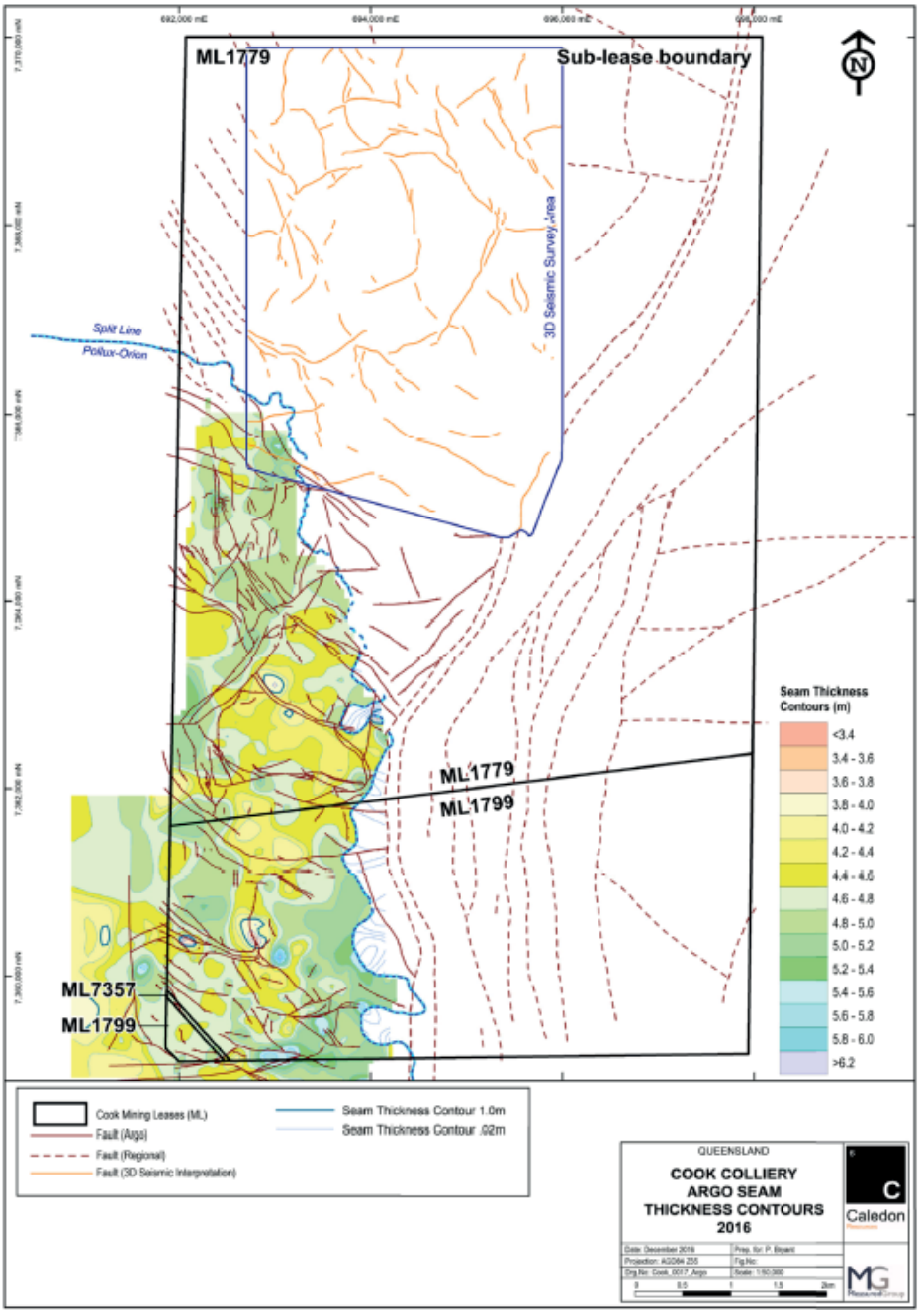


Figure 4-6 : Argo Seam Thickness - Cook Colliery

4.3 Minyango Resources

4.3.1 Minyango Resource Estimate

The most recent JORC Resource estimate for the Minyango Project was released in April 2018 and signed off by Mr Troy Turner, Manager Resource Development, Xenith Mining Consultants (Xenith). Coal resources were determined through application of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves / The JORC Code / 2012 Edition.

The coal seams within the Rangal Coal Measures that occur in Minyango are (in stratigraphic order from shallowest to deepest) Aries, Castor, Pollux and Orion. A lower seam, the Pisces, is rarely intersected in boreholes in the Minyango area.

Of the four major seams in the Minyango lease area, the Pollux Lower seam shows the greatest potential to be extracted economically throughout the exploration permit area.

Geological modelling and resource estimation at Minyango was undertaken using Maptek Vulcan proprietary software. This geological model was initially compiled by IMC Mining Group Pty Ltd ("IMC") in 2011, as part of a previous resource estimate that was finalised in November 2012. The IMC 2011 geological model and resource notes as appearing in the 2012 Resource Report was subsequently audited by Xenith and considered to be appropriate for the estimation of JORC resources. Subsequently, the IMC geological model remains largely unchanged, with Xenith updating only the JORC Resource Estimate in April 2018 to be compliant with the JORC Code, 2012.

Structural grids were created using the triangulation method in Vulcan's Stratigraphic Model Editor. This method is recommended for modelling deposits with thin seams. The interpolated seam from – to surfaces honour all the raw data values. The grid model was a ply-based model, with the plies created first and then the various child and parent seams built up using the ply grid surfaces. The grid extents covered all mining lease and exploration permit domains, and the grids were masked to defined limits and constraints.

Surface roof and floor grids were created from their respective mapfiles created using Vulcan's FIXMAP algorithm. This algorithm interpolates missing stratigraphic horizons within drill hole data in order to improve stratigraphic modelling. Control holes were entered into the database to assist with sub-cropping, synclinal and anticlinal features and faulting past the closest drill holes. The models were investigated and controlled to reflect all of the available geological data.

Compositing of drill hole coal quality analysis data was done on a seam level. This was based on the product data received from the laboratories at the seam level. Coal quality grids were created from map files. Where data was spaced far apart, no restrictions were forced on the distances for interpolating the data when creating the grids. All grids were reviewed and validated by comparing grids and contours against borehole data postings. Mapfile statistics were compared against grid statistics and visual checks on coloured grids were also used to investigate anomalies.

Once the structural and quality grids were reviewed and validated, a block model was created using the 'Create Stratigraphic Solid' option. The blocks were restricted to the grid extents were populated with variables which matched the structural and quality grids. The fault exclusion zones were flagged to exclude these tonnes from the resource estimates. Xenith (2018) defined resultant resource polygons constrained by the following parameters.

- Tenure boundary
- Priority Living Area surrounding the Blackwater Township
- Values for raw ash at less than 50% (adb)
- Target seam intersect at greater than 1.2m thickness
- Extrapolation distance of 1,500 m from last valid Point of Observation (POb)

The decision to carry both plies where parting was less than 0.3m was undertaken but only in cases where interburden quality does not increase the ash content to greater than 50% (adb). Where raw ash values for waste horizons were not available, an average ash of 75% and RD of 1.8 g/cc was used to assist with the composited calculation.

Xenith (2018) determined after coal quality analysis that the Minyango product is a mid-volatile coking coal similar to that which is produced from the nearby Cook, Blackwater and Curragh mines. It is characterised by low ash and low total sulphur. A potential secondary thermal coal product has also been suggested with an ash content of 15%.

The total JORC Resources through the area for Minyango are reported at 190 million Raw Coal Tonnes. The breakdown of this statement on a seam by seam basis is shown in Table 4-2.

Table 4-2 : Minyango Resource Estimate (Xenith 2018)

Seam	Measured (Mt)	Indicated (Mt)	Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)
Aries	6.1	32.4	38.5	55	93.5
Pollux Full Seam		36.5	36.5	33	69.5
Pollux Upper	-	-	-	14	14.0
Pollux Lower	-	2.9	2.9	10	12.9
Total Pollux	-	39.4	39.4	57	96.4
Total	6.1	71.8	78	112	190

Note – Some rounding to the nearest significant figure has occurred and this may reflect in minor differences in the overall reported resource

For compliance with the JORC Code 2012 Section 4 'Estimation and Reporting of Ore Reserves' for the Minyango Resource Estimate, a full check list of Tables 1, 2 and 3 has been compiled by Xenith 2018, and is presented for reference as Appendix C.

4.3.2 Coal Seam Structure at Minyango

Depths to the target seams at Minyango range from 10m to 424m. Within the target mining area (MLa80173), the Aries seam depth ranges from 175m in the north to over 400m in the south as shown in Figure 4-7. The Pollux seam lies approximately 40m below the Aries seam.

Historical 2D seismic lines over the Minyango project were reprocessed by Velseis Pty Ltd, the original seismic acquisition contractor. Maximum vertical displacements of 23 to 25 m were interpreted from the 2D seismic lines.

A 3D seismic survey was completed in November 2011, covering an approximate area of 17.5 km^2 representing the northern half of MLa80173. The extent of the 3D seismic acquisition area is shown in Figure 3-4. A total of 709 structures were interpreted from the 3D seismic program at the Aries and Pollux seam horizons.

The modelled interpreted fault zones based on the 3D seismic program are shown as red lines in Figure 4-7. There are eight distinct fault zones used in the modelling process for the Aries, Castor and Pollux seams. The extrapolation to the south of the lease where the 3D seismic survey did not occur is a result of examining previous 2D seismic surveys and analysing drill hole data.

Maximum displacements measured were at 52 - 55 m and 36.5 - 39.5 m, respectively. No dominant structure style was evident, with a similar number of normal and reverse faults identified for both seam horizons. Some of the structures displayed both normal and reverse faulting characteristics, which suggest that these have been reactivated. Small scale structures below the resolution limit of the data may represent seam rolls or flexures rather than faults.

Resource categories for the Aries seam at Minyango are shown in Figure 4-8. The thickness of the Aries seam at Minyango is shown in Figure 4-9 and ranges from 2.25m to 5.5m with an average of 2.86m. The Aries seam gradually thins in the north of the Minyango Project area and is only slightly thicker in the south, with the central portion providing the thickest Aries seam coal.

Resource categories for the Pollux seam at Minyango are shown in Figure 4-10. The thickness of the full Pollux seam (combined upper and lower plies) at Minyango are shown in Figure 4-11 and ranges from 0.97 to 5.29m with an average of 3.05m. A relatively extensive area of unusual thickness (3.78 to 4.76 m) was intersected in the north-west of MLa80173. This is represented by the boreholes MYDDHS020, MYDDHS021, MYDDHS032, and MYDDHS033. Another unusually thick section was found in MYHS079 in the southern portion of the resource area. North of these boreholes, the Pollux appears to split into an upper and lower seam. Within MLa80173, the Pollux seam was found to be split in approximately 12% of holes drilled. The average thickness of the interburden was 0.87m.

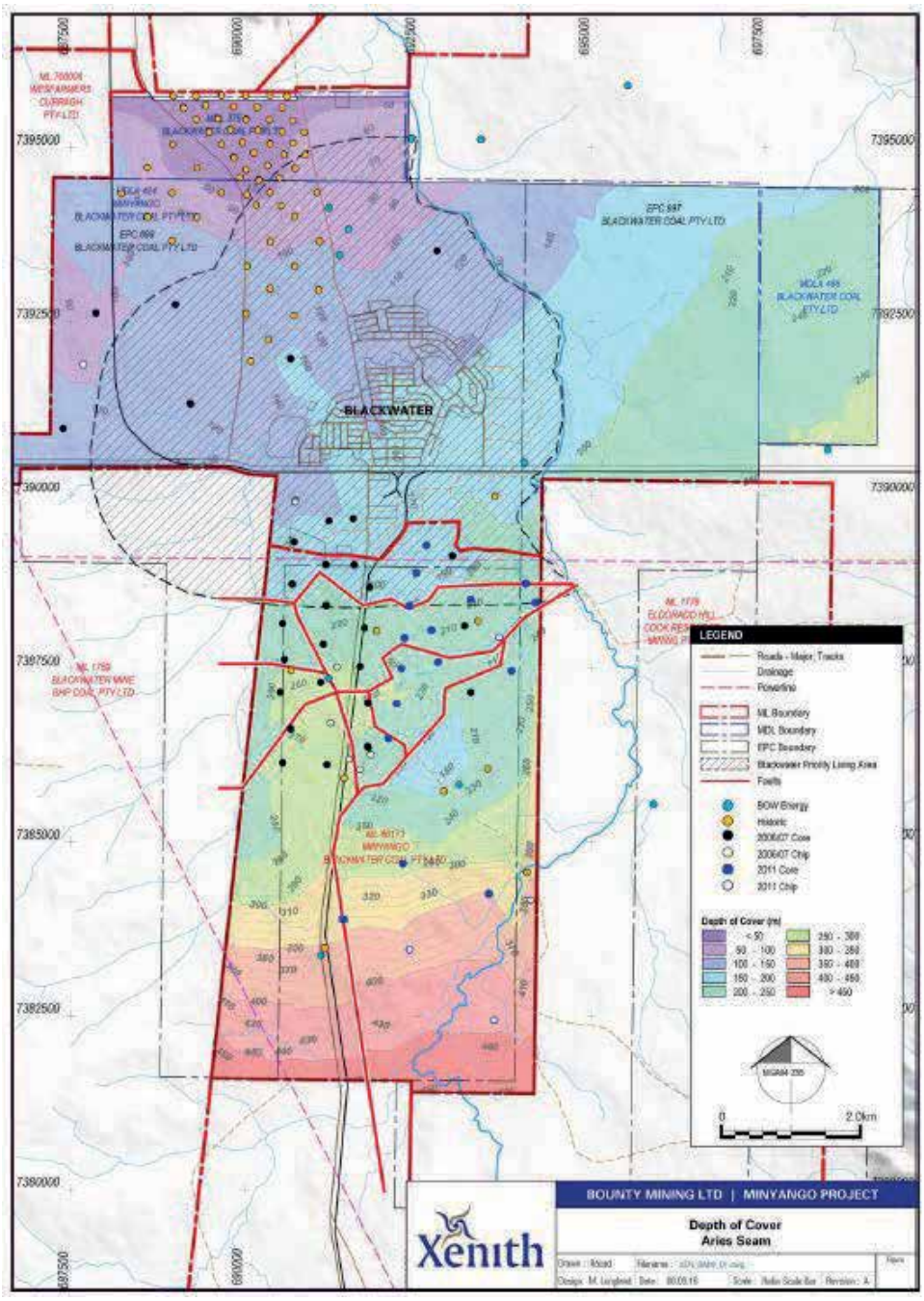


Figure 4-7 : Aries Seam Depth of Cover at Minyango

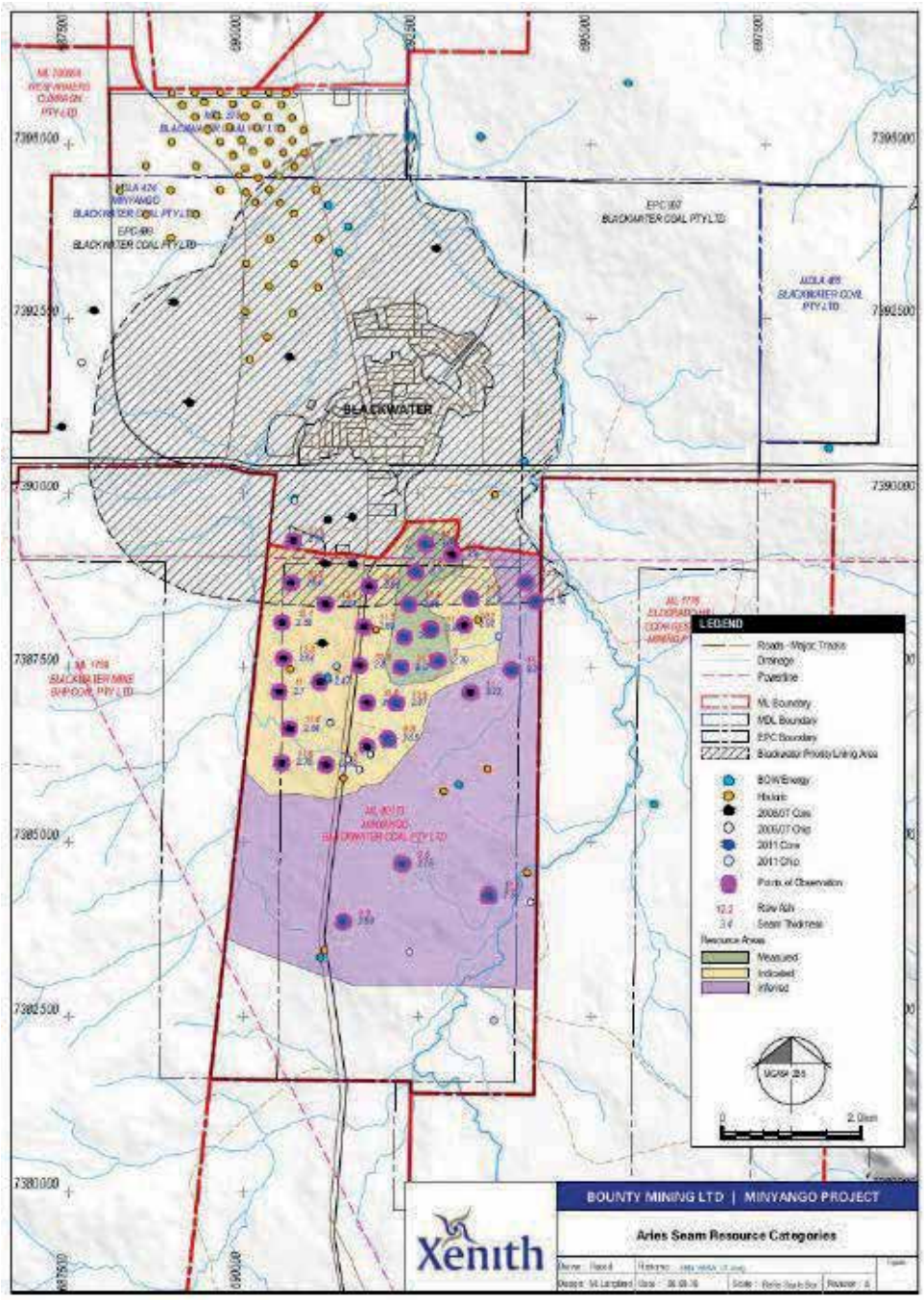


Figure 4-8 : Aries Seam Resource Categories - Minyango

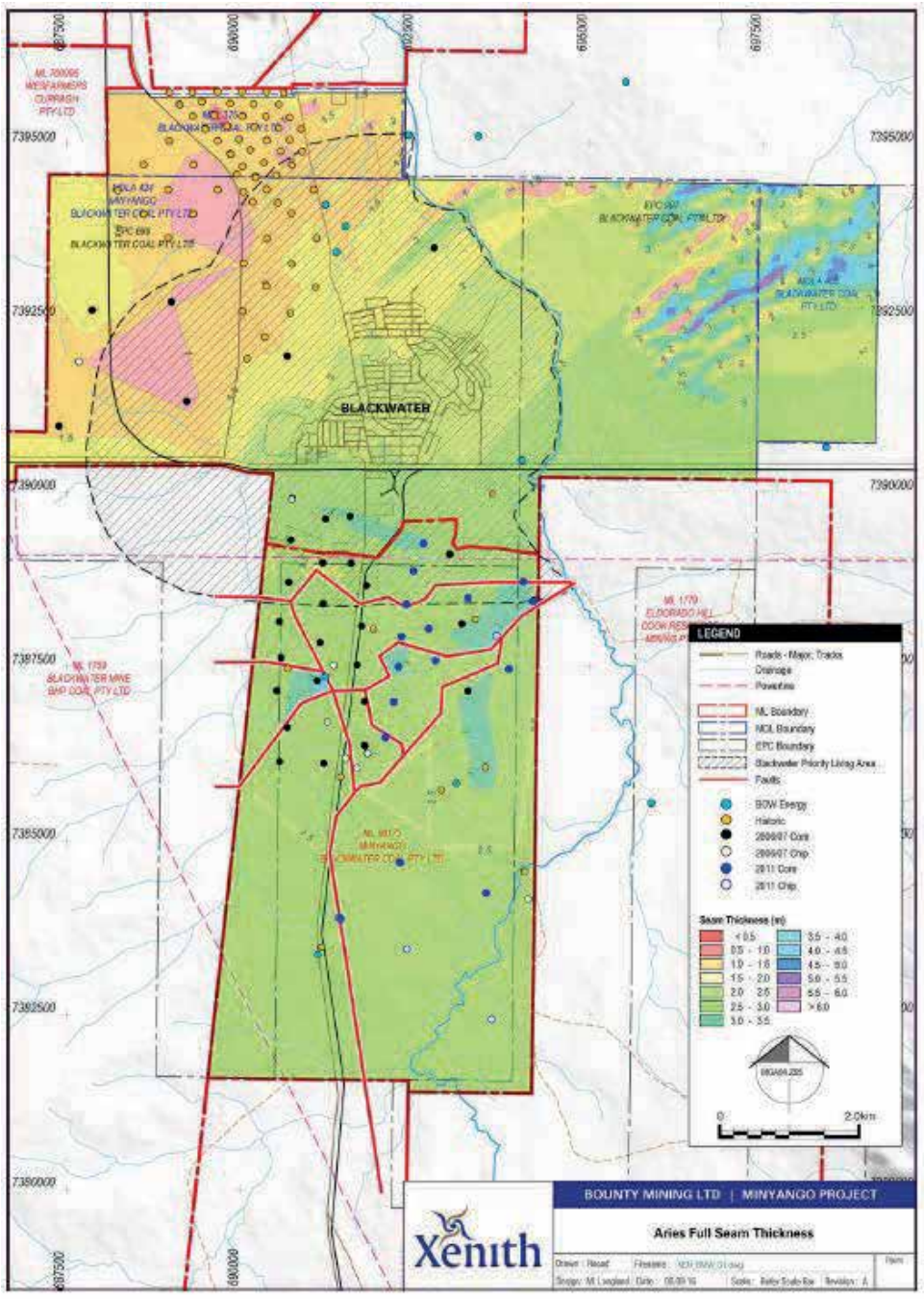


Figure 4-9 : Aries Seam Thickness - Minyango

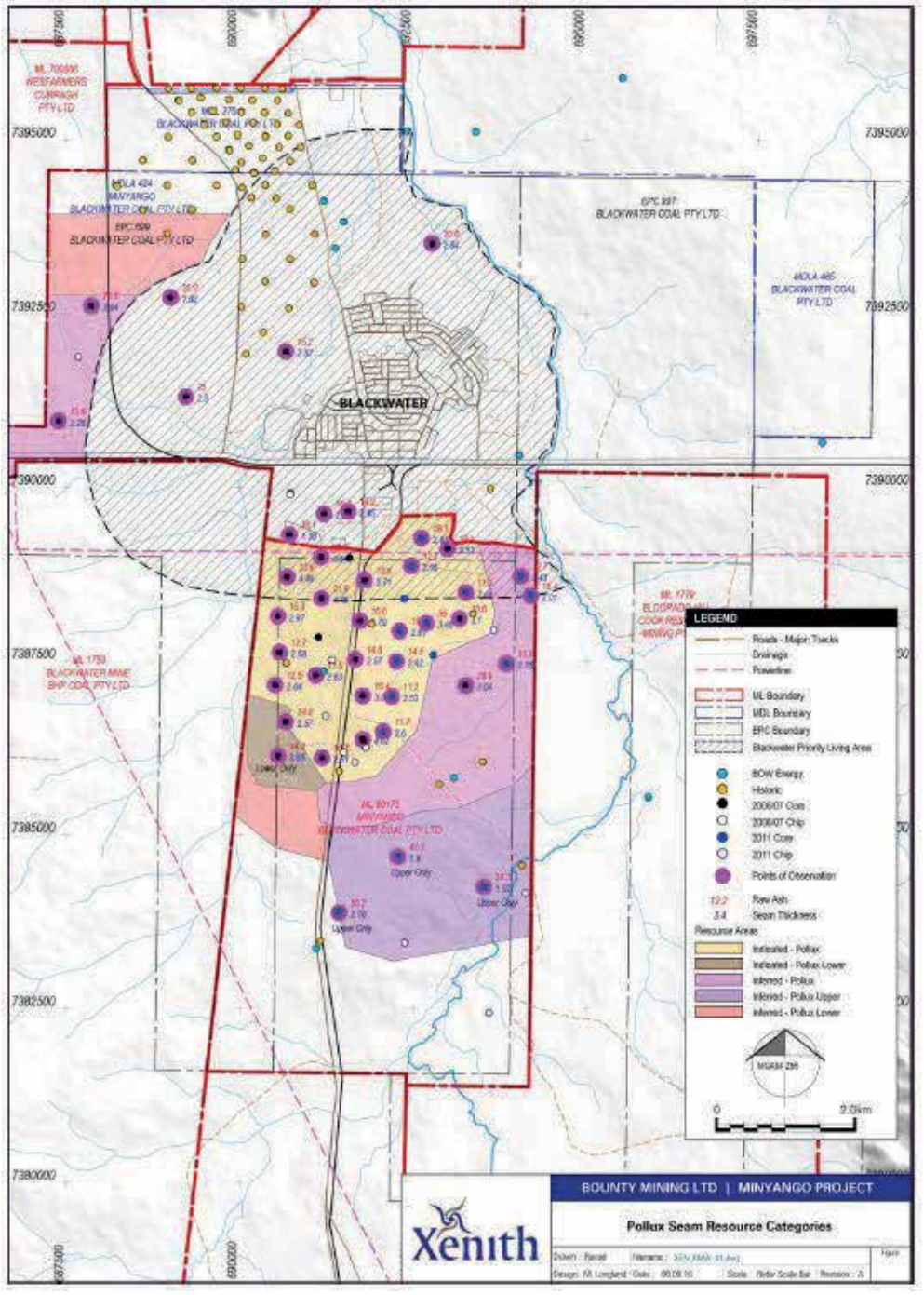


Figure 4-10 : Pollux Seam Resource Categories - Minyango

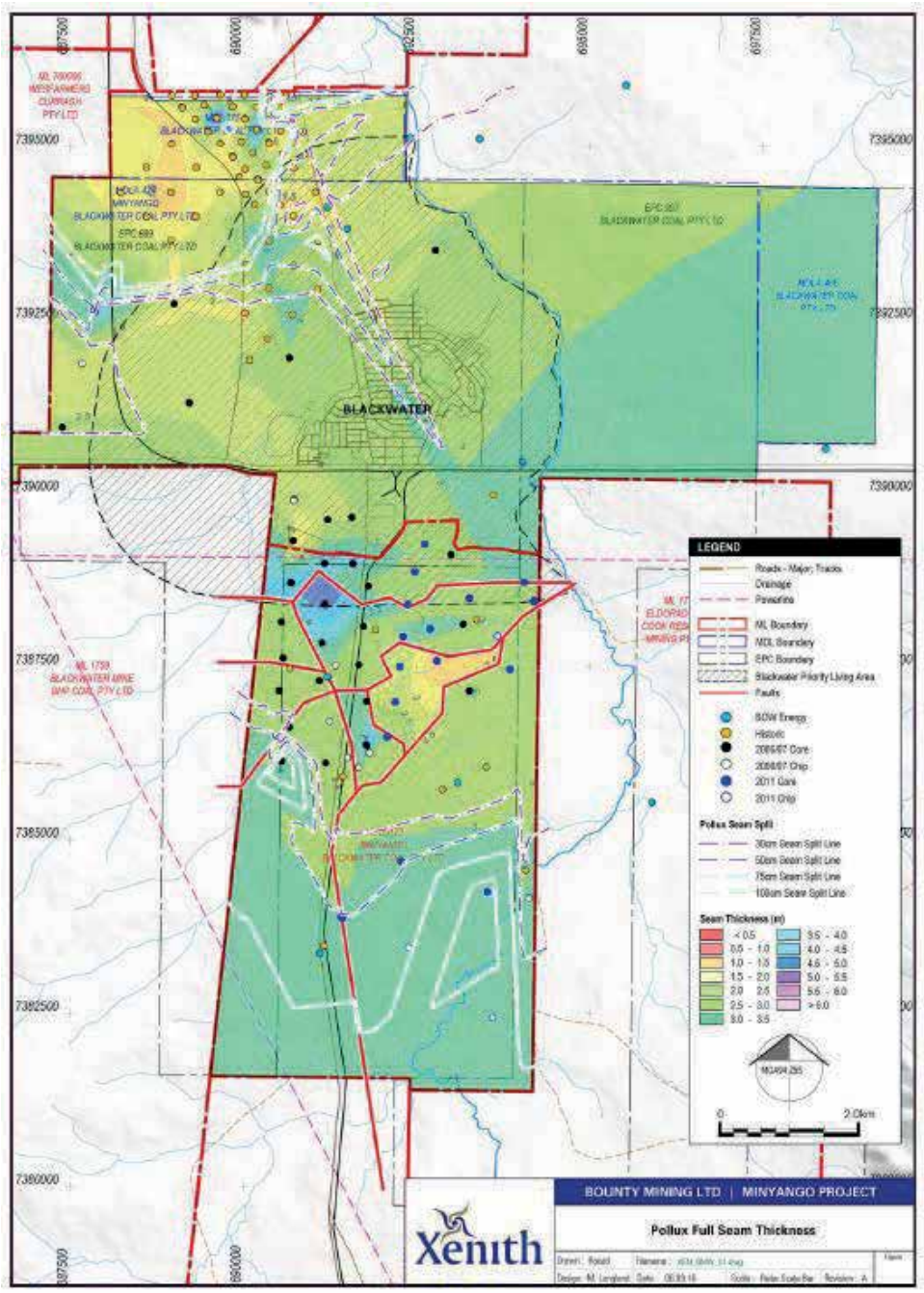


Figure 4-11 : Pollux Seam Thickness - Minyango

5 Coal Quality

5.1 Cook Colliery Quality Review

5.1.1 Product Specifications

Table 5-1 and Table 5-2 show the current indicative product specifications (Chris Dempsey, dated 2015) for both the primary coking product and the secondary thermal product from Cook Colliery.

The specification for the primary product in Table 5-1 represents a medium volatile, "second tier" blend coking coal with marginal rank (RvMax 1.08%), modest CSN and relatively low CSR (50), which results from a combination of low rank, ash chemistry and modest vitrinite content. This is typical of equivalent Rangal coking coals, including the adjacent Blackwater mine. The relatively high phosphorus (0.08%) is near the notional maximum accepted for coking coal (Platts TSI limit 0.09%).

Hence comprehensive knowledge of the key coking parameters, especially rank, % vitrinite, CSN, coking rheology tests and ash chemistry, for coal to be sourced from any new mining areas is important. Similarly, knowledge of phosphorus is also important.

The thermal product (Table 5-2) has high energy, moderate ash and a favourable fuel ratio and ash fusion data. It is not clear why total sulphur (TS) is not included in thermal product specification, but based on the coking coal data, TS is expected to be favourable. One area of concern is the high fluorine levels (330 ppm), which could be a concern in some markets such as China.

Unfortunately, there is neither shipping nor routine production data available in terms of any coal quality parameters other than ash, so it is not possible to ascertain whether recent past production is consistent with the specification tables, but presumably, these tables were generated from shipping data at the time of publishing the documents.

5.1.2 Production Data

Available routine production data on a daily basis from January 2013 through to last production in March 2017 was reviewed. Table 5-3 shows monthly average data from January 2015 until March 2017.

Key parameters from a coal quality perspective are the average coking product ash of 7.5% and thermal product ash of 13.7%, which are consistent with the specifications in Tables 1 and 2. Unfortunately no other routine production quality data is available so that it is not possible to compare how the actual product coking and thermal quality other than ash compares with the specification.

Total plant yield averaged 68.3% which is considerably less than anticipated from past strip samples and bore core data (refer sections 4 & 5), but varied from 42.9% up to 80.4% on a monthly basis (and greater on a daily basis), suggesting highly variable dilution levels in the feed. The coke split averaged 81.8%, which is similar to what is expected.

Table 5-1 : Indicative Coking Product Specification (data room ref. 7.1.3)

Caledon

COOK COKING COAL

Indicative Specification 2015

ISO Standard		As Received	Air Dried	Tolerance	Dry	Dry Ash Free
Total Moisture	%	9.0				
Inherent Moisture	%		1.7			
Ash	%	6.8	7.5	+0.5	7.6	
Volatile Matter	%	23.7	26.0		26.4	28.6
Fixed Carbon	%	59.0	64.8		65.9	71.4
Total Sulphur	%	0.36	0.40	+0.05	0.41	0.44
Specific Energy	kcal/kg	7007	7700		7833	8480
Phosphorus in Coal	%	0.073	0.080	+0.005	0.081	0.088
Hardgove grindability index			70			

Plastic Properties		Air Dried
Crucible Swelling Index - CSN	6 - 7	
Gray-King Coke Type	G7	
A-A Dilatometer		
Initial softening temp.	°C	390
Maximum contraction temp.	°C	430
Maximum dilatation temp.	°C	470
Maximum contraction	%	20
Maximum dilatation	%	75
Gieseler Plastometer		
Initial softening temp.	°C	405
Maximum Fluidity temp.	°C	450
Resolidification temp.	°C	485
Plastic range	°C	80
Maximum Fluidity	ddpm	1000

Petrographic Analysis		Air Dried
Vitrinite reflectance (Rv max)	%	1.08
Vitrinite reflectance (Rv random)	%	1.01
Vitrinite Distribution		
V9	%	5
V10	%	60
V11	%	35
V12	%	
V13	%	
Macerals		
Vitrinite	%	52.0
Liptinite	%	2.0
Semifusinite	%	31.4
Other Inertinites	%	11.7
Mineral Matter	%	2.9

Ultimate Analysis (%)	Dry Ash Free
Carbon	88.0
Hydrogen	5.1
Nitrogen	2.1
Oxygen	4.4
Sulphur	0.44

Ash Analysis (%)	Dry
SiO2	47.6
Al2O3	30.6
Fe2O3	9.4
CaO	3.93
MgO	1.81
Mn3O4	0.03
K2O	1.30
Na2O	0.30
TiO2	1.37
P2O5	2.44
SO3	0.19
BaO	0.05
SrO	0.11
ZnO	0.02

Sizing (mm) % cumulative passing	Air Dried
50.0	100
22.4	99.7
16.0	94.1
8.0	73.8
4.0	52.3

Coke Indicies (Pilot Coke Oven Tests - 400 kg)				
JIS Drum DI 30/15	%	93	ASTM Stability Factor	45
JIS Drum DI 150/15	%	80	ASTM Hardness Factor	60
Micum M40 (BS)	%	78	Nippon Steel Reactivity Test	-
Micum M10 (BS)	%	10	CSR	50
IRSID I40	%	40	CRI	35
IRSID I20	%	72	Max. Coking Pressure - PSI	0.26
IRSID I10	%	22	Max. Coking Pressure - kPa	1.8

Table 5-2 : Indicative Thermal Product Specification (data room ref. 7.1.2)

Caledon

COOK THERMAL COAL

Indicative Specification 2015

ISO Standard			Typical
Total Moisture	arb	%	9.0
Inherent Moisture	ad	%	1.5
Ash	ad	%	14.5
Volatile Matter	ad	%	22.0
Fixed Carbon	ad	%	62.0
Phosphorus	ad	%	0.160
Hardgove grindability index			74
Calorific Value			
Gross Air Dried	ad	k/cal	7000
Gross As Received	ar	k/cal	6467
Net as Received	ar	k/cal	6230
Ultimate Analysis			
Carbon	db	%	74.11
Hydrogen	db	%	4.065
Nitrogen	db	%	1.72
Sulphur	db	%	0.4
Oxygen	db	%	by difference
Ash Analysis			
SiO2	db	%	50.80
Al2O3	db	%	28.85
Fe2O3	db	%	8.65
CaO	db	%	3.94
MgO	db	%	1.42
Na2O	db	%	0.30
K2O	db	%	1.82
TiO2	db	%	1.28
Mn3O4	db	%	0.09
P2O5	db	%	2.43
SO3	db	%	5.54
BaO	db	%	0.05
SrO	db	%	0.09
V2O5	db	%	0.025
Ash Fusion Temperature			
Deformation		deg C	1320
Spherical		deg C	1360
Hemispherical		deg C	1375
Flow		deg C	1405
Trace Element Analysis			
Flourine		mg/kg	330
Chlorine		mg/kg	0.02
Arsenic		mg/kg	0.90
Mercury		mg/kg	0.04
Sizing			
0 x 50mm		%	100.0

Table 5-3 : Cook Colliery Production Data from January 2015 to March 2017

	2015										
	Jan	Feb	Mar	April	June	July	Aug	Sep	Oct	Nov	Dec
UG PROD	181,297	161,757	86,526	270,108	245,287	22,357	60,504	33,657	12,540	9,756	9,001
HAULING	166,775	158,200	73,915	257,825	258,475	45,850	71,575	37,275	9,675	11,025	8,750
CHPP FEED	158,075	165,057	66,448	46,685	231,910	175,407	107,016	26,363	29,831	18,097	9,959
COKE PROD	82,682	91,295	27,151	20,454	137,204	91,162	58,356	13,299	12,417	6,149	3,864
COKE ASH	7.1	7.4	8.3	7.8	7.4	7.6	7.4	7.4	8.4	8.4	8.5
THERMAL PROD	22,441	21,361	6,015	7,692	32,398	17,776	8,280	3,050	2,144	1,606	703
THERMAL ASH	13.0	13.5	15.3	14.9	13.6	14.7	14.2	12.0	14.0	15.2	14.5
TOTAL PROD	105,123	112,656	33,166	28,146	169,602	108,938	66,636	16,349	14,561	7,755	4,567
TOTAL YIELD	66.5	68.3	49.9	60.3	73.1	62.1	62.3	62.0	48.8	42.9	45.9
COKE SPLIT	78.7	81.0	81.9	72.7	80.9	83.7	87.6	81.3	85.3	79.3	84.6
RUN HRS	467	475	314	101	558	548	377	82	141	54	49
AVE FEED TPH	339	347	212	176	416	320	284	323	211	336	205

	2016											
	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
UG PROD	13,425	15,868	65,585	190,239	214,961	206,238	127,426	128,950	126,100	65,610	13,168	5,316
HAULING	13,300	16,275	41,125	180,075	221,200	212,625	133,727	137,190	116,552	77,350	4,550	0
CHPP FEED	18,680	14,046	41,783	164,585	170,212	169,935	165,929	165,544	92,499	99,136	0	0
COKE PROD	0	0	14,322	92,393	109,329	108,944	104,334	113,949	55,346	53,753	0	0
COKE ASH			7.4	7.2	7.4	7.4	7.6	7.6	7.7	7.4		
THERMAL PROD	10,598	8,308	8,986	16,569	20,958	20,208	18,322	19,205	11,254	10,872	0	0
THERMAL ASH	12.4	14.0	14.0	13.3	12.8	14.5	14.4	13.3	12.3	13.6		
TOTAL PROD	10,598	8,308	23,308	108,962	130,287	129,152	122,656	133,154	66,600	64,625	0	0
TOTAL YIELD	56.7	59.1	55.8	66.2	76.5	76.0	73.9	80.4	72.0	65.2		
COKE SPLIT			61.4	84.8	83.9	84.4	85.1	85.6	83.1	83.2		
RUN HRS	65	43	136	476	459	415	389	374	223	224	0	0
AVE FEED TPH	286	324	307	346	371	410	427	442	415	442		

	2017			**Total or Average**
	Jan	Feb	Mar	
UG PROD	9,264	10,434	15,350	**2,300,724**
HAULING	15,050	21,525	23,450	**2,313,334**
CHPP FEED	0	42,745	25,532	**2,205,474**
COKE PROD	0	21,372	13,326	**1,231,101**
COKE ASH		7.6	7.8	**7.5**
THERMAL PROD	0	3,584	2,403	**274,733**
THERMAL ASH		14.8	14.5	**13.7**
TOTAL PROD	0	24,956	15,729	**1,505,834**
TOTAL YIELD		58.4	61.6	**68.3**
COKE SPLIT		85.6	84.7	**81.8**
RUN HRS	0	134	110	**239**
AVE FEED TPH		319	232	**242**

5.1.3 February 2007 Coal Quality Study

In late 2006, coal quality consultant A & B Mylec was commissioned to assist with reviewing the available coal quality and plant processing options for the Argo Seam. A draft report of the study was dated Feb 2007 and a copy of the working data base was reviewed.

All the samples analysed in the study were sourced from the southwest region of ML1779 and were mostly taken from the Argo Seam, with several samples from the Pollux and Orion seams north of the seam split.

Table 5-4 provides an extract of the key coking coal data from the Argo Seam samples, which were designated "Argo Low Ash" only.

Table 5-4 : Coking Parameters of Argo Seam Strip Samples

Datapoint ID	Yield % ad	Ash %adb	VM %adb	TS %adb	Phos %adb	CSN	Fluidity (ddpm)	Gray King	AA Dilatation %	Vitrinite %	Rv max
278_1	44.5	6.4	28.0	0.37		9		G7	95	74.2	1.15
280_1	59.2	6.2	26.2	0.29		8		G4	45	60.4	1.11
281_1	52	7.4	25.5	0.38		7.5		G3	-28	57.7	1.16
282-1	61.3	5.8	25.6	0.31		7		G2	45	60.5	1.16
283_1	68.4	6.8	25.1	0.37		8		G3	-14	60.7	1.1
Strip 4	74.8	5.9	25.1	0.33		7.5		G2		57.4	1.15
290	98.3	7.7	24.6	0.32		4.5		F		45.8	1.05
291	92.1	8.7	24.6	0.33		5		G3		54.1	1.05
292	98.2	7.4	25.3	0.32		5.5		G2		52.5	1.06
293	96.1	8.7	24.8	0.28		4.5		E		48.7	1.06
Strip 4	98.1	7.8	24.2	0.35		5		G			
4	99.7	8.1	23.9			6.5		G	-15	37.0	
24	99.3	9.0	23.4			6		D/F			1.24
41	99.5	7.0	23.8			5		C/D	-20	42	
44	99.1	8.2	23.8			7.5		D	-25	59	1.20
45	97.6	7.8	24.8			6		F	-14	58	1.17
96	99.1	8.0	24.1			6.5		F	-5	49	1.10
Argo Tops		6.8	25.9	0.35	0.069	6.5	166				
Argo Tops		6.4	26.1	0.35	0.076	6.5	270				
Argo Tops		6.8	25.6	0.35	0.078	7	166				
Argo Bottoms		7.1	26.4	0.34	0.118	7.5	412				
Argo Bottoms		7.2	26	0.33	0.094	6.5	78				
Argo Bottoms		7.2	26.1	0.33	0.088	7	281				
Argo Test July 05		6.3	25.4			7					
Coke Sample 15/9/05		8.2	25.8	0.38	0.053		400				
Average	**84.5**	**7.5**	**24.9**	**0.33**	**0.082**	**6.4**	**253**	**G1**	**6**	**54**	**1.13**
Specification		**7.5**	**23.7**	**0.36**	**0.073**	**6 - 7**	**1000**	**G7**	**75**	**52**	**1.08**

When compared to the specification data in Table 5-1, the average values for Ash% ad, Volatiles% ad, TS% ad, phosphorus% ad, CSN and %vitrinite values are all within the expected range. However, the results of coking rheology testing, including fluidity ddpm, % dilatation and Gray King are all significantly less than the specified values.

There may be a number of reasons for this, including the following.

- The strip samples will have been subjected to a single exposure to float/sink liquids, which are known to reduce such caking properties in bore core samples. However, one would expect less of an impact with strip samples compared to bore cores due to their sample size, the fact that they are usually taken from a freshly exposed underground face, and typically turnaround times from a single or limited number of strip samples are much less than typical bore cores.
- Reference is made to some samples that they were tested at a cutpoint of 1.60. This is significantly higher than the expected CPP cutpoint of about 1.40 for the primary DMC cut (although spirals will be closer to 1.60), and Rangal coals are known to drop off in coking properties very quickly above a cutpoint of 1.40. However, the vitrinite contents are as expected, so should be sufficient to generate adequate caking properties.
- There is a significant increase in average rank to RvMax 1.13% compared with the specification 1.08%. Carbonisation properties, especially fluidity, are known decrease significantly with increasing rank, but actual coking strength as measured by Micum/Irsid, ASTM etc. would typically improve over that range.

5.1.4 Bore Core Data

Available coal quality data from the following two series of cored drill holes was reviewed;

- The CKDDHS…series of cores, which were drilled in 2007 and 2008 across the southern area of the ML1779 and the upper area of ML1799, so are relevant to the proposed near-term mining areas. Unfortunately, coverage of actual proposed mining panels is limited.
- The ED…. series of cores, which were drilled further north in ML1779, so are not directly relevant to the proposed mining area, but do represent the future Cook North mining area.

CKDDHS Series Borecores

Yield and product ash results for a nominal two stage washing process corresponding to a range of cut points from 1.40sg to 1.60sg or 1.80sg that are available in two separate documents were reviewed.

Results for a total of 13 cores designated CKDDHS001 to 014 (excluding 010) intercepting Aries, Argo, Castor, Pollux and Orion seams are reported in *QUALITY_FS_2007_FOR_MODEL.xlsx*. For the Argo Seam in particular, the samples were split into multiple plies to result in a total of 43 working sections. Primary and secondary yields and ashes are presented for F1.30, 1.40 and 1.60, but there is no explanation of whether the data represents theoretical or simulated data.

Table 7 in Section 4.12.1 (pages 28-29) in the December 2016 JORC Resource report explicitly describes the basis of simulations carried out by A&B Mylec for the same suite of seams analysed above with reference to 2007 to 2008 drilling, so are assumed to refer to the same CKDDHS core series. The data from the JORC report is provided in Table 5-5 and shows an average total yield for the Argo F 1.40 case of 85.3% versus 94.3% in the *QUALITY_FS_2007_FOR_MODEL.xlsx*, and coking yield 61.6% at 7.4% ash compared with an average 81.7% at 7.1% ash.

The A&B Mylec simulations are based on a jig washing the coarsest -31.5 mm size fraction, 2 stage DMC for small coal down to 0.5 ww, and spirals for the fines after desliming at 0.125 mm with ultrafines reporting to waste. Dilution of 6% is assumed, which would partially account for the reduced yields compared to the xls data, but different circuit assumptions may also account for the difference.

It is understood that the CPP has since been upgraded to DMC only processing the coarse and flotation processing all fines, which should result in more efficient processing.

Table 5-5 : Simulation Results from 2016 Resource Report

Seam	Wash Fraction	Primary Product			Secondary Product			Total Yield % (ad)	Coke Split %
		Ash % (ad)	CSN	Yield % (ad)	Ash % (ad)	CSN	Yield % (ad)		
Aries	F 1.30	7.9	6.6	30.3	20.6	2.0	48.4	78.7	38.2
	F 1.40	9.3	5.8	41.8	23.0	1.4	37.2	78.9	52.8
	F 1.50	11.5	4.8	53.5	24.5	1.4	25.6	79.2	67.5
	F 1.60	13.2	4.4	60.1	23.7	1.6	19.2	79.3	75.8
	F 1.70	14.4	4.3	63.2	21.7	1.7	16.2	79.4	79.6
	F 1.80	15.4	4.2	65.1	19.2	1.8	14.7	79.8	81.8
	Data Point	6	6	6	6	6	6	6	6
Castor	F 1.30	7.3	6.7	50.2	13.5	3.2	36.4	86.6	57.8
	F 1.40	8.0	6.3	60.9	14.8	2.7	25.9	86.8	70.1
	F 1.50	9.1	5.7	70.3	14.1	3.2	16.7	87.0	80.8
	F 1.60	9.5	5.5	72.4	12.7	3.5	14.6	87.0	83.2
	F 1.70	9.7	5.4	73.1	11.9	3.7	14.0	87.0	83.9
	F 1.80	9.9	5.4	73.4	11.1	3.8	13.7	87.1	84.3
	Data Point	9	9	9	9	9	9	9	9
Pollux	F 1.30	7.5	6.5	35.9	15.3	2.5	48.8	84.7	42.8
	F 1.40	8.8	5.4	51.3	16.4	2.0	33.8	85.0	60.5
	F 1.50	10.2	4.6	66.5	17.5	2.4	18.8	85.4	78.1
	F 1.60	10.8	4.5	70.1	16.3	2.7	15.3	85.4	82.2
	F 1.70	11.1	4.5	71.0	15.3	2.8	14.5	85.5	83.2
	F 1.80	11.5	4.4	71.8	13.4	2.9	13.8	85.6	84.0
	Data Point	5	5	5	5	5	5	5	5
Orion	F 1.30	7.0	7.5	25.9	17.9	3.3	40.5	66.4	39.1
	F 1.40	8.3	6.3	46.1	25.4	1.8	20.7	66.8	69.0
	F 1.50	9.3	5.7	52.9	30.0	1.8	14.0	66.9	79.1
	F 1.60	10.7	5.4	56.6	29.6	2.0	10.4	67.0	84.5
	F 1.70	12.1	5.2	59.4	26.0	2.4	7.7	67.1	88.5
	F 1.80	13.3	5.1	61.6	21.4	2.8	6.2	67.8	90.8
	Data Point	1	1	1	1	1	1	1	1
Argo	F 1.30	6.3	6.7	41.2	11.9	3.0	43.7	84.9	48.3
	F 1.40	7.4	5.6	61.6	13.5	2.5	23.7	85.3	72.1
	F 1.50	8.2	5.1	70.8	13.4	2.9	14.7	85.5	82.7
	F 1.60	8.6	5.0	72.5	12.1	3.2	13.0	85.5	84.7
	F 1.70	8.8	4.9	73.1	11.0	3.3	12.4	85.5	85.4
	F 1.80	9.0	4.9	73.5	10.1	3.3	12.1	85.6	85.9
	Data Point	17	17	17	17	17	17	17	17

ED Series Borecores

A series of 13 PQ cores were drilled in 2016 to provide comprehensive coal quality data in terms of both washability data and product composite data for both coking and thermal products. The cores were located in the 3D seismic area of Cook North lying north of the Pollux – Orion split, so is north of the area proposed for near term underground development.

The bore core analytical procedures were clearly documented by Minserve in *Cook PQ Core Test ProcedureCoal C4a 151209.pdf* and provide ideal data for both plant simulations of expected yield and product ash and expected product quality for both coking and thermal products.

The "Fast Floats 1.375" Product Composite data for the separate coarse +31.5 mm and fine -31.5 mm size fractions is presented in *Product Coal Quality Summary 27062016.xlsx* and summarised in Table 5-6.

The data shows that the lower density fraction from the coarsest +31.5 mm fraction has very poor coking properties with an average CSN of 3.3, no dilatation from a practical viewpoint and very poor

fluidity for this rank of coal. However, the fine -31.5 mm fractions have reasonable coking properties with a CSN of 6 to 7, Gray Kings in the low G2 to G3 range and moderate dilatation and fluidity. Both TS and phosphorus are low. The %volatiles of 24.4% is within the standard specification range, suggesting no significant change in rank in this area to the north of near term production.

The Sample C pre-treatment procedure and comprehensive float/sink testing by size provided ideal samples for plant simulation purposes to predict the primary yield and ash for any particular circuit configuration. Table 5-6 shows the summary results and is extracted from Cook North Product Coal Summary 160513.xlsx. The results are generated using "Simprep", a proprietary Minserve software package which produces similar yield estimates to other industry standard coal preparation plant simulation models. The yields are for in-seam only on an "ad" basis, that is no adjustment for dilution or ROM / product moisture differences.

In this case the raw ash is also shown, and Figure 5-1 provides regressions of coking yield and total yield versus the raw ash.

Table 5-6: Washability Data for ED Series Drillholes
(extracted from *Product Coal Quality Summary 27062016.xlsx*)

Core	Seam	Size Fraction	Proximate Analysis			General Analysis			Gray King	Dilatation		Geiseler Fluidity
			ADM	Ash	Volatiles	TS	P	CSN		Dilatation	Contract	
			%	%	%	%	%			%	%	ddm
ED01	Pollux	-50+31.5mm F1.375	1.7	9.9	25.4	0.37	0.164	6	G3	23	11	1189
ED02	Gemini	-50+31.5mm F1.375	2.4	7	22.8	0.39	0.015	2.5	F	17	CO	9
ED04	Gemini	-50+31.5mm F1.375	2.1	8.9	21.6	0.34	0.123	3.5	E	22	CO	9
ED06	Gemini	-50+31.5mm F1.375	2.3	7.2	22.5	0.38	0.071	3	E	22	CO	8
ED07	Gemini	-50+31.5mm F1.375	2.7	7.3	22.2	0.37	0.021	3	D	11	CO	5
ED08	Gemini	-50+31.5mm F1.375	2.9	7.4	21.8	0.35	0.007	3.5	E	14	CO	4
ED09	Castor	-50+31.5mm F1.375	2.1	9.2	23.9	0.37	0.023	4	F	13	CO	5
ED09	Pollux	-50+31.5mm F1.375	2.3	10	22.8	0.33	0.011	2.5	F	16	CO	3
ED11	Castor	-50+31.5mm F1.375	2.1	6.8	24	0.39	0.054	6.5	G2	22	CO	130
ED11	Pollux	-50+31.5mm F1.375	2.2	8.8	21.4	0.37	0.191	1	D	11	CO	2
ED12	Castor	-50+31.5mm F1.375	2.5	7.4	23.2	0.39	0.029	7	G1	24	CO	14
ED12	Pollux	-50+31.5mm F1.375	2.6	10	20.2	0.34	0.018	1	B	4	CO	none
ED13	Castor	-50+31.5mm F1.375	2.9	9.1	23.3	0.34	0.014	4.5	G	20	CO	10
ED13	Pollux	-50+31.5mm F1.375	2.6	7.7	22.9	0.34	0.032	3.5	F	15	CO	6
ED14	Castor	-50+31.5mm F1.375	2.2	9.4	22.4	0.43	0.042	1	C	14	CO	1
ED14	Pollux	-50+31.5mm F1.375	2	12.1	22.7	0.4	0.003	1	D	16	CO	2
ED15	Pollux	-50+31.5mm F1.375	1.9	10.4	22.6	0.37	0.009	2.5	F	14	CO	29
ED15	na	-50+31.5mm F1.375	2.4	7.7	22.8	0.41	0.006	3.5	F	13	CO	32
Average			2.3	8.7	22.7	0.37	0.046	3.3	F	16		10
ED01	Pollux	-31.5+0.00mm F1.375	1.6	7.9	26.1	0.41	0.088	8	G5	28	78	2756
ED02	Gemini	-31.5+0.00mm F1.375	2	5.7	24.5	0.41	0.076	7	G3	21	CO	276
ED04	Gemini	-31.5+0.00mm F1.375	1.9	6.1	23.5	0.36	0.055	8	G2	23	CO	276
ED06	Gemini	-31.5+0.00mm F1.375	2.1	6.4	24.2	0.4	0.085	5	G3	20	CO	230
ED07	Gemini	-31.5+0.00mm F1.375	2.5	6.7	23.2	0.38	0.052	6	G1	23	-16	223
ED08	Gemini	-31.5+0.00mm F1.375	2.4	6.4	22.6	0.36	0.059	6	G1	27	22	117
ED09	Castor	-31.5+0.00mm F1.375	2	7.2	25.9	0.4	0.048	7.5	G3	22	7	590
ED09	Pollux	-31.5+0.00mm F1.375	1.9	8.6	24.8	0.37	0.007	7	G2	16	CO	120
ED11	Castor	-31.5+0.00mm F1.375	1.9	5.7	24.8	0.42	0.072	7	G3	22	-10	430
ED11	Pollux	-31.5+0.00mm F1.375	1.9	6.3	23.3	0.4	0.076	6	G	16	CO	130
ED12	Castor	-31.5+0.00mm F1.375	2.3	6.3	24.5	0.4	0.08	8	G2	26	15	180
ED12	Pollux	-31.5+0.00mm F1.375	2.6	7.1	22.3	0.37	0.03	4.5	G1	24	-21	22
ED13	Castor	-31.5+0.00mm F1.375	2.6	7.6	24.7	0.35	0.06	7	G2	25	CO	140
ED13	Pollux	-31.5+0.00mm F1.375	2.7	5.6	25.3	0.34	0.055	6.5	G2	20	-8	370
ED14	Castor	-31.5+0.00mm F1.375	2	6.7	26.1	0.46	0.072	7	G5	24	35	674
ED14	Pollux	-31.5+0.00mm F1.375	1.8	7.5	25.1	0.46	0.009	6.5	G4	23	17	1200
ED15	Pollux	-31.5+0.00mm F1.375	1.9	8.1	23.8	0.39	0.068	7	G2	20	CO	220
ED15	na	-31.5+0.00mm F1.375	2.3	6.7	24.8	0.43	0.043	7	G3	23	24	440
Average			2.1	6.8	24.4	0.40	0.058	6.7	G2-G3	22		275

Table 5-7: Plant Simulation Results
(extracted from Cook North Product Coal Summary 160513.xlsx)

Hole	Seam	Thick	Feed	Coking Product						Thermal Product		Total	Coking
			Raw Ash	Yield	Ash	CSN	TS	Phos	CSR	Yield	Ash	Yield	Split
		m	% ad	% ad	% ad		% ad	% ad		% ad	% ad	% ad	
ED06	Gemini	5.33	10.9	74.5	7.5	5.5	0.39	TBA	53.4	22.0	12.4	96.5	77.2
ED07	Gemini	4.84	9.4	76.7	7.3	7	0.37	0.084	46.5	18.8	10.6	95.5	80.3
ED08	Gemini	4.72	10.1	78.6	7.5	7.5	0.35	0.067	37.3	16.1	13.2	94.7	83.0
ED09	Castor	2.44	13.2	68.9	7.8	7	0.39	0.047	NR	23.5	14.5	92.5	74.5
ED09	Pollux	2.42	16.9	37.6	7.8	7.5	0.39	0.007	NR	37.9	14.5	75.5	49.8
ED11	Castor	2.52	9.8	74.1	7.1	7	0.37	0.062	NR	21.3	12.1	95.4	77.7
ED11	Pollux	2.68	10.9	75.7	7.1	4	0.36	0.056	NR	16.9	10.2	92.6	81.7
ED12	Castor	2.23	10.5	76.5	7.7	7	0.39	0.076	NR	17.4	14.8	93.9	81.5
ED12	Pollux	2.93	17.7	74.0	7.6	5.5	0.38	0.049	NR	13.5	14.3	87.5	84.6
ED13	Castor	2.21	10.2	65.6	7.7	6.5	0.38	0.042	NR	30.7	13.4	96.2	68.1
ED13	Pollux	4.76	11.8	80.0	6.7	7	0.36	0.067	NR	14.2	10.9	94.2	84.9
ED14a	Castor	2.05	10.1	72.6	7.8	6.5	0.43	0.074	NR	21.3	14.6	93.9	77.3
ED14	Pollux	2.05	12.5	57.1	7.8	6	0.42	0.008	NR	33.0	14.3	90.1	63.4
ED15	Castor	1.96	9.7	70.2	7.5	6	0.43	0.049	NR	16.7	14.3	87.0	87.0
ED15	Pollux	1.99	16.9	37.3	7.5	7	0.40	0.080	NR	44.0	14.5	81.3	45.9
Average		3.01	12.0	68.0	7.5	6.5	0.39	0.055	45.7	23.2	13.2	91.1	74.5

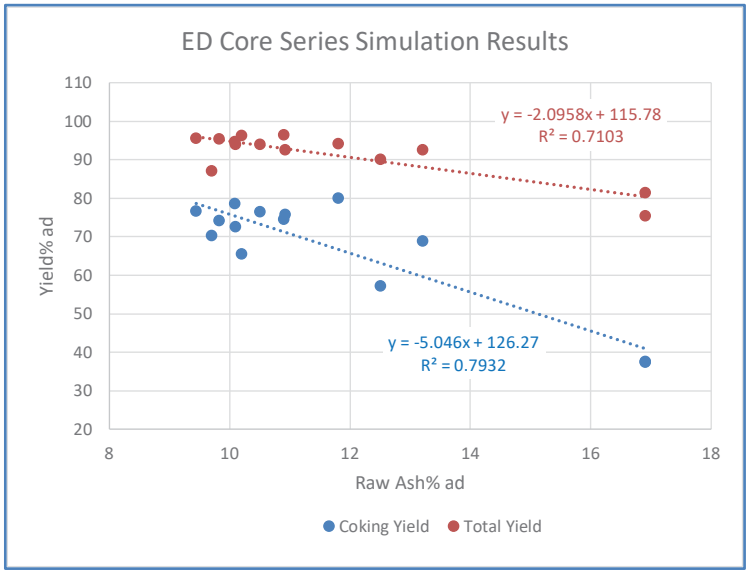


Figure 5-1 : Raw Ash vs Yield Regression Analysis from ED…..series bore cores

5.1.5 Conclusions for Cook Colliery

A review of the available data for the Cook resource showed that it is difficult to confirm the quality of both the primary coking coal product and the secondary thermal product that have been produced in terms of important market characteristics such as ash, rank, CSN, fluidity, volatile matter, sulphur and phosphorus for coking coal (including semi-soft) products, and ash, sulphur, energy content and volatile matter for thermal coal products.

There are product specification sheets for both coking and thermal product, dated 2015, but there is no supporting product quality data for individual shipping, railings or plant production. Indicative product quality data is available in two forms:

- Reports and supporting spreadsheets in an analysis carried out by A & B Mylec in 2006/7 on available past quality data at that time, most of which appears to be in the form of strip samples from past workings plus a few cores.
- One suite of 13 PQ cores from the 3D seismic area in Cook North which is understood to be located to the north of the proposed near-term mining area.

The available data supports that a 7.5% ash (ad) coking product with CSN in the specified range of 6 to 7 with nominal 52% vitrinite content can be produced. Total sulphur is as expected, but coking rheology testing indicates lower than specified values of fluidity, dilatation and Gray King in all cases, plus a modest increase in rank from the specified RvMax of 1.08% to 1.13%. Phosphorus levels are at times elevated for individual samples and a detailed study of the Argo sample in 200 mm intervals indicated that phosphorus levels vary greatly for individual plies, with some of the lower plies rising to as high as 0.4%.

The available data indicates that a maximum 14.5% ash (ad) thermal product can be readily produced.

Both strip and core samples indicate that the main target seam, Argo, and the Pollux and Castor seams beyond where the Argo seam splits have very low in-seam ashes of 10% (ad) or less for the most part, which results in extremely high total theoretical yields in the high 90's. Simulation data indicates that actual plant in-seam total yields should be in the low 90's for most samples.

However, actual production data on a monthly basis from Jan 2015 until production ceased in March 2017 indicated much lower yields with an average total yield of 68.3% and coking yield of 55.8% for a coke split of 81.8%. An earlier summary table from the A & B Mylec 2006/7 study on the historical plant performance indicated a similar coking yield but higher total yield with greater thermal production.

It is unlikely that the difference could be accounted for by poor plant performance alone, especially with the use of DMC / spiral technology and the installation of flotation to process the ultrafine material. Hence it is assumed that the difference is due to excessive levels of dilution from roof falls and structural problems. Unfortunately, the routine production data does not include plant feed ash, so it is difficult to confirm the exact cause.

The two following actions are strongly recommended to both confirm the coal product quality from recent production and to provide a clear understanding of future quality from the proposed mining areas in the near future:

- Recent shipping and railing (if available) product quality data be acquired to confirm actual past production quality.
- Additional bore core drilling be targeted at the proposed mining areas in the near future. The main focus should be on F1.40 product data in the form of "fast floats" involving a single float/sink exposure and fast laboratory turnaround to minimise the impact of sample oxidation in the laboratory. Due to the intrinsic low ash of the in-seam material, it is recommended that detailed pre-treatment and comprehensive float/sink testing isn't

necessary, but the analytical testing should focus on improved understanding of raw proximate, P and CSN of individual plies within the seam, floor and roof to allow for selection of optimal working sections.

Due to the very high in-seam yields, it is understood that the main impact on plant yield is the variable dilution levels. It is therefore recommended that the above data be used to determine the most appropriate mining horizon, and due allowance be made for out of seam dilution. The above data will provide an accurate estimate of the aggregated raw ash of in-seam material of the proposed working section, to which the regression trend of Figure 5-1 may be applied to estimate the actual plant yield of in-seam material. Due allowance can then be made for the expected level of out-of-seam dilution and any appropriate moisture adjustments to provide an accurate estimate of plant production from each panel. Based on recent production, it would seem appropriate to use the total yield trend regression only, then apply a standard 80% coke split to estimate the relative proportions of coking and thermal product.

5.2 Minyango Coal Quality

The primary source of coal quality information that was reviewed for Minyango was generated from two sets of core samples from holes drilled in the area.

- A series of 100 mm diameter cores (MY4CS001 to 014) that were pre-treated with drop shatter and wet tumbling, and then float / sink analysed over a range of densities to provide reliable washability data. No product composite data was available from these cores.
- A series of HQ diameter cores (MYDDHS017 to 033) that were also pre-treated appropriately with comprehensive float/sink testing over a range of sizes. In addition, product composite samples were recombined from the individual float/sink fractions to produce both a series of low ash coking product composites and a corresponding series of high ash thermal product composites.

A number of seams were intersected across the leases, but the main target seams for producing coking coal are the Aries and Pollux, each with typical seam thicknesses in the range 2.5 to 3.0 m.

Table 5-8 provides a summary of the key product composite data for both coking and thermal products from each of the Aries and Pollux Seams and

Table 5-9 shows the modelled coal quality by resource category.

From the data, it appears that the Aries seam at Minyango is only suitable for producing a semi-soft coking coal with modest coking properties, average CSN of 3.3 and minimal coking rheology. This is primarily due to the low vitrinite content (average 41%), but the coal has good rank (RvMax 1.22%), low total sulphur (average 0.34%) and suitable phosphorus (average 0.06%) for blending purposes. However, several samples have high phosphorus values (up to 0.116%) so careful pre-mine quality planning will be required. The corresponding thermal product is similar to the current Cook product with good CV and low sulphur, and suitable ash fusion properties.

In-seam theoretical yield averaged 55.8% ad for the coking product and 36.3% ad for the thermal product for a total yield of 92.1%.

Table 5-8 : Summary of Potential Minyango Product Quality from Core Data

Seam			Average	Range
Aries	Yield	% ad	55.8	41.4 - 73.7
Coking	Ash	% ad	7	6.1 - 7.4
	ADM	%	1.6	1.4 - 1.7
	Volatiles	% ad	22	21.6 - 22.6
	TS	% ad	0.34	0.33 - 0.37
	P%	% ad	0.06	0.032 - 0.116
	CSN		3.3	2 - 4.5
	Fluidity	ddm max		2 - 5
	Dilatation	max Contract%		9 - 24
		Max Dil%		none
	Gray King			B - F
	RvMax	%	1.22	1.17 - 1.23
	Vitrinite	%	41	37 - 49
Thermal	Yield	% ad	36.3	
	Ash	% ad	12	
	Volatiles	% ad	21.4	
	TS	% ad	0.31	
	CV gad	MJ/kg	29.95	
	Ash Fusior	Def C	1259	
		Spher C	1286	
		Hemi C	1304	
		Flow C	1411	
Total	Yield	%ad	92.1	
Pollux	Yield	% ad	52.8	42.7 - 69.0
Coking	Ash	% ad	7.2	7.0 - 7.5
	ADM	%	1.5	1.3 - 1.6
	Volatiles	% ad	22.3	21.6 - 23.2
	TS	% ad	0.46	0.4 - 0.54
	P%	% ad	0.043	0.013 - 0.082
	CSN		5.5	3 - 8
	Fluidity	ddm max		5 - 80
	Dilatation	max Contract%		16 - 25
		Max Dil%		none
	Gray King			D - G4
	RvMax	%	1.23	1.19 - 1.28
	Vitrinite	%	53	45 - 59
Thermal	Yield	% ad	35.7	
	Ash	% ad	12.5	
	Volatiles	% ad	20.7	
	TS	% ad	0.41	
	CV gad	MJ/kg	30.15	
	Ash Fusior	Def C	1262	
		Spher C	1300	
		Hemi C	1333	
		Flow C	1432	
Total	Yield	%ad	88.5	

Table 5-9 : Modelled Raw Coal Quality at Minyango (Xenith 2018)

Seam	Category	Mt	RD g/cc (adb)	Ash % (adb)	IM % (adb)	FC % (adb)	VM % (adb)	Sulphur % (adb)	CV Mj/kg	CSN
Aries	Measured	6.1	1.38	12.4	1.6	65.0	21.1	0.34	30.7	2.4
	Indicated	32.4	1.33	11.1	1.6	65.6	21.6	0.35	30.7	2.8
	Inferred	55	1.36	10.6	1.5	65.8	22.0	0.42	30.7	3.4
	Total	93.5	1.35	10.9	1.6	65.7	21.8	0.39	30.7	3.1
Pollux	Indicated	39.4	1.38	15.9	1.5	61.0	21.6	0.48	29.3	3.1
	Inferred	57	1.49	25.8	1.5	52.6	20.0	0.35	28.7	3.6
	Total	96.4	1.45	21.6	1.5	56.2	20.7	0.40	28.9	3.4
Minyango Resource	**Total**	**190**	**1.40**	**16.2**	**1.5**	**61.1**	**21.3**	**0.40**	**29.9**	**3.2**

Some rounding to the nearest significant figure has occurred and this may reflect in minor differences in the overall reported resource.

The Pollux seam appears suitable for producing a similar blend coking coal to the current Cook product, with similar %vitrinite (53% average) but a slightly higher rank (RvMax% 1.23), which should result in stronger coking strength. The coking rheology tests are modest with fluidities ranging from 5 to 80 ddpm, no dilatation and Gray King values ranging from D to G4. Fresh production may be expected to be significantly better due to the extended exposure of the product composite samples to laboratory handling and exposure to float/sink liquids. The CSN from fresh production may also be expected to be higher than the average 5.5 for the product composite data for the same reasons. Total sulphur levels are consistent with an average 0.46% (ad) and moderate phosphorus average of 0.043% (ad) with a maximum sample value of 0.082% ad which is within the existing Cook specification.

The thermal product is similar to the existing Cook product with good CV (average 30.15 MJ/kg gad), good total sulphur (0.41% ad) and satisfactory ash fusion data.

In-seam theoretical yield on an air-dried basis averaged 52.8% for the coking coal and 35.7% for the thermal product for a total yield of 88.5%.

6 Geotechnical Review

6.1 General Mining History and Geotechnical Management

The Rangal Coal Measures in the Blackwater area have proven to be very difficult to successfully mine by underground longwall methods. The Leichhardt and Sirius Creek Mines were abandoned due to seam gas and poor ground conditions. The South Blackwater Mines operated reasonably successfully for about 35 years using conventional pillar extraction in Laleham. However, following a conversion to longwall mining at Kenmare, the resultant success was mixed and ultimately Kenmare was abandoned and closed due to geotechnical issues.

Given the relatively high-quality coal resources available for extraction at Cook Colliery, there has always been a temptation to mine with longwall mining methods. However, longwall mining methods have been unsuccessful and are considered to present an unacceptable level of risk as a potential mining method going forward. This is primarily due to the following.

- The density of faulting, including seam equivalent displacement faulting, which does not provide for adequate retreat length of longwall panels between faults and has historically resulted in difficult geotechnical conditions restricting longwall productivity and resulting in costly downtime and ground control costs.
- The presence of overlying Castor seam workings, with an interburden typically around 8-10m, which has resulted in inter-seam mining stress on the lower mine workings due to high stress concentrations associated with overlying Castor seam pillars. This has historically resulted in poor ground conditions both on the longwall face and associated gateroads and led to costly downtime associated with poor geotechnical conditions. In addition, unless carefully planned, the overlying abandoned Castor seam workings provide a source of water which present a potential flood inundation risk. The ultimate demise of Cook Colliery in 2017 under the previous ownership was associated with a flood inundation from overlying workings that forced the ceasing of longwall operations, and which highlights the need for careful mine design layout and management of overlying Castor seam working risk.

The only Linear Continuous Mining System (LCM System) in Australia is deployed at Cook, however the experience was mixed and typically the system failed to achieve production targets. The system was developed, installed and supported by Magatar from South Africa.

Despite the previous poor experience with longwall mining at Cook Colliery and associated mines including Kenmare, AG considers that the current opportunity to utilise a more flexible bord and pillar mining method utilising fit for purpose mining equipment, including place change equipment, provides a unique opportunity for Bounty to successfully recover high quality coal. The nearby Laleham mine (next to Kenmare) in particular demonstrated very successful place change mining in the same target seam sequences (albeit at shallower cover depths).

While the geotechnical risks particularly associated with faulting and overlying seam workings remain when using bord and pillar mining methods, AG considers that with diligent mine planning, appropriate equipment selection and strong operational management, these risks can be reduced to an acceptable level and indeed provide an opportunity for highly productive mining recovery.

The keys to managing productivity and geotechnical risk at Cook Colliery include the following.

1) Providing for extended cut depths (up +12m) whilst maintaining adequate roof and rib stability. Detailed analysis of the geotechnical environment for the proposed bord and pillar mine layouts has been conducted for Bounty by Dr William Lawrence. A key aspect in this context is to ensure that at least 0.5m of coal beam is left in the immediate roof to maintain stability, and ensure that minimal, but adequate, ground support is installed in the bolting cycle.

2) Ensuring that a robust system is in place to anticipate and mine through joint and fault structures. This will entail fault horizon management plans, reduced cut depths and the installation of additional ground support through fault zones. Mining through faults will require strong controls to mitigate risk to an acceptable level with well-considered Trigger Action Response Plans (TARPs).

3) The management of risk due to overlying Castor seam workings is both a geotechnical and potential hydrogeological risk due to potential water inundation. Where possible, the proposed Argo / Pollux seam mine layouts have been laid out to avoid high multi-seam mining induced stress issues, with panels laid out preferentially below de-stressed overlying Castor seam longwall goaf. However, there are still many areas that require undermining Castor seam pillars as illustrated in the preliminary mining layout for Cook going forward (Figure 6-1). The issue is further compounded by the fact that the overlying survey of Castor seam workings is known not to be accurate. This again will require strong controls to mitigate risk to an acceptable level with well-considered Trigger Action Response Plans (TARPs).

6.2 Geotechnical Assessment

6.2.1 Geotechnical Characterisation

An example borehole geotechnical log (CHDDHS017) is shown in Figure 6-2. Based on review of geotechnical logs throughout the general area, this log is considered to reasonably represent the typical strata conditions of the target seams at Cook Colliery. For the Argo seam it is evident throughout that the immediate roof comprises around half a meter of low strength carbonaceous mudstone, before transitioning into a higher strength sandstone. To maintain geotechnical stability for bord and pillar operations, at least half a meter of roof coal is recommended to be maintained at all times. The Argo seam is typically of sufficient thickness (in excess of 4m) to provide sufficient coal roof beam to maintain stability in this context.

Sandstone overlying the 0.5m or so thickness of carbonaceous mudstone has proven in past mine operations to provide sufficient rock mass and material strength for fully encapsulated primary roof bolt support and adequate load transfer.

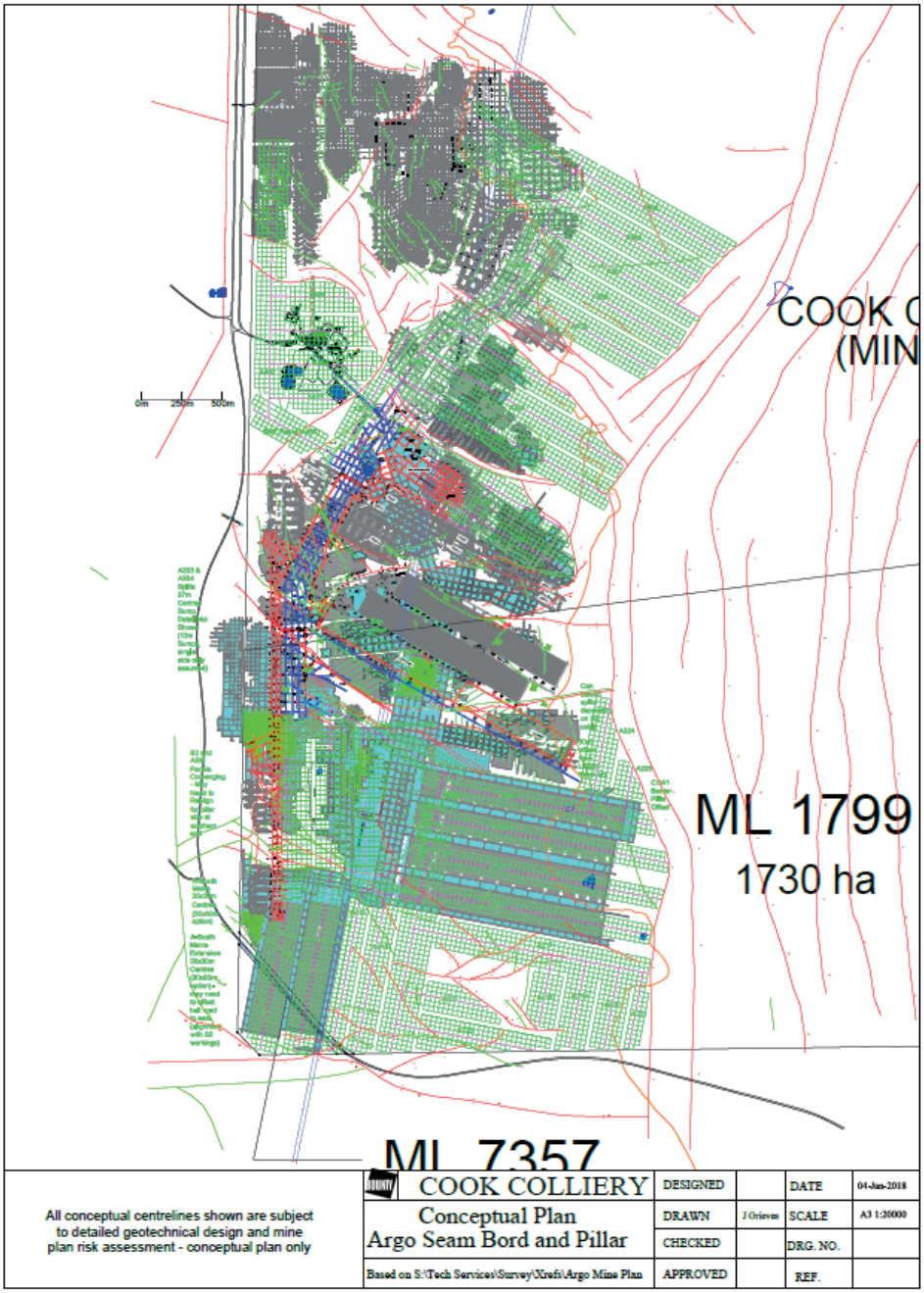


Figure 6-1 : Preliminary Bord and Pillar Mine Layout

ROCK TYPE AND SAMPLES					ROCK DEFECT AND STRENGTH							
					Defect Description							
Lithological Description	Graphic Log	From (m)	To (m)	Thick (m)	Type	Shape	Attitude	Surface	Infill	Depth (m)	Estimated Strength	Remark
Sandstone, light grey, very fine to fine grained, sub angular, well sorted, plant remains, paralel lamination, ferrogeneous nodules, hard		#REF!	197.22	#REF!	HI	P	4	R	G	190.30	2	
					B	P	4	R	G	193.80	2	
					B	P	4	R	G	194.39	2	
Interlaminated by mudstone, grey, carbon string, coal fragments, plant remains, hard, flatty					B	P	7	R	G	196.70	2	
					B	P	6	R	G	196.96	2	
Sandstone, light grey to grey, fine to medium grained, sub rounded, moderately sorted, mineral quartz, feldspar		197.22	198.48	1.26								
Mudstone, black, plant remain, carbonaceous, massive, coal fragments		198.48	198.85	0.37								
ARIES SEAM												
Coal, black, black streak, dull to bright, banded bright, brittle		198.85	200.60	1.75								
Shaly coal, black, dark brown streak, dull, flatty, hard, massive		200.60	200.64	0.04								
Mudstone, black, plant remain, carbonaceous, massive, coal fragments		200.64	200.80	0.16								
Sandstone, light grey to dark grey, very fine to fine grained, sub rounded, well sorted, mineral quartz, feldspar, ferrogeneous nodules, coal and carbon string, coal fragments, paralel lamination		200.80	203.05	2.25	B	P	20	R	M	200.92	2	
					B	P	4	R	G	202.14	2	
Sandstone, light grey, fine to medium grained, sub rounded, well sorted, mineral quartz, feldspar, coal fragments, ferrogeneous nodules, coal string, paralel lamination		203.05	210.84	7.79	B	P	10	R	G	204.98	2	
					B	P	5	R	G	206.79	2	
					B	P	5	R	G	208.29	2	
Sandstone, light grey, very fine to fine grained, sub rounded, well sorted, mineral quartz, feldspar, ferrogeneous nodules, coal and carbon string, coal fragments, paralel lamination		210.84	214.78	3.94	S	I	75	R	G	210.92	2	
					B	P	4	R	G	211.44	2	
					B	P	8	R	CA	212.32	2	
Mudstone, grey to dark grey, carbonaceous, carbon string, coal string, coal fragment, calcite string, hard, flatty		214.78	218.80	4.02	B	P	6	R	M	214.80	2	
					B	P	5	R	C	214.87	2	
					B	P	4	R	C	214.99	2	
Interlaminated by sandstone, grey, very fine to fine grained, ferrogeneous nodules.					B	P	4	R	G	216.56	2	
					B	P	7	R	G	217.45	2	
Sandstone, light grey, very fine to fine grained, sub rounded, well sorted, mineral quartz, feldspar, ferrogeneous nodules, coal and carbon string, paralel lamination		218.80	220.35	1.55								
Mudstone, dark grey, carbonaceous, coal string, coal fragment, flatty		220.35	222.05	1.70	B	I	7	R	G	222.02	1	
Shaly coal, black, dull, flatty, massive		222.05	222.08	0.03								
CASTOR SEAM												
Coal, black, black streak, dull to bright, banded bright, brittle to hard		222.08	225.16	3.08								
Mudstone, black, carbonaceous, coal string, coal fragment, flatty		225.16	225.33	0.17								
Sandstone, light grey, very fine to fine grained, sub angular to sub rounded, moderately sorted, mineral quartz, feldspar, mica string, paralel lamination		225.33	237.07	11.74	B	P	4	R	G	225.91	2	
					B	P	8	R	G	225.99	2	
					B	I	4	R	G	226.83	2	
					B	P	5	R	G	227.38	2	
					B	P	4	R	G	228.47	2	
					B	P	5	R	G	229.45	2	
					B	P	4	R	G	229.57	2	
					B	P	6	R	G	230.18	2	
					B	P	7	R	C	231.49	2	
					B	P	4	R	G	232.16	2	
					B	P	5	R	G	232.67	2	
					B	P	4	R	G	233.20	2	
					B	P	6	R	G	234.77	2	
					B	P	5	R	G	235.36	2	
					B	P	4	R	G	235.42	2	
					B	I	7	R	G	236.15	2	
Sandstone, light grey to whitis grey, fine to medium grained, sub angular to sub rounded, moderately sorted, mineral quartz, feldspar, carbon string		237.07	237.80	0.73								
Sandstone, light grey, very fine to fine grained, sub rounded, well sorted, mineral quartz, feldspar, paralel lamination		237.80	243.90	6.10	B	P	4	R	G	237.87	2	
					B	P	4	R	G	238.42	2	
					B	P	4	R	G	239.21	2	
					B	P	4	R	G	241.24	2	
					B	P	6	R	G	241.78	2	
					B	P	4	R	G	242.14	2	
Mudstone, black, carbonaceous, coal fragments, coal string, plant remain, massive		243.90	244.30	0.40								
ARGO SEAM												
Coal, black, black streak, dull to bright, banded bright, brittle to hard		244.30	249.08	4.78								
Mudstone, black, carbonaceous, coal fragments, coal string, plant remain, massive		249.08	250.10	1.02								
Sandstone, light grey, very fine to fine grained, sub angular to sub rounded, moderately sorted, mineral quartz, feldspar, carbon string, plant remain		250.10	253.00	2.90								
Sandstone, whitis grey, medium to coarse grained, sub angular to sub rounded, moderately sorted, mineral quartz, feldspar, carbon string, coal string		253.00	255.50	2.50								
END OF HOLE : 255.50 M DEPTH												

Figure 6-2 : Example Borehole Geotechnical Log (CKDDHS017) at Cook Colliery

6.2.2 Strata and Insitu Stress Conditions

Sigra Pty Ltd were previously commissioned to study the strata conditions for underground extraction of the coal seams beyond the edges of current mining operations utilising the Sigra In-situ Stress Test (IST) Procedure in boreholes CKDDHS001 through CKDDS005.

A number of core samples of the immediate roof and floor material of the Argo Seam were tested for strength by Triaxial Testing and Slake Durability Testing. The results were evaluated and interpreted by Sigra in order to determine the pillar and roadway configuration as well as the requirements for roof support at the Minyango project.

The conclusions drawn by Sigra were that:

"The testing of boreholes CKDDHS-002 through to CKDDHS005 in Cook Colliery lease has revealed a wide variation in stresses and stress directions. Most notable in these are the variations in stress direction encountered in borehole CKDDHS-004 where highly directional stress fields rotated first one way and then the other. The most uniform stress field was encountered in the vicinity of CKDDHS-003. The changes in stress field are symptomatic of the highly faulted nature of the mine lease. Such changes in stress may lead to complications with roof and pillar stability. They will certainly require constant vigilance during mining operations. The comparatively uniform and not too directional stress field in the vicinity of CKDDHS-003 suggests that more benign mining conditions may be found in this area. Despite the fact that variability in stress and stress direction is greater in the Cook lease than any other tested by Sigra the actual ratios of major principal stress: UCS strength are generally not that great and provided that adequate strata support design and implementation is undertaken then there should not be any major problems.".

6.2.3 Multi-Seam Mining Stress

The overburden to interburden (OB:IB) ratio in multi-seam mining operations has been studied extensively to determine a relationship between this ratio and seam interaction issues, and is considered by some to be a key tool in predicting the potential for seam interaction (Peng, 2008). Previous studies have shown that seam interactions are likely to occur when the OB:IB ratio exceeds 10:1 (Chekan, 1989). A more recent study suggests that no interaction is likely when OB:IB ratio is less than 7 (as shown in Figure 6-3), while the possibility of extreme interaction exists when OB:IB ratio is greater than 16 (Ellenberger, 2003).

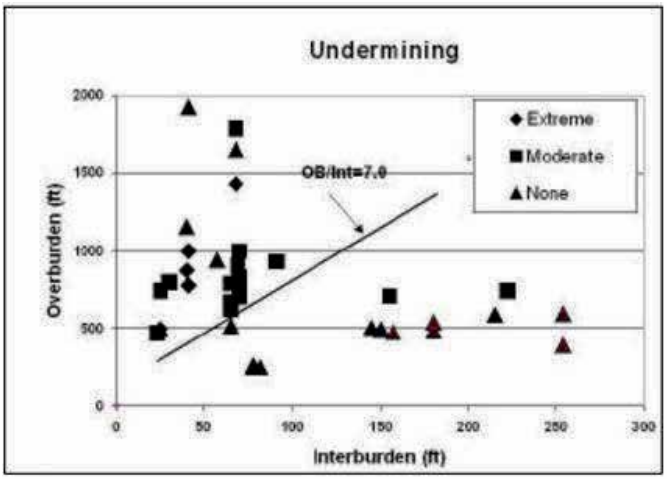


Figure 6-3 : Multi-seam Mining Prediction based on O/I Ratio (Ellenberger, 2003)

To illustrate the historical issues associated with multi-seam mining stress at Cook Colliery, the following incidents occurred during extraction of the first Argo seam longwall (LW201, Figure 6-4) that were likely associated with multi-seam interaction and that can be used as a case example.

1. MG201 15-16ct C heading – Significant convergence event experienced. LW retreating 5m per day at the time, with a multiday unplanned delay 20m outbye cut through. Noticeable rib slabbing and centreline cracking observed in D heading after longwall had passed;

2. MG201 11-12ct C heading – Significant convergence event requiring additional support and measures to get through. Longwall retreating 3m per day leading up to and during the convergence;

3. MG201 11-12ct D heading – Extensive deterioration observed following extraction, requiring link-n-locks and megadowel support (Figure 12); 4. MG201 6, 7 and 8ct D heading – Blockside spall occurred in intersections >100m outbye longwall face;

5. MG201 8ct C heading and cut through – Significant convergence event in C heading. Ribs failed during longwall retreat in cut through required >20 link n locks installed and seal required rebuilding outside of cut through;

6. MG201 7ct D heading – Major rock fall occurred 84m outbye longwall face during longwall retreat. Only roof bolts were installed at the time (contrary to recommended support);

7. MG201 3ct C heading– Moderate deterioration during retreat (floor heave and rib slabbing);

8. TG201 9ct and 4ct – Goaf flushing events occurred, resulting in several shifts lost due to clean up required.

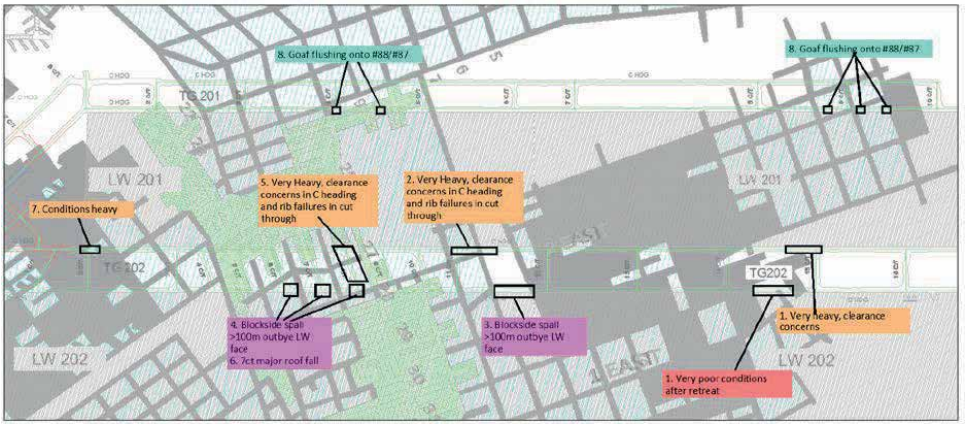


Figure 6-4 : LW 201 Multi-seam Induced Incident Locations

A 2016 study conducted by the University of NSW regarding these incidents was undertaken in an attempt to provide a means for predicting future multi-seam mining interactions at Cook. The overburden to interburden ratio was a method considered in the study due to its applicability being studied previously. However, when plotted across the longwall area no strong correlation was evident in the regions that experienced deterioration compared to those that didn't as the entire area has an OB/IB ratio above the 7-10 range.

Multiple seam stress was analysed using a stress prediction computer programme, LaModel. The modelling predicts that the Castor seam workings can have a significant impact on the stress regime, with changes approaching 5MPa. This change in vertical stress impacts the conditions in that the behaviour seen when mining is more what is expected at a depth of cover of 400-450m, as opposed to the 150-250m depth of current workings. Excluding the edges of the model, where results may be skewed, underneath fully extracted workings the stress in the current seam is partially relieved up to 4MPa.

To test the model results, insitu stress below Castor seam remnant pillars was measured during development of MG203. The vertical stress levels were approaching 10.8MPa in MG203 at the inbye region between a remnant pillar, which is 50% greater than the stress levels anticipated based on the overburden thickness induced stress alone. Comparing back to mapped development conditions and installed primary support in MG201, a clear correlation existed between increased vertical stress from the overlying workings and deteriorated conditions. This is most notable in regions MG201 7-9ct, MG201 11-12ct and MG202 19-23ct. Further, all of the 8 areas where notable incidents were experienced during LW201 retreat occurred in regions of model predicted increased vertical stress.

From the above, AG considers that the mechanics underpinning multi-seam mining interaction at Cook are well understood following this work, and therefore, should provide for a reasonable assessment of anticipated ground conditions beneath overlying Castor seam workings. Continued site based LaModel assessments are recommended to be undertaken to quantify likely vertical stress levels

within the Argo seam workings below the Castor seam workings, and this is considered likely to assist in targeting appropriate ground control and risk mitigation strategies.

6.2.4 Geotechnical Advice and Support

Dr William Lawrence is currently operating in a role as contract geotechnical engineer for Cook Colliery, and has an extensive history in this role. Based on this history and his qualifications, AG considers that Dr Lawrence is well suited for the role and has a strong understanding of geotechnical on-site conditions, risk issues and controls.

6.2.5 Stability of Extended Cut Outs

Based on historical mining experience with unsupported fender cut outs into pillars at Cook Colliery, it is evident that there is clear potential for achieving extended (up to 12m) stable cut outs.

To assess geotechnical design and control, Dr Lawrence has utilised RocScience RS2 numerical modelling software, applying appropriate rock mass and other geotechnical parameters based on test results and experience.

The following geotechnical outcomes provided by Dr Lawrence for the immediate five-year plan area assume normal strata conditions away from faults and overlying Castor seam impacts, but within the footprint of overlying Caster seam workings

Overlying Castor seam impacts are typically pervasive, and as such it is not possible or efficient to avoid them, with the exception being under large areas of Castor seam goaf (Argo roof beneath Castor seam longwalls is likely less impacted, compared to Castor seam pillar extraction panels)

As outlined previously, the ability to maintain a minimum of 0.5m of coal in the immediate roof to workings has been assessed as providing sufficient geotechnical stability. However, at this point in time a method to measure and maintain consistent coal roof thickness has not been developed at Cook Colliery and there is (at this point in time), no meaningful Argo experience of mining under coal roof to help calibrate or confirm the RS2 model outcomes.

Due to the interbedded and laminated nature of the Argo seam roof, it has been recommended not to have unsupported cuts open for any extended period of time, or too many of them.

Dr Lawrence has applied the following dimensions to assess the potential of extended cuts:

- Roadway widths of 5.5 m;
- Extended cuts depth between 8 m to 12 m; and
- Coal roof minimum thickness is 0.5 m unless stated.

The following are the main RS2 numerical model outcomes from Dr Lawrence for place change mining using extended cuts:

- At 3.6 m mining height extended cuts may be feasible to about 235 m depth; and
- Thicker coal roof would be required at depths >235 m.

6.2.6 Ground Support

Ground support for planned Argo seam workings is designed based primarily on consideration of:

- "Normal" areas away from faults and overlying Castor pillars;
- For driveage affected by faulting; and
- For driveage under overlying Castor seam workings – goaf edge or remnant pillars.

In addition, primary and secondary roof and rib support is differentiated between longer term (main headings) and shorter term (panels) mine workings, and for driveage away from and at intersections (travel roads, belt roads and for larger intersections for drive heads etc.).

Indicative ground support recommendations based on bolt density / spacing provided by Dr Lawrence (Jan 2018) as shown in Table 6-1 are based on workings usage and ground conditions as defined in Table 6-2.

Table 6-1 : Indicative Ground Support Based on Code Levels

Roof	Rib
Green: 4-bolt offset	Green: 2 x 1.5 m
Purple: 5-bolt (4 then 6 @ 1 m)	Purple: 2 x 1.8 m
Yellow: 6-bolt	Yellow: 3 x 1.5 m
Blue: 8-bolt	Blue: 3 x 1.8 m
Grey: 10-bolt	
Red: Blue + cables	

6.2.7 Conclusions on Geotechnical Conditions, Risks Design and Controls

While there have been obvious cases of significant geotechnical events in prior mining history at Cook Colliery, there is also significant evidence from past mining at Cook and nearby that with correctly selected mining equipment and systems, productive bord and pillar and (potentially) place change mining systems have the potential to be successfully operated in future operations at Cook. The prior mining experience, structured nature of the coal measures, and the presence of stress impacts from overlying workings is considered to preclude any future potential for longwall extraction.

While the potential of geotechnical instability remains, and is elevated through structured zones and stress impacts from overlying workings, it is considered that the mine site has developed strong controls to mitigate risks to acceptable levels. The successful accomplishment of geotechnical risk control is premised on a minimum of the following factors:

- The controls are diligently implemented at site with correct ground support installation based on condition assessment;
- The site continues to explore and identify geotechnical risk issues in advance;
- The site continues to monitor, validate, and further understand predicted stress conditions associated with overlying workings;
- The site continues to measure and monitor geotechnical stability and performance against plan and continuously improve risk control based on experience gained mining Argo seam workings.

Table 6-2 : Argo Seam First Workings Minimum Ground Support Requirements (Lawrence 03/01/18)

REVISION 0 - DATED 03/01/18	MINIMUM STRATA SUPPORT - FIRST WORKINGS ATMs							
	LONG TERM PANEL SHORT TERM PANEL - SUMPING SECONDARY EXTRACTION (secondary support will be required before sumping)				SHORT TERM PANEL - FLOOR SECONDARY EXTRACTION ONLY			
	Roadway away from intersection		4-way intersection no breakaway 3-way with single breakaway	4-way intersection with breakaways 3-way with two breakaways	Roadway away from intersection		4-way intersection no breakaway 3-way with single breakaway	4-way intersection with breakaways 3-way with two breakaways
	Roadway height >3 m	Roadway height <3 m			Roadway height >3 m	Roadway height <3 m		
Minimum roof coal thickness	0.5 m to 235 m depth	0.5 m to 250 m depth	Code Grey	Code Red	0.5 m to 235 m depth	0.5 m to 250 m depth	Code Grey	Code Red
Normal (ie, no geotechnical anomalies	Code Yellow	Code Purple			Code Purple	Code Green		
Castor abutment - goaf edge or remnant pillar (Minimum 5 m on solid side. Consider Castor rib yield, abutment is usually not beneath drawn edge of panel)	Code Blue	Code Yellow	Code Red	Code Red	Code Yellow		Code Red	Code Red
Faults and fault-disturbed strata	Code Blue		Code Red	Code Red	Code Blue		Code Red	Code Red
	Minimum Rib Support - Development ATMS				Minimum Rib Support - Development ATMS			
Normal	Code Yellow	Code Green	Specified support and mesh must be continuous and wrapped around corners		Code Yellow	Code Green	Specified support and mesh must be continuous and wrapped around corners	
Castor abutment - goaf edge or remnant pillar (Minimum 5 m on solid side. Consider Castor rib yield, abutment is usually not beneath drawn edge of panel)	Code Blue	Code Yellow			Code Blue	Code Yellow		
Faults and fault-disturbed strata	Code Yellow				Code Yellow			
	Monitoring Rules (Tell-tales)				Monitoring Rules (Tell-tales)			
Normal	Installed periodically as specified in ATM		Installed prior to breakaway or hole-through		Installed periodically as specified in ATM		Installed prior to breakaway or hole-through	
Castor abutment - goaf edge or remnant pillar	Under remnant pillars and within 5m of goaf edge				Under remnant pillars and within 5m of goaf edge			
Probable Fault	Installed within 5m of ATM fault location				Installed within 5m of ATM fault location			

Control of geotechnical risk will in practise be based the site's Principal Strata Control Hazard Management Plan and associated Trigger Action Response Plans (TARPs). AG considers the existing site team to be technically strong and capable by industry standards, in particular the geotechnical management provided by Dr Lawrence.

It is also worth pointing out that many unsupported sumps have been achieved and remain standing in Castor seam workings at Cook Colliery in areas unaffected by faults or elevated multi-seam stress issues. While Argo seam workings are yet to be tested in the context of achieving extended cuts in future operations, this is nonetheless a positive indicator that supports Dr Lawrence's assessment of extended cut potential in similar geotechnical conditions for the planned Argo seam workings (away from structured or high stress areas).

6.3 Inundation Risk and Prevention

The adequate management and control of water inrush is clearly critical in light of the recent 2017 experience at Cook Colliery. The site operates under an Inrush Principal Hazard Management Plan (PHMP 0011.11).

The PHMP for inrush will require updating for near term mine planning operations, however, AG considers the principal effective controls from the PHMP to be as follows:

- Reviewing predictive information of Inrush Potential to allow effective planning of areas to be mined. Such information shall include the consideration of the originals of any relevant plans and any relevant files or other material held by, or accessible by, the Department of Natural Resources and Mines.
- Consideration of all available relevant information concerning the risk of inrush to the operation, including:
    - Historical information for both the area to be developed as well as previous and adjacent workings, including when and where inseam drilling commenced and if all boreholes were surveyed.
    - Geological data relating to structure identification, orientation and projection and seam characteristics. Such data can be obtained from a variety of sources including routine roadway mapping, inspection of anomalies uncovered during the mining process and the analysis of drilling logs.
    - Evaluation of all available external sources of information relating to Cook Colliery (e.g.: exploration boreholes, seismic surveys etc.) and adjacent operations.
- During the analysis of the inrush potential a broad cross section of people should be used, including site management, operators, geotechnical engineers, and geologists.
- Accurate plans and surveys must be used to position the nearest sealed workings in the Castor Seam above the planned mine workings.

Where overlying workings are established, or in other areas deemed potential risks, inrush control zones are determined based on assessments of inrush potential (such as location and proximity of previous workings). Work within the inrush control zone cannot proceed unless the inrush hazard associated with flooded workings in the Castor seam has been identified by:

- drilling into the Castor seam workings to confirm the extent of water in those workings; and
- using the water head measured at each drilling intersection and seam floor contours to determine the extent of that water overlying the planned Argo seam workings.

Before any planned Argo seam operations take place, a regulatory Authority to Mine needs to be issued detailing:

- Castor seam workings overlying the area in the Argo seam to be mined;
- the interburden thickness between the Castor and Argo seams where available;
- the extent of the inrush hazard including the high tide mark in the Castor seam and all Castor seam workings believed to contain water, and
- the inrush control zone within the planned Argo seam workings.

The following additional live documents assist in the control of inrush at Cook Colliery.

- SWP-0030 Working in a Development Inrush Control Zone
- SOP039 Precautions Against Inrushes
- TARP020 Inrush
- SWP-135 Creating an Authority to Mine (ATM)

While a detailed review and analysis of inrush prediction and control is beyond the scope of this exercise, AG considers that the key aspects relating to prediction and risk assessment of inrush and utilising all available data sources, together with the implementation of required regulatory controls (SOPs, SWPs and TARPS), should enable adequate inrush risk management at Cook Colliery to be realised. A review of all planned working panels to identify specific inrush risks and controls will be required in advance of mining, per Cook Colliery inrush PHMP and associated documents.

It is also worth noting in particular that applied factors of safety for planned Argo seam workings and the intention not to adopt longwall or secondary extraction methods is considered to significantly reduce inrush potential and the scale of water inundation due to connectivity with overlying Castor seam workings, when compared with subsidence and connectivity associated with prior longwall seam workings.

7 Infrastructure Review

7.1 Underground Infrastructure

7.1.1 Mine Access and Underground Roadways

Access to the mine workings is via an inclined winch car on steel rails operated via the surface winder house. This same inclined shaft arrangement is used for transportation of men and material and appeared in good working order subject to a few ongoing maintenance actions required to the rails and support steelwork, which is typical of what is found at other similar installations.

The areas visited underground generally indicated favourable conditions from a men and material transportation aspect, with the floor in particular being quite level and with minimal undulations, potholes, etc., enabling comfortable and steady travel to the working faces. There was little or no sign of water ingress to the roadways noted, with travel heights generally being upwards of 3 metres, well illuminated and suitably stone-dusted.

7.1.2 Production Equipment

At the time of the review, the underground production equipment was largely parked on the surface awaiting final disposition from the liquidators (shuttle cars, breaker feeders, continuous haulage system, LHD's, etc) or parked up underground and inoperable (continuous miners (CM's) and longwall system). From conversations with Bounty management, the majority of this equipment did not fit in with their future operating plans, or would likely be returned to the hire company, and therefore, AG did not undertake a thorough review of the equipment condition.

In terms of the longwall, a detailed review by the original equipment supplier was undertaken, and a detailed repair cost and salvage plan developed. Based on this, and pending making arrangements with a third party to purchase the equipment, the longwall may be salvaged and sold off.

In terms of development equipment, three CM's are located underground and could be used for future operations, albeit two of these machines are out of code and will require overhauls to make them operable. The only operable CM is an old Alpine Bolter Miner specifically developed for longwall gateroad driveage. Further, it will require recoding overhauls in March, and therefore, is of very limited use going forward.

7.1.3 Coal Clearance System

The underground coal clearance system from the actual mine workings to surface form a significant link in the coal production chain. Numerous instances have occurred at other mines whereby the capacity (tonnes/hour) has been under-designed resulting in one or more of the following events.

- Face production machines needing to operate under a lower controlled production rates and/or frequent stop-start requirements.
- Conveyor belt structural failures; particularly rubber belt joint failures due to excessive tensions from coal overload.
- Coal spillage from the conveyor belt due to volumetric overloading resulting in coal build-up around head and tail ends which increases the risk of heat build-up sometimes leading to fires.

- Inability to start a fully loaded belt from standstill e.g. in the event of a trip-out.

In conjunction with the introduction of longwall mining in 2014, Cook Colliery undertook replacement and/or upgrading of the coal clearance system. The coal clearance system portion of this project was supplied and installed at a cost of around A$32M, and included three main underground trunk belts (CV05, CV04 and CV03) with a combined length of around 1600 metres, a drift conveyor (CV02) from underground to surface, and a stockpile conveyor CV01 (approx. 120m long) that accepts coal from the drift conveyor and discharges it onto a 60,000 tonne capacity conical stockpile on surface. All of these conveyors are 1,400mm wide and rated at 2,500tph capacity.

These newly installed conveyors did have some issues during and after the commissioning period and while some of these may have subsequently been rectified it is unclear which (if any), remain. An independent consultant's review of the new system does refer to the conveyors essentially having successfully achieved the design capacity of 2,500 tph as well as being able to restart a fully loaded conveyor, so it seems likely the other issues have been rectified.

The section conveyors delivering coal from the working faces (continuous miner and longwall) to the main trunk conveyor at the last time of operating were each rated at 1,200tph and 1,800tph respectively. Similarly, the conveyor widths of these two conveyors were 1,050mm and 1,200mm respectively.

All of these conveying capacities are more than adequate for future duties when serving a bord and pillar operation and being fed at a controlled rate at the face via a breaker/feeder.

7.1.4 Underground Services

Water, pumping and electrical power services reticulated to the underground workings are generally installed via multi-hanger steel supports suspended from the roof at short spacing to minimise any cable/pipe sag. They are located to one side of the roadway which reduces the risk of damage via road transport machines.

Water and Pumping

A raw water supply is reticulated from surface to the underground workings via a galvanized steel pipeline. Similarly, a parallel pumping line, also galvanized steel, is installed to enable any excess water produced through the workings to be transferred to surface. For the areas inspected, both pipelines appeared to be in very good condition and adequately sized to handle the required duty.

Electrical Power Reticulation

Electrical power is fed from surface to underground at voltages of 11 kV and 6.6 kV. The system was originally designed to accommodate both the longwall mining section as well as continuous miner sections. Based on this, if the mine essentially reverts to operating continuous miner sections only, the total electrical power installed would likely exceed the new duty requirement thereby providing some additional inherent spare capacity.

Underground sub-stations are positioned at various locations and whilst generally 'open' i.e. not in a secured lock-up structure, they are fenced off with appropriate signage to restrict unauthorized access. There were no notable live contacts in or around the sub-station and/or equipment thus limiting the risk of electrical shocks to personnel.

As a medium to long term recommendation it could be worthwhile constructing fully enclosed purpose-built structures (block walls and concrete floor) with a lockable access door along with forced fan ventilation creating a pressurized internal environment to minimise ingress of dust and enhance safety.

The electrical supply to the working sections of the mine is transformed down to 1,000V, 415V and 240V for the various load requirements. Section switchgear associated with the mining equipment for continuous miners, shuttle cars and the longwall system appeared to be relatively new, of a modern design and fully flameproofed to meet mining regulations. Overall, no pertinent issues were noted with the electrical system which was reported to be quite reliable with infrequent outages.

Instrumentation and Control

A large portion of the underground equipment includes 'state of the art' instrumentation and control systems to monitor 'real time' conditions and alert personnel when problems occur. This also includes systems to enhance fault finding, thus reducing downtime and improving productivity. In addition to this, the routine industry standard features such as conveyor belt sequential control stop/starting, belt alignment switches etc. are also installed.

Communications

A modern personnel communication system is installed underground with frequent contact stations strategically located at places such as working sections, conveyor head ends, etc. This enables two-way communication between underground areas and the surface. This was reportedly reliable, which is imperative relative to safety of personnel and/or in the event of an accident or emergency event.

Equipment Maintenance Bays

Although not sighted during the visit, the mine staff alluded to a fully operational underground service bay having been constructed and in use, suitably equipped for the purpose. These service/maintenance bays are essential for mines that do not have rubber tyred vehicular access from the surface and are generally quite basic, whereby the floor may be concreted (unless inherently good) with suitable lighting and ventilation provided. Facilities such as lubrication dispensing systems, high pressure cleaning and normal tooling etc. are available for use.

Ventilation

Ventilation of the underground workings and other areas inspected ranged from generally acceptable to good. It was quoted as being adequate for recent past mining conditions and that it would suffice for the short to medium term requirements based on similar mining extraction rates but that at some stage, additional capacity would be likely.

During a drive past the surface ventilation fans, with a brief stop, the external appearance indicated they were in reasonable condition with evidence of some platework replacement having been undertaken. A review of the mine's previous monthly reports did unearth reference to a section of internal platework having badly corroded to the extent that it fractured and dropped down the ventilation shaft. This could be attributed to a lack of proper routine maintenance and/or physical internal inspections by the appropriate personnel. Maintenance as applicable to the mine in general, is discussed in the subsequent section.

7.1.5 Underground Engineering Maintenance

The majority of engineering maintenance to underground equipment is performed either 'in-situ' or in the purpose-built workshop near the drift bottom. Periodically, machines need to be taken out of service and transported out of the mine for activities such as major rebuilds, structural/platework (welding) repairs and/or scheduled statutory testing. Considering the bord and pillar sections only, the equipment used is not complex and is thus generally readily maintainable by the underground fitters and electricians.

When enquired about any formal computerized maintenance management system (CMMS) being in place and used, this was described as 'work in progress' with limited functionality at present. It was also generally noted that scheduled work orders being entered into the system were exceeding those being completed, thus resulting in an increasing backlog. Figure 7-1 is an extract from one of the monthly Mine Operations reports that somewhat confirms the above.

It is important and highly beneficial for modern mining operations to establish sound maintenance planning and scheduling practices and a well designed and implemented CMMS is the foundation towards achieving high machine availability and utilisation percentages. It also enables historical data to be captured and referenced when predicting meantime between failures (mtbf) of key machinery assemblies, type/repetitiveness of failures, potential design defects and so on; all of which can positively impact productivity and operating costs.

Work Management KPI's	Belts	Mechanical	Electrical
Number of Work Orders Scheduled	65	717	453
Number of Work Orders Completed	27	339	351
Schedule Compliance	42%	41%	77%

***Fig 11.0** Work Management KPI's*

Weekly Maintenance Plans have been developed and will be implemented in February and this will enable more accurate measurement of work management. The maintenance plans will also enable more information to track how work is planned and performed.

Figure 7-1 : Extract regarding Maintenance from Monthly Operations Report

Mine management are encouraged to support this initiative as a priority; particularly for any new equipment being introduced such that all data is captured and recorded from day one of operations.

7.2 Mine Site Surface Infrastructure

7.2.1 Mine Buildings

At the site of the mine decline access shaft there are several facilities constructed on surface including but not limited to the following;

Security access point

- Main reception and administration office complex

- Covered parking for personnel and visitors
- Lamp room
- Bath-house
- Mine rescue
- Stores building plus open area
- Explosives storage
- Workshops

The majority of surface infrastructure is illustrated in Figure 7-2.

In general, the buildings are set out in a logical manner and noted to be in good condition, fit for purpose and such that they should provide many years ongoing use with the appropriate maintenance. Each of the above are well equipped in terms of office furniture, computers, cap lamps, self-rescuers, workshop tooling and such like with no obvious shortcomings. The bath-house incorporates 'clean and dirty' sections enabling workers to remove soiled workwear and proceed to the showers prior to entering the clean clothing locker rooms, providing suitable hygiene standards.

Figure 7-2 : Aerial View of the Surface Infrastructure at Cook Colliery Mine Site

7.2.2 Surface Services

The mine site is serviced with electrical power that is reticulated to each building and surrounding areas. No notable issues were observed with on-site personnel advising the power supply was adequate and reliable.

A small packaged type on-site water treatment plant provides adequate drinking water for admin staff and other surface employees. A water borne sewage system is in place with appropriate treatment facilities.

The access road to the site from the main road is less than one kilometre in distance and is manned at a security control point to minimise unauthorized entrance. Roadways around the surface facilities are gravel construction but quite well maintained and suited to the purpose for the relatively low traffic volume.

7.2.3 Site Drainage

Several silt collection dams are constructed on surface to capture dirty water run-off for environmental reasons. Raw water storage dams also exist on surface catering for both underground and surface use as well as being used as the source of supply to produce drinking water via the abovementioned treatment plant.

7.3 Coal Handling and Preparation Plant Infrastructure

7.3.1 General Description

The CHPP is located approximately 14 kilometres from the mine access site. Raw coal is transported by trucks via an internal access road from the mine site area to the CHPP.

In recent years a new processing module has been added adjacent to the older generation facility, resulting in some equipment redundancy. There is common access between operating levels to both plants, but one or two plant floor areas are somewhat congested, largely due to some of the redundant equipment still being insitu, albeit no longer required.

Figure 7-3 : View of Coal Preparation Plant from Stockpile Feed Hopper

There are essentially five segments to the coal processing system which are applicable to the large, small and fine coal size fractions, as follows.

- Feed preparation
- Separation
- Medium recovery
- Dewatering
- Products storage, handling and train loading

The Cook CHPP facility is typical of numerous other installations at mine sites in Australia and around the world. The technology used is well proven and not overly complex in terms of plant control, etc.

7.3.2 CHPP Layout and General Access

The aerial view in Figure 7-4 illustrates the layout of the CHPP, associated buildings, rail loadout facility, rejects storage (coarse and tailings) along with infrastructure such as workshops, water storage and electrical power, etc.

Figure 7-4 : Aerial View of Complete CHPP Facilities and Infrastructure

Some of the pertinent features of the CHPP area are as follows.

- The total plant area footprint is relatively small
- There are adequate storage areas for raw coal, saleable coal and rejects material, although rejects storage is somewhat limited as discussed in a subsequent section of this report.

- Water supply/storage dam is close to the processing plant.
- Although not labelled, the electrical incoming supply yard is close to the plant (Near Fines Recovery).
- The rail loop essentially forms the external perimeter of the CHPP area.
- The admin offices, workshops and stores buildings etc. are set aside from the plant but within easy walking distance.

Access around the CHPP is good with adequate manoeuvring space in and around buildings and structures. This alleviates potential risk of collision between mobile plant etc. as well as offering footprint space for any longer-term plant expansion or modifications. Workshop buildings, stores and administration offices are essentially distanced from the plant itself albeit within easy walking distance.

7.3.3 Coal Receiving Area, Stockpiling and Feed Preparation

Coal is transported via haul trucks along an internal, non-sealed purpose constructed route from the surface coal stockpile at the mine site area to the coal handling and processing plant. The total distance from one location to the other is approximately 14 km.

At the coal processing plant facility, raw coal from the haul trucks is discharged into a receiving hopper or it can be stockpiled adjacent to the hopper in preparation for batch type processing and/or as an emergency 'buffer' supply during coal supply outage periods from underground.

This installation is relatively new and designed to process 750tph, albeit other sections of the processing plant are still rated at 500tph. A previous study was undertaken to upgrade the plant from its current 500tph to 750tph and this is further discussed later in this report.

From the underside of the stockpile, a Terex Chain Grate Feeder draws the raw coal from the stockpile and onto the plant feed conveyor. The feed rate can be adjusted to suit the required tonnage per hour. Raw coal from the plant feed conveyor discharges into a rotary drum breaker to reduce the lump size to a -25mm size fraction prior to screening to produce the three feed products; namely large coal, small coal and fine coal.

7.3.4 Coal Separation – Product vs Rejects

The large and small coal fractions are processed using dense medium cyclones, while the fine coal fraction is treated via spiral separators. Rejects material resulting from each of the three size fraction treatment stages are collated onto a single conveyor and transferred to a surface waste dump. Saleable (product) coal is conveyed to two separate ground stockpiles, namely thermal coal and coking coal.

7.3.5 Rail Load Out Facility

Each of the abovementioned coal products can be conveyed to the rail loadout station either as totally independent products or blending of the two can be undertaken at various ratios, should there be such a sales requirement. The rail loadout facility is several years old, and while it appears to function adequately, the time to load a train is around 4 hours duration. This is considered 'slow' in comparison to other installations at other mine sites, however, it was reported that it has not been a real issue and that penalties are not incurred from the rail service provider for the slower times.

7.3.6 Rejects Product Handling and Storage

Waste products from the coal processing plant are transported to a surface storage facility less than one kilometre from the plant itself. During the latter operating time of the plant, teething problems occurred with the fine coal filter presses, which occasionally resulted in the tailings having to revert to the historical method of disposal (i.e. being pumped as a slurry to identified tailings dams). If the filter presses are operational, this material can be placed on the coarse discard dump as a 'dry' material which alleviates the issue of space requirement for settling dams. Over the years, the tailings dams have needed to be cleaned/emptied (once dried via natural evaporation) to make space for further tailings (slurry) disposal. This has proven to be an expensive operation; costing in the order of A$0.5M per event. It is therefore financially beneficial to have the filter presses operational at all times.

A tailings dam management plan should be developed for the operation and placement of combined reject material.

7.3.7 CHPP Overall Condition

Based on the site inspection in mid-November 2017, the plant was generally found to be in good condition with several areas being relatively new as reported earlier. However, there are some items or areas of the plant that need to be improved although none of them were noted as being 'show stoppers'.

An independent audit of the plant condition was undertaken by a third party during the period 30th November to 4th December 2015. This resulted in several recommendations being presented to the then owners of the facilities, an extract of which is given below.

Carry out the following audits on the CHPP equipment:

- *Structural – all members, walkways, stairs, ladders, gantries and handrails etc.*
- *Corrosion – all structure and equipment*
- *Conveyor Equipment – all mechanical equipment for compliance with conveyor standards*
- *Screen Operation – screen frequency tests to ensure correct operation that will not accelerate wear or damage to equipment*
- *Thermography of Electrical Systems – MCCs and transformers to ensure all electrical work is in good working order*
- *Process Pipework – Ensure the condition of all process pipework in known to prevent any failures and allow for a condition monitoring program to be implemented*

In addition to the above, the 2015 audit further recommended the following.

- Develop a complete condition monitoring programs for all equipment based on the audit reports
- Implement a Sieve Bend changeout program detailed within the report

- Change out the existing Screen Bowl Centrifuges with Fine Coal Centrifuges as the screen bowl centrifuges are not fit for purpose and require significant investment to keep them operational.
- Formalise plans with the supplier to address the ongoing issues with the Belt Filter Presses (P3011 & P3012) and Drum Filters (P2432 & P2433) that were being managed by the equipment supplier prior to plant closure and obtain final sign off.

Upon further analysis and comparing the results of the 2015 audit to current time, AG considers the items identified and recommendations made at the time are still valid, albeit some of them have already been addressed and/or completed, the main one being the changeout of the screen bowl centrifuges with new fine coal centrifuges. Other items already addressed, although not necessarily completed, include structural repairs, some corrosion protection and some equipment guarding.

7.3.8 Plant Operating Performance

Based on the age and condition of the CHPP and some operational performance records, the company that undertook the 2015 independent audit concluded the target operating hours per year for the CHPP to be 7253, equating to a net availability of 83%. The target yield for the CHPP was stated at 83.5%. At these rates the following feed and product tonnes could be achieved.

Plant Feed Rate (tph)	Target Net Availability (%)	Annual hours of operation	Feed Tonnes per annum	Target Yield (%)	Product Tonnes per annum
500	83	7253	3,625,500	83.5	3,028,127

Based on historical records scrutinized as part of this current review, and in particular, for calendar year 2016, the plant generally performed as per budgeted targets set for calendar year 2016. This included the feed rate throughput (tph) and average product yield. The actuals vs forecast for the calendar year 2016 period were as follows.

Forecast feed rate (tph)	Actual feed rate (tph)	Forecast yield (%)	Actual yield (%)
387	393	75	72.4

The maximum feed rate achieved during a month in calendar year 2016 was 442tph, while the maximum yield achieved during a month in calendar year 2016 was 77%.

Although the above availability values appear favourable, it should be noted that the plant did not operate for large portions of the year due to limited (or no) feedstock from underground operations. The reduced number of operating hours, therefore, allows more hours for repair and maintenance, so this can sometimes provide a false level of performance. It is further understood that the coal supply from the underground operations was often below expectations with higher volumes of waste (rock) material being present, particularly from the longwall mining section. The lower projected yield recovery is assumed to be attributed to this factor.

7.3.9 Maintenance Strategy

Based on discussions with CHPP personnel on site, it appears that there was only a limited amount of maintenance planning and scheduling undertaken, with maintenance tasks generally being done on an 'as required basis'. Typically, when there was a pump failure, a contract was in place for a local repairer to attend site on a call-out system and undertake repairs in situ. This may occur during the middle of the night, so it is logical that the cost of this service would be a premium and quite likely that a serviceman may not be readily available.

In the case of pumps, there is no standby pump installed as a parallel facility whereby if the duty pump fails, the standby pump can be seamlessly started with minimal production loss (if any). Furthermore, there are no spare pump assemblies kept on site that would at least allow a failed unit to be removed and the spare one installed to the same location. This could be done within 1-2 hours thereby reducing production loss.

For the future mining production rates planned (up to 2.5mtpa), the plant has excess capacity and should be able to process this tonnage on the same (or similar) operating parameters as previously operated. Adopting a change whereby a complete spare pump assembly for each application be purchased and retained on site would, at this stage, be a purely economic decision.

7.3.10 Plant Spares

Several plant spares were sighted in a fully enclosed purpose designed building with storage racking etc. The type of spares kept in stock are typical of normal requirements for consumables such as conveyor idlers, rubber belting, pump liners and other spares, etc.

It is also noted that the geographical location of the plant being close to major industrial areas whereby spares would normally be able to be sourced at short notice is advantageous to not having to keep a significant amount on site.

7.4 Conclusions and Recommendations

7.4.1 Mine Infrastructure

The underground infrastructure incorporating the decline access drift for men and material, underground travelling roadways, mine services (electrical power supply, water supply and pump return pipeline) at the mine were noted as being in acceptable to good condition. The standard and quality of installations appeared within acceptable parameters with no notable safety (or other) defects.

Much of the coal clearance (conveying) system has been installed as new and/or replaced. The installation is of a high standard and suited to the planned production duty.

On surface, the mine buildings are functional and suited to the required duty. These are also suitably equipped and with normal ongoing maintenance should be serviceable for many years.

Based on AG's review, the following recommendations are made with regard to the underground mine infrastructure.

- Ongoing follow-up relative to the newly installed trunk conveying system should be undertaken to formalize full completion and obtain overall sign-off in terms of all the supplier design specification/duty parameters.
- As a medium to long term recommendation for underground electrical sub-stations, it could be worthwhile constructing fully enclosed purpose-built structures (block walls and concrete floor) with lockable access along with forced fan ventilation creating a pressurized internal environment to minimise ingress of dust and enhance safety.
- It is important and highly beneficial for modern mining operations to establish sound maintenance planning and scheduling practices and a well designed and implemented CMMS is the foundation towards achieving high machine availability and utilisation percentages.
- Mine management are encouraged to support this initiative as a priority; particularly for any new equipment being introduced such that all data is captured and recorded from day one of operations.
- Consumables and critical spares for any new underground equipment are likely to be required and/or stock levels increased to support these machines.

7.4.2 CHPP

Over recent times the CHPP has undergone some major design changes with new equipment being installed to replace some of the older and outdated equipment. The layout is good with open access to most areas. Some sections have been upgraded to a nameplate capacity of 750tph throughput but in general the plant is currently rated at 500tph.

The plant condition is considered good and suited to the required duty i.e. for the planned underground production of 2-2.5Mtpa.

Services as applicable to the process plant including electrical power supply and water were stated as being reliable with no major outages experienced.

Based on AG's review, the following recommendations are made with regard to the CHPP infrastructure.

Carry out the following audits on the CHPP equipment.

- Structural – all members, walkways, stairs, ladders, gantries and handrails etc.
- Corrosion – all structure and equipment
- Conveyor Equipment – all mechanical equipment for compliance with conveyor standards
- Screen Operation – screen frequency tests to ensure correct operation that will not accelerate wear r damage to equipment
- Thermography of Electrical Systems – MCCs and transformers to ensure all electrical work is in good working order
- Process Pipework – Ensure the condition of all process pipework in known to prevent any failures and allow for a condition monitoring program to be implemented

In addition to the above, the following should be considered to potentially reduce maintenance delays and costs

- Develop a complete condition monitoring programs for all equipment based on the audit reports
- Formalise plans with the supplier to address the ongoing issues with the Belt Filter Presses (P3011 & P3012) and Drum Filters (P2432 & P2433) that were being managed by the equipment supplier prior to plant closure and obtain final sign off.
- A tailing dam management plan should be developed for the operation and placement of combined reject material.

8 Future Operating Plans

8.1 Cook Colliery 5-Year Plan

As part of this ITER process, AG has been tasked with developing an independent 5-year operating plan for Cook Colliery, using the preliminary near term (24-month) plans of Bounty as a basis. While this might be considered "unorthodox" in the context of an ITER, where the independent expert would normally review and provide opinion on the plans put forward by the company being reviewed, AG has maintained independence in undertaking this task by holding on-going discussions with Bounty management, mine site staff and geotechnical consultant Dr Bill Lawrence to ensure the plan accurately reflects Bounty's intentions for Cook while also agreeing on reasonable assumptions with regard to mine layout, production equipment, mining methods, production rates, operating costs and capital expenditures before-hand, rather than after the "review".

8.1.1 Mine Layout

The preliminary mine layout for Cook developed by Bounty has been previously presented as Figure 6-1 in this report. This layout has been adopted by AG and expanded to cover the remaining Argo seam resources in the present Cook Colliery mine working area, named Cook South (area south of LW202) and Cook Central (area north of the access decline bottom up to the Kennedy fault zone). The expanded layout is illustrated in Figure 8-1.

8.1.2 Mining Equipment and Methodology

To a large extent, the type of continuous miner (CM) used influences bord and pillar mining methodology, design and productivity. Further, the purchase of a new CM is at least a 12-month process from order to delivery. Therefore, the current availability of CM's in Australia has partly driven the near-term mining methodology for Cook.

Generally, the most highly productive bord and pillar mining method is cut and flit, or place change, mining whereby the CM takes an extended cut of 10-15m in a heading and then flits (moves) to the next heading for another cut while a bolting machine moves into the cut just completed and installs the ground support. This method of mining relies on narrow head width, flexible CM's equipped with scrubber fans that have the ability to flit quickly from heading to heading, as well as the ability to achieve an extended cut before installing roof support on a regular basis. This has been assessed as achievable at Cook in areas away from the influence of overlying Castor seam workings provided at least 0.5m of coal is left as the immediate roof.

Within Australia, there are only a few bord and pillar mines operating, and only one that practices place change mining. Therefore, the availability of second-hand narrow head width CM's equipped with scrubbers is non-existent, and obtaining the same new CM's would require an extended period of time as mentioned previously. As such, Bounty has had to rely on the use of existing second-hand CM's both on the mine site and elsewhere within Australia to equip the mine in a timely fashion.

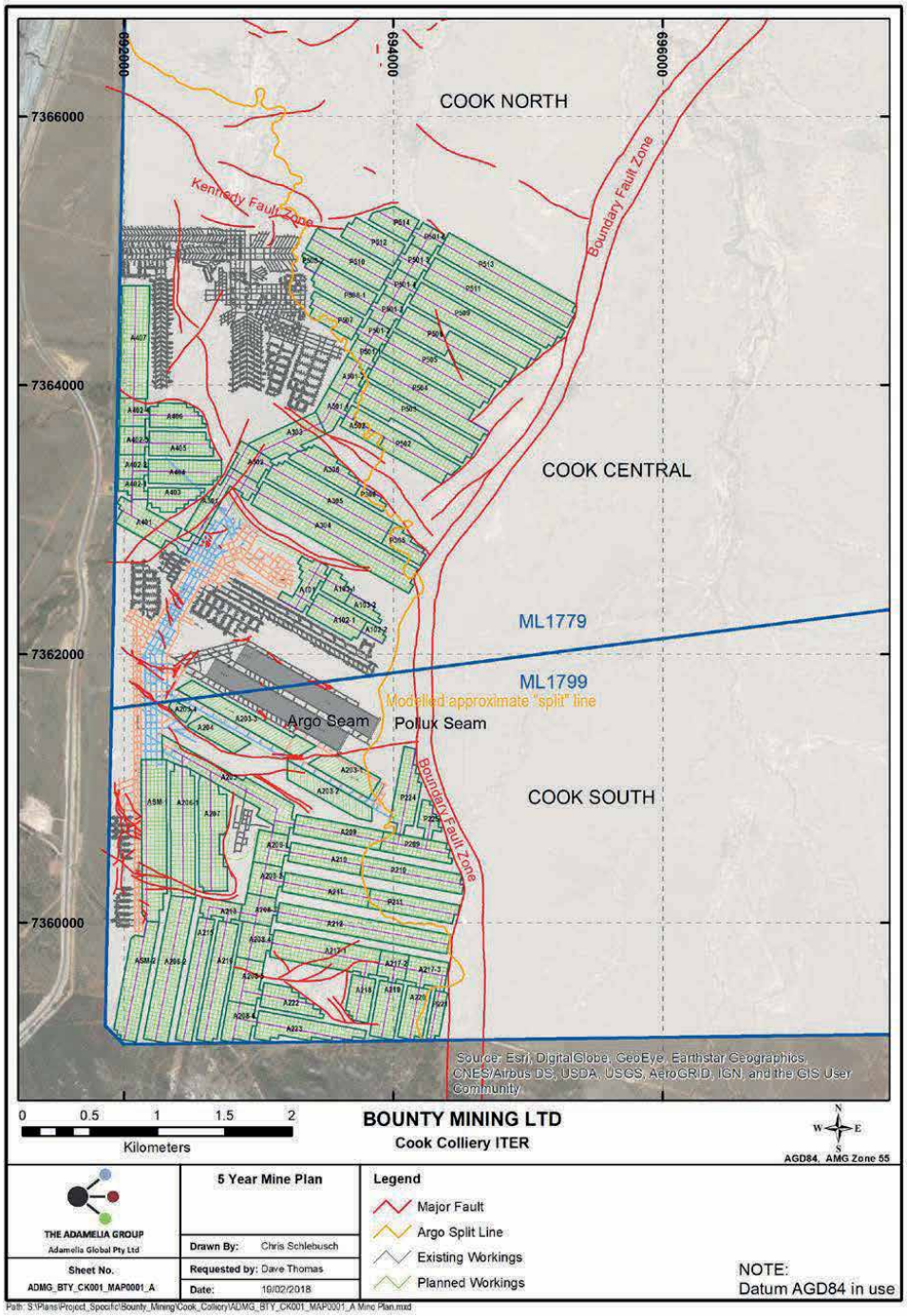


Figure 8-1 : Cook Colliery Five-Year Plan Mine Layout

Over the last two months, Bounty has identified and put agreements in place for the use of four CM's, two with narrow heads (12CM15's) and two with wide (full width) heads (12CM29's). Additionally, the mine came with two wide head CM's (ABM25 and 12CM30) and one narrow head CM (12CM11), although the two 12CM machines are currently non-operational. All of the CM's are equipped with bolting rigs to enable immediate installation of roof support as required. Further, the bolting rigs on the narrow head machines can be fairly easily removed and reinstalled, which allows these machines to become more flexible and mobile than a wide head machine.

Given the above CM equipment, and a 4-5m thick Argo seam, a two-stage bord and pillar mining methodology has been adopted for the five-year plan at Cook. This methodology involves initial advance mining at minimum height in the top portion of the seam followed by extraction of the remaining bottom portion of the seam (floor coaling) on retreat. Each mining unit will be equipped with both a wide head and narrow head CM working in tandem to advance a panel to the full extent of the block, extracting a 2.5-2.8m thickness of the seam while leaving 0.5m of roof coal for stability. Upon reaching the inbye end of the panel block, the wide head CM would be removed and relocated to begin mining of the next panel while the bolting rigs would be removed from the narrow head CM and the floor coal extracted from the inbye end of the panel back to the beginning (outbye end) of the panel. This CM would then have its bolting rigs reinstalled and be relocated to the next panel to re-join the wide head CM.

Using the above methodology, the minimum amount of ground support is installed during panel advance and the floor coal can be mined without installing any additional ground support, thereby reducing mining costs compared to extracting the full mining height on advance. A similar methodology is being used at the nearby Ensham underground mine with good success.

In addition to the above methodology to be used in the near term, Bounty plans to eventually employ place change mining at Cook. Therefore, this method has been adopted as an additional mining unit when the equipment can be made available, which is projected to be August 2019, assuming the equipment is purchased new and ordered by end of June 2018. Similar to the above methodology, panel development using the place change method would involve panel advance in the upper portion of the seam at a nominal height of 2.5m, leaving 0.5m of coal in the roof, followed by floor coaling on panel retreat. Unlike the above methodology, only one CM is projected per mining unit, with this CM performing both panel advance and panel retreat.

8.1.3 Panel Design and Recoverable Tonnes

Using the expanded layout, AG created polygons around individual panels and mine blocks in AutoCAD and sent these polygons to a third party to be modelled in the Cook geological model in order to obtain Argo seam characteristics including seam thickness and relative density and various coal quality parameters on an air-dried basis. Using this data and historic moisture levels for ROM and product coal at Cook, AG was able to estimate total Argo seam coal tonnes on a ROM and product coal basis for each polygon.

The preliminary layout assumed an "across the board" 30m by 30m pillar design, which was based on the existing design in the South Main headings. Using the preliminary layout as a basis, Dr Lawrence set out a pillar design guide to cover these mine workings, taking into account various factors such as seam depth, development mining height, total seam thickness, overlying workings, etc. Using this guide and the available equipment mining heights and widths, AG has determined projected areal

recovery factors for each polygon for each of the various mining heights, widths and strategies planned to be employed at Cook.

While it is planned to leave a coal roof to eliminate the immediate weak shale roof from becoming a routine part of the run of mine (ROM) product, in addition to the coal seam tonnes recovered from each panel, the ROM product will include some out of seam dilution (OSD) from floor rock material that is mined during floor coaling operations. Additionally, grading through occasional minor fault structures will inevitably result in some OSD being added to the ROM product. To account for this, AG has included an allowance of 0.05m of OSD across the board for floor coaling operations, and projected CHPP yields have been reduced by 95% for all mining blocks to account for dilution from seam structure and occasional poor ground areas.

Finally, for those panel blocks along the eastern boundary in Cook South and to the north in Cook Central that are projected to mine beyond the Argo seam spilt line, OSD has been added where the Pollux seam thickness is less than the minimum mining height for the equipment scheduled to mine these blocks.

8.1.4 Initial Mining Operations

Early in the post purchase mine planning process, Bounty held discussions with UGM, a well-established equipment supplier and contract miner to the coal industry, regarding initial equipment supply and contract mining operations at Cook. To that end, UGM have been contracted for a two-year term to provide initial equipment and manning for the first production unit at Cook, as well as work with Bounty on initial operations planning.

In addition to the UGM contract, Bounty has begun development operations in the South Mains using the existing ABM25 CM and associated equipment and the mine employees who remained at the mine undertaking care and maintenance duties following the July 2017 closure until reopening by Bounty.

8.1.5 Mining Productivity

Mining productivity for the five-year plan has been projected by AG using an in-house productivity model adjusted for the conditions expected at Cook. Independent of that modelling, Bounty and UGM have also provided their expectations for productivity, which are similar but slightly more conservative to AG projections, while allowing for a period of build-up as the new mining units are introduced to the mine.

Table 8-1 provides AG's derivation of average productivity for the Cook five-year plan, which is based on the physical parameters of the seam being mined, practical equipment operating capabilities, ground support requirements and scheduled operating time. This model is used following the initial two years of operations. For the first two years, AG has adopted Bounty's projected productivity of 5000 tonnes per CM per week for the miner bolters and 7000 tonnes per week for place change, regardless of physical and operational parameters, which equates to 385 tonnes per shift and 540 tonnes per shift, respectively, assuming 13 operating shifts per week.

Table 8-1 : Derivation of Average Projected Productivity

	Mains Advance 12CM29	Panel Advance 12CM29	Mains Advance 12CM15	Panel Advance 12CM15	Panel Retreat with wide head	Panel Retreat with narrow head	ABM /CM011	Place Change Advance	Place Change Retreat
Mine Block Parameters:									
Avg. Block/Panel Length (m)	240	1,200	240	1,200	170	1,200	170	1,200	170
Required Development (m)	1,994	6,992	1,984	6,980	6,992	6,980	989	6,960	986
Coal Thickness(m)	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Mining Thickness(m)	2.80	2.80	2.50	2.50	0.90	1.20	3.50	2.80	0.90
Dilution(m)	0.00	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.05
Mining Height(m)	2.80	2.80	2.50	2.50	0.95	1.25	3.50	2.80	0.95
Seam Density(t/m^3)	1.32	1.32	1.32	1.32	1.33	1.33	1.33	1.33	1.33
RockDensity(t/m^3)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Avg. Density(t/m^3)	1.32	1.32	1.32	1.32	1.38	1.37	1.33	1.33	1.38
Coal wt.(t)	5.54	5.54	5.54	5.54	5.59	5.59	5.59	5.59	5.59
Rock wt.(t)	-	-	-	-	0.12	0.12	-	-	0.12
Mining yield (%)	100.0%	100.0%	100.0%	100.0%	98.0%	98.0%	100.0%	100.0%	98.0%
Seam Yield & Plant Eff.(%)	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Effective yield(%)	90.00%	90.00%	90.00%	90.00%	88.18%	88.18%	90.00%	90.00%	88.18%
Production Parameters:									
Cut Parameters									
Mining Width(m)	5.2	5.2	5.5	5.5	5.0	5.0	5.4	6.0	5.5
Cut Depth(m)	54.8	54.8	54.5	54.5	54.8	54.5	54.5	10.8	54
Mining Ht(Seam+Dil) (m)	2.80	2.80	2.50	2.50	0.95	1.25	3.50	2.80	0.95
Cut Volume(W*D*Mng.Ht.)	797.9	797.9	749.4	749.4	260.3	340.6	1030.1	181.4	282.2
ROM Tons/Cut	1053.21	1053.21	989.18	989.18	359.49	466.25	1369.97	241.32	389.66
Tons/m advance	19.22	19.22	18.15	18.15	6.56	8.56	25.14	22.34	7.22
Mining Cycle Time:									
Continuous Miners									
Mining Rate(RT/min)	10	10	10	10	10	10	8	10	10
S. Car Capacity (Tonnes)	10	10	10	10	12	12	12.5	14	14
Avg. S. Car Change Time	2	2	2	2	2	2	2	2	2
Cut & Load Time(min)	105.3	105.3	98.9	98.9	35.9	46.6	171.2	24.1	39.0
Total Car Change Time(min)	210.0	210.0	196.0	196.0	58.0	76.0	218.0	34.0	54.0
Wait on Bolting (min)	219.2	219.2	218.0	218.0			218.0	0.0	0.0
Advance Ventilation (min)	21.9	21.9	21.8	21.8			21.8	4.3	21.6
Supply Miner (min)	32.9	32.9	32.7	32.7			32.7	-	-
Manoeuvre (min)			109.0	109.0	21.9	21.8		4.0	21.6
Place Change (min)	90	90	60	60	15	15	120	15	15
Total Cycle Time (min)	679.3	679.3	736.4	736.4	130.9	159.4	781.7	81.5	151.2
Shift Time:									
Shift Length(Min)	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0	600.0
Travel Time & Prep/Pack-up	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Cribs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available Face Time (AFT min)	555.0	555.0	555.0	555.0	555.0	555.0	555.0	555.0	555.0
Mech Delays (%of AFT)	10%	10%	10%	10%	10%	10%	15%	10%	10%
System Delays (%of AFT)	10%	10%	10%	10%	10%	10%	10%	10%	10%
Geo.Conditions(%of AFT)	10%	10%	10%	10%	10%	10%	10%	10%	10%
Mech Delays (min)	55.5	55.5	55.5	55.5	55.5	55.5	83.3	55.5	55.5
SystemDelays (min)	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Geo. Conditions(min)	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Production Time/Shift	388.5	388.5	388.5	388.5	388.5	388.5	360.8	388.5	388.5
Estimated Production:									
Unit Efficiency	80%	80%	80%	80%	80%	80%	75%	80%	80%
Cuts Per Shift	0.46	0.46	0.42	0.42	2.37	1.95	0.35	3.82	2.06
Metres Advance per Shift	25.1	25.1	23.0	23.0	130.1	106.2	18.9	41.2	111.0
ROM Tonnes Per Shift	482	482	417	417	854	909	474	921	801
Production Timing:									
Mining Shifts	79.5	278.9	86.3	303.5	53.7	65.7	52.5	168.9	8.9
Meters per Services Adv/Ret	744.0	1071.0	744.0	1071.0	1071.0	1071.0	744.0	1071.0	1071.0
Services Adv./Ret. Shifts	5.4	6.5	5.3	6.5	0.2	1.1	0.5	1.1	0.2
Total Shifts	84.9	285.4	91.6	310.0	54	67	53	170	9
Eff Metres Adv/ROM tns per Shift	23.5	24.5	21.7	22.5	851.2	893.7	18.7	914.7	787.1

8.1.6 Production Scheduling

Production scheduling is based on operating the mine 7 days per week, 24 hours per day with production occurring on two 10-hour shifts per day and a third shift for mine maintenance (bull gang crew) during the non-production period.

Bounty's anticipated schedule for introduction of mining units, based on their rental/purchase contracts and required pre-introduction maintenance, and productivity build-up is provided in Table 8-2.

Table 8-2 : Projected Productivity Build-up

Average Tonnes per Week			2018								2019		
Unit No.	Continuous Miner	Start Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug-Dec	Jan-Jul	Aug	Sep -Dec
1	ABM25	15-Jan-18	438	3363	4225	Retired	-	-	-	-	-	-	-
1	12CM30	5-Mar-18	-	-	4200	5000	5000	5000	5000	5000	5000	5000	5000
2	12CM29-1	3-Mar-18	-	-	3964	5000	5000	5000	5000	5000	5000	5000	5000
2	12CM29-2	3-Apr-18	-	-	-	3525	5000	5000	5000	5000	5000	5000	5000
3	12CM15-1	15-May-18	-	-	-	-	2150	5000	5000	5000	5000	5000	5000
3	12CM15-2	15-Jul-18	-	-	-	-	-	-	2500	5000	5000	5000	5000
1	12CM11 (ABM25 Replacement)	1-Jun-18	-	-	-	-	-	3860	5000	5000	5000	5000	5000
4	New CM (Place Change)	1-Aug-19	-	-	-	-	-	-	-	-	-	3500	7000
	Total-Mine		**438**	**3363**	**12389**	**13525**	**17150**	**23860**	**27500**	**30000**	**30000**	**33500**	**37000**

The 5-year operations plan presented here follows this productivity build-up for the most part, however, production in 2019 is higher than projected above due to the introduction of higher productivity floor coaling in the March through July time period. Beginning in 2020, the 5-year production schedule uses the productivity rates as determined by the AG productivity model.

The full 5-year production schedule is presented in Table 8-3. As indicated, the mine is projected to produce around 1.0 Mt of ROM coal in 2018, 1.8Mt of ROM coal in 2019, and 2.2Mt of ROM coal per annum from 2020 onwards.

To estimate total product coal tonnes, AG has used the regression analysis discussed in Section 5.1.4 of this report to determine a total theoretical yield, and then applied a 95% reduction to that theoretical yield to account for OSD from faulting and general plant inefficiency to arrive at the projected yield. Coking coal tonnes are then assumed as being 80% of the total product tonnes. As indicated, a total product yield of around 90% is projected, which is considered reasonable given the leaving of roof coal.

8.1.7 Extraction Sequence

The projected sequence of mine extraction is illustrated on Figure 8-2, and is designed to extract the coal resources with services already installed initially before extracting coal elsewhere. The sequencing is also cognisant of ventilation restrictions such that long runs in the sub-mains to ventilate more than two units is eliminated.

Initial (current) production from Unit 1 is focussed on extending the South Mains (ASM-1), as the ABM25, panel conveyor and other services to support this production were located there when the mine ceased operations last year. Following completion of the South Mains panel to its full extent (ASM-2) in 2019, Unit 1 will move to the A208 panels to extend these sub-mains before moving to the A100 panels in 2020 and the A301 mains in 2021.

Unit 2 (UGM) will extract the coal resources originally developed for longwall mining (A204 and A203) before moving to A206 in 2019, thence the panels off of the A208 sub-mains in 2020 before moving to the Cook Central area in 2022.

Unit 3 is projected to initially mine the A205 sub-mains panel before extracting A207 and then panels off the A208 submains beginning in 2019 before moving to the Cook Central area in 2022.

Table 8-3 : Cook Colliery Projected Five-Year Plan Production

Calendar Year	2018	2019	2020	2021	2022	Totals
Prodution Days Scheduled						
Dev Unit 1 - ABM/CM011/CM006	333	348	347	352	354	**1,557**
Dev Unit 2 - 12CM29	288	348	342	344	341	**1,492**
Dev Unit 3 - 12CM15	219	341	353	339	354	**1,429**
Place Change Advance	-	146	303	246	284	**837**
Retreat Unit 1	-	128	69	45	143	**313**
Retreat Unit 2	-	-	169	154	181	**413**
Retreat Unit 3	-	62	119	117	330	**464**
Place Change Retreat	-	-	33	89	66	**155**
Unit Shifts Producing						
Dev Unit 1 - ABM/CM011/CM006	618	646	644	654	658	**2,891**
Dev Unit 2 - 12CM29	534	646	636	638	634	**2,771**
Dev Unit 3 - 12CM15	407	633	656	630	658	**2,655**
Place Change Advance	-	266	562	457	528	**1,549**
Retreat Unit 1	-	237	128	83	266	**581**
Retreat Unit 2	-	-	314	285	336	**767**
Retreat Unit 3	-	116	221	218	613	**862**
Place Change Retreat	-	-	62	165	122	**288**
Total Metres Advance/Retreat						
Dev Unit 1 - ABM/CM011/CM006	18,722	20,548	21,743	20,739	17,738	**90,621**
Dev Unit 2 - 12CM29	14,418	24,840	21,473	22,674	21,112	**93,961**
Dev Unit 3 - 12CM15	14,793	25,629	23,797	21,347	21,836	**96,484**
Place Change Advance	-	6,500	16,480	13,735	15,871	**44,651**
Retreat Unit 1	-	23,790	13,212	8,853	22,609	**57,159**
Retreat Unit 2	-	-	35,970	29,127	35,924	**83,059**
Retreat Unit 3	-	11,115	18,984	15,853	22,053	**56,978**
Place Change Retreat	-	-	4,496	12,362	9,479	**21,598**
Eff Metres Per Unit Shift						
Dev Unit 1 - ABM/CM011/CM006	30.3	31.8	33.8	31.7	27.0	**31.3**
Dev Unit 2 - 12CM29	27.0	38.5	33.8	35.5	33.3	**33.9**
Dev Unit 3 - 12CM15	36.4	40.5	36.3	33.9	33.2	**36.3**
Place Change Advance	-	24.4	29.3	30.1	30.1	**28.8**
Retreat Unit 1	-	100.4	103.2	106.4	85.1	**98.4**
Retreat Unit 2	-	-	114.6	102.2	106.9	**108.3**
Retreat Unit 3	-	95.8	85.9	72.7	36.0	**66.1**
Place Change Retreat	-	-	72.5	74.9	77.7	**75.0**
ROM Tonnes Per Unit Shift						
Dev Unit 1 - ABM/CM011/CM006	604	652	672	633	541	**629**
Dev Unit 2 - 12CM29	715	770	627	649	624	**682**
Dev Unit 3 - 12CM15	654	746	704	681	596	**688**
Place Change Advance	-	540	643	649	644	**627**
Retreat Unit 1	-	596	788	777	686	**685**
Retreat Unit 2	-	-	744	787	769	**766**
Retreat Unit 3	-	813	846	898	398	**695**
Place Change Retreat	-	-	710	683	657	**683**
ROM Tonnes Total by Unit						
Dev Unit 1 - ABM/CM011/CM006	373,626	421,458	432,784	414,077	355,868	**1,819,878**
Dev Unit 2 - 12CM29	382,218	497,410	399,088	414,239	395,674	**1,890,792**
Dev Unit 3 - 12CM15	266,034	472,367	461,769	429,160	392,294	**1,825,478**
Place Change Advance	-	143,608	361,388	296,435	340,135	**971,498**
Retreat Unit 1	-	141,269	100,828	64,666	182,422	**397,974**
Retreat Unit 2	-	-	233,617	224,425	258,456	**587,271**
Retreat Unit 3	-	94,258	186,902	195,859	244,112	**599,075**
Place Change Retreat	-	-	44,003	112,741	80,131	**196,810**
Mine Total Tonnes						
ROM	**1,021,878**	**1,770,370**	**2,220,379**	**2,151,603**	**2,249,091**	**8,288,775**
Practical Washing Yield	**90.3%**	**90.4%**	**90.0%**	**88.1%**	**90.9%**	**89.8%**
Product Tonnes	**923,241**	**1,601,205**	**1,998,455**	**1,894,688**	**2,044,288**	**7,439,732**
Coking Coal Tonnes	**738,593**	**1,280,964**	**1,598,764**	**1,515,750**	**1,635,430**	**5,951,786**
Thermal Coal Tonnes	**184,648**	**320,241**	**399,691**	**378,938**	**408,858**	**1,487,946**

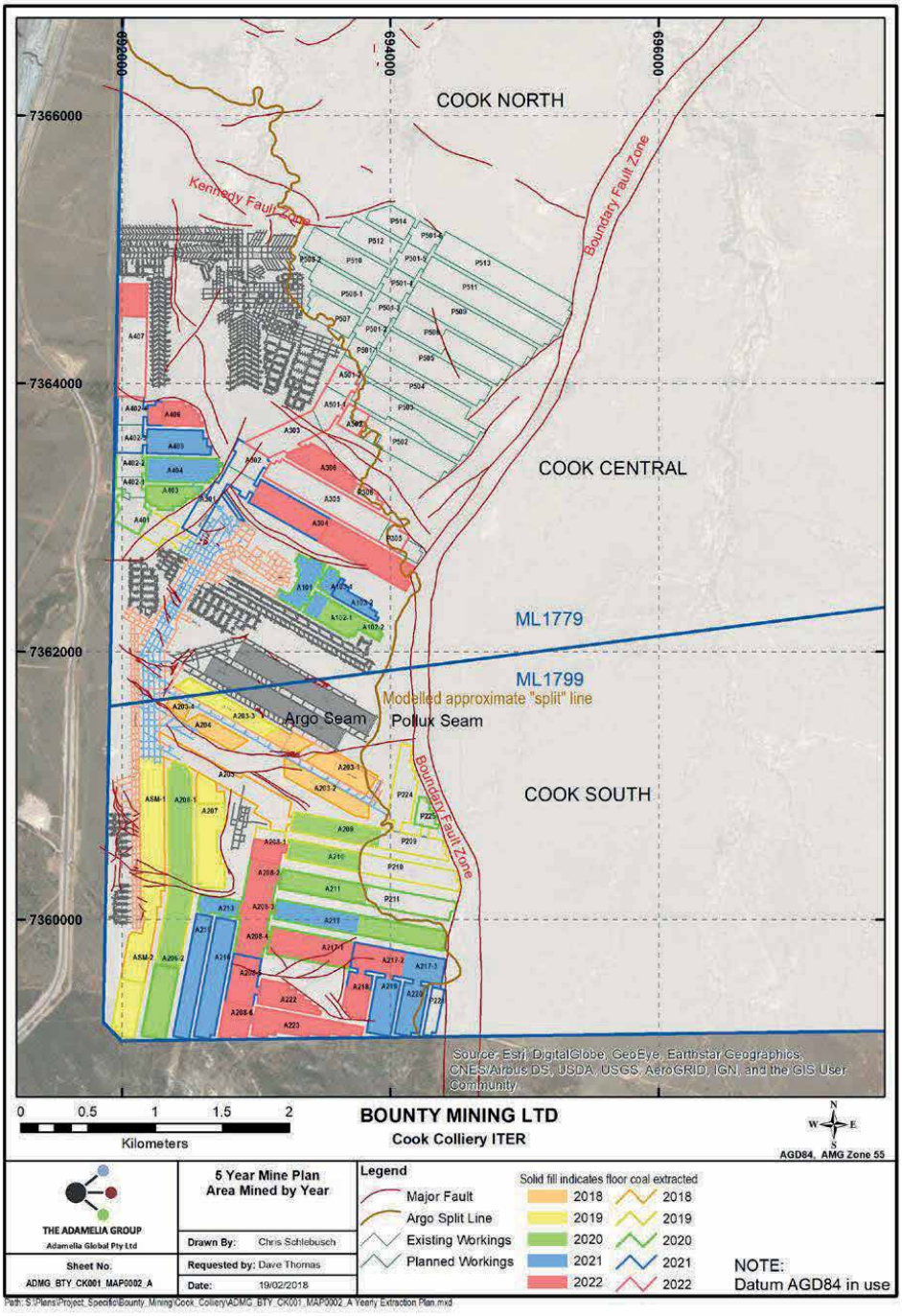


Figure 8-2 : Projected Sequence of Mine Extraction

Unit 4 is projected to operate in the 400 panels to the west of the pit bottom to provide the best conditions for place change operations, with relatively low cover (<140m) and no overlying Castor seam workings.

8.1.8 Labour Requirements

Labour requirements to deliver the 5-year production schedule have been estimated based on contracted and actual numbers for production and support personnel, and Bounty's projections for mine staff, which are considered reasonable. In total, the mine is projected to require 278 persons to operate it from August 2019. A breakdown of this total is provided on Table 8-4 and discussed below.

Table 8-4 : Summary of Operations Labour Requirements at Full Production

Shift	Day	Bullgang	Night	Daily Total	Total for 2 Rosters
Production Units					
ERZ Controller	4	4	4	12	24
Operator	27	9	27	63	126
Trades	8	8	8	24	48
Outbye Support					
ERZ Controller		1	1	2	6
Operator		5		5	10
Trades		6	2	8	20
Mine Staff					
Management	6			6	7
Production/Maintenance	14			14	14
Technical Services	5			5	5
Warehouse	4			4	5
Contractor Management	6			6	6
CHPP					
Superintendent	1			1	1
Supervisor	1		1	2	2
Technicians	2		2	4	4
Mine Total	**78**	**33**	**45**	**156**	**278**

Wages Labour

On each production shift, each of the three normal mining units will require 10 persons to operate and maintain the machinery, or 40 persons total to cover two shifts per day for two rosters. For the place change unit, these totals reduce to 9 and 36, respectively.

On the bullgang shift, which covers the non-production window, a crew of five persons has been assigned to each miner bolter unit and six persons to the place change unit to maintain equipment and install secondary support, for a total of 42 for two rosters.

Also on the bullgang shift, a crew of 8 persons (16 total for two rosters) has been assigned to cover conveyor maintenance, other outbye equipment maintenance, supplies delivery, etc. And on the night shift, a crew of 3 persons (6 total) are assigned to cover emergency maintenance and other general duties.

In 2019, when floor coaling operations commence, three additional personnel are projected to be required to provide for statutory coverage (ERZ Controller) and maintenance for these units that have been separated from the main development units.

Finally, as the mine expands and the place change unit is added, an additional 4 persons (8 total) are added to the outbye bullgang crew.

Staff Labour

Bounty has projected a total staff of 38 persons to cover mine management, maintenance services, technical services, warehousing and operation of the CHPP. This total is typical for a mine this size, and therefore, considered reasonable. UGM will also have six persons assigned to manage their Cook contract.

8.1.9 Operating Costs

Operating costs for the above production schedule have been projected based on a mixture of:

- actual labour costs for Bounty employees;
- actual contract costs for UGM labour and equipment;
- an assumption of similar labour costs to UGM for future employees;
- recent quotes from hire companies for other rental equipment;
- factored historic costs for equipment and CHPP maintenance;
- recent quotes from general underground contractors for ventilation construction and conveyor installation;
- first principles estimation of consumables costs based on recommended ground support design, recent pricing for ground support materials and historic costs elsewhere;
- factored historic costs for CHPP consumables;
- historic costs for water and electrical power supply;
- contracted costs for transport of ROM coal from the mine to the CHPP; and
- Bounty projections for overheads, insurance, rents, etc.

A summary of projected operating costs for the 5-year operations plan is provided in Table 8-5. As indicated, and following production build-up, an FOR operating cost of around $67 per saleable tonne is projected for saleable production of around 1.6Mtpa of coking coal and 0.4Mtpa of medium ash thermal coal.

8.1.10 Capital Expenditures

Projected capital expenditures for the 5-year operations plan are provided on Table 8-6. The initial projected expenditures include primarily the cost of second hand equipment acquisition, rebuilds and recoding in order to equip the mine, as well as undertake repairs to the CHPP. Capital is also included in 2018 to undertake feasibility studies for extending mining operations into Cook North and Minyango.

As time goes on, capital is included to purchase the place change unit, purchase additional conveyor components to service the growing mine, and replace the oldest CM equipment. From 2020 onward, an allowance of $2M annually is included for ongoing equipment rebuilds/recoding.

Also in 2020, an allowance of $3M is included to rehabilitate the older workings around the pit bottom in order to remove ventilation restrictions and improve ventilation efficiency.

In total, a capital spend of $48.8M is projected over the 5-year operations plan.

Table 8-5 : Cook Colliery Projected Five-Year Plan Operating Costs ($000's)

		Calendar Year	2018	2019	2020	2021	2022
		Production Statistics					
		Development Units (excl UGM)	1.6	2.4	3.0	3.0	2.8
		Full Panel Set-ups	1	3	6	3	3
		Set Drives Only	3	4	5	9	4
		Seal Panel	1	4	5	9	6
		Mains Advance Metres	24,743	10,930	20,322	15,875	12,584
		Panel Advance Metres	23,189	66,588	63,171	62,620	63,973
		Mains Advance Tonnes	475	221	413.6	325.5	233.6
		Panel Advance Tonnes	547	1,314	1,241.5	1,228.4	1,250.3
		Floor Coal Tonnes	-	236	565.4	597.7	765.1
		Total ROM KTonnes	1,022	1,770	2220.4	2151.6	2249.1
		CPP Yield			90.0%	88.1%	90.9%
		Product KTonnes	923.2	1601.2	1998.5	1894.7	2044.3
		Avg No. Peronnel (Mine & CPP)					
		Company Wages	64	103	134	134	134
		Company Staff	36	38	38	38	38
		Contract Mining	81	106	106	106	106
Unit Cost	**Units**	**Avg Labour Cost/Person/Period (Mine & CPP)**					
average	k$/year	Company Wages	190.09	190.36	189.06	189.06	189.06
average	k$/year	Company Staff	219.44	217.96	217.96	217.96	217.96
average	k$/year	Contract Mining	198.98	197.23	197.23	197.23	197.23
		Labour Costs (Mine & CPP)					
		Manning Cost	36,087	48,733	54,523	54,523	54,523
549.88	k$/month	Additions & Bonus	5,535	6,666	6,760	6,760	6,760
94.5	$/night	Accomodation	5,376	7,301	8,128	8,106	8,106
		Labour Cost Total	**46,999**	**62,700**	**69,412**	**69,389**	**69,389**
		Maintenance					
0.40	$/ROMt	Underground General	409	708	888	861	900
4.50	$/ROMt	Development & Retreat (excl UGM)	2,878	5,728	7,145	6,808	7,177
65	k$/month	Surface General, Winders	780	780	780	780	780
3.58	$/ROMt	Coal Prep Plant	3,653	6,329	7,938	7,692	8,040
		Maintenance Total	**7,720**	**13,546**	**16,751**	**16,141**	**16,897**
		Contract Operations					
377	k$ per set-up	Panel Set-up	377	1,130	2,261	1,130	1,130
150	k$ per install	Install Drive Only	450	600	750	1,350	600
120	k$/panel	Seal Panels	120	480	600	1,080	720
		Contract Ops Total	**947**	**2,210**	**3,611**	**3,560**	**2,450**
		Plant Hire (incl Unit 2 maint)					
181	k$/month	Unit 1	1,978	1,582	561	561	561
368	k$/month	Unit 2	3,510	4,420	4,420	4,420	4,420
130	k$/month	Unit 3	985	1,558	1,558	1,558	1,558
20	k$/month	Outbye	160	240	20	20	20
		Plant Hire Total	**6,633**	**7,800**	**6,558**	**6,558**	**6,558**
		Consumables - Fixed Costs					
22	k$/month/unit	Development	413	628	774	774	722
130	k$/month	General U/G	1,560	1,560	1,560	1,560	1,560
6	k$/month	Coal Preparation Plant	70	70	6	6	6
		Consumables - Variable Costs					
408.14	$/Dev m	Mains Advance	10,099	4,461	8,294	6,479	5,136
374.11	$/Dev m	Panels Advance	8,675	24,911	23,633	23,427	23,933
0.20	$/ROMt	Underground General	204	354	444	430	450
2.09	$/ROMt	Coal Prep Plant	2,136	3,700	4,641	4,497	4,701
		Consumables Total	**21,023**	**31,984**	**34,711**	**32,676**	**31,807**
		Other Costs					
190	k$/month	Electricity Fixed	2,280	2,280	2,280	2,280	2,280
1.70	$/ROMt	Electricity Variable	1,736	3,010	3,775	3,658	3,823
836	k$/year	Water	757	836	836	836	836
3,000	k$/year	General & Admin	3,469	3,082	3,000	3,000	3,000
1,200	k$/year	Insurance	900	1,200	1,200	1,200	1,200
750	k$/year	Rates & Lease Fees	918	531	750	750	750
2.50	$/ROMt	Coal Transport Mine to Plant	2,555	4,426	5,551	5,379	5,623
		Other Costs Total	**12,614**	**15,365**	**17,392**	**17,103**	**17,512**
		Total Direct FOR Cost	**95,936**	**133,605**	**149,934**	**146,928**	**146,015**
		FOR Cost per Product tonne	**103.91**	**83.44**	**67.53**	**68.29**	**64.92**

Table 8-6 : Cook Colliery Projected Five-Year Plan Capital Expenditures ($000's)

			Expenditure by Year ($000's)				
Item	**Units**	**Unit Cost**	**2018**	**2019**	**2020**	**2021**	**2022**
Cook North PFS/BFS			1,425	500	-	-	-
Minyango PFS			700	-	-	-	-
Wongai BFS			500	-	-	-	-
12CM29-1	overhaul		300	-	-	-	-
12CM29-2	overhaul		300	-	-	-	-
12CM15-1	acqusition/rebuild		1,500	-	-	-	-
12CM15-2	acqusition/rebuild		1,400	-	-	-	-
DBT CM			500	-	-	-	-
CM011 (12CM30)	recoding		100	-	-	-	-
CM06 (12CM11)	overhaul		2,050	-	-	-	-
PJB's	overhaul		690	-	-	-	-
Jugernauts	overhaul		1,570	-	-	-	-
Misc. Mining Plant & infrastructure Restart			500	-	-	-	-
CHPP Repairs			500	-	-	-	-
Place Change Unit							
Continuous Miner	1	3,500	700	2,800	-	-	-
Shuttle Cars	2	3,000	1,200	2,400	-	-	-
Roof Bolter	1	1,500	300	1,200	-	-	-
Feeder Breaker	1	1,750	350	1,400	-	-	-
Section Fan	1	500	-	500	-	-	-
Transformer/DCB	1	1,000	-	1,000	-	-	-
New CM - replace 12CM30	1	6,000	1,200	4,800	-	-	-
New Shuttle Cars	2	3,000	1,200	2,400	-	-	-
Conveyor Drivehead	3	1,200	-	2,400	1,200	-	-
Conveyor Structure & Belting	2000m	1,100	-	1,100	1,100	-	-
Old Workings Rehabilitation	allowance		-	-	3,000	-	-
Ongoing Overhauls	annually		-	-	2,000	2,000	2,000
Total Expenditure			**16,985**	**20,500**	**7,300**	**2,000**	**2,000**

8.2 Cook North

The Cook North resource area offers a logical extension to the present mining operations, with ready access via northward extension of the main headings through a moderate fault zone. With 3-D seismics having been run over a large portion of the area, the structural geology is well understood, allowing for confident mine planning.

Although the area contains the moderately thick Pollux seam over the southern and eastern portion, the thickness is still adequate for high productivity place change mining to be conducted. And the lack of overlying Castor seam workings removes the adverse stress and mine planning restrictions compared to Cook. To the north and west, the seam thickens through the coalescence of the Castor and Pollux seams, potentially lowering mining costs.

In the southwest portion of Cook North, the coal seams occur at relatively shallow depth, and the potential to recover the coal by opencut methods exist. A 2016 scoping study identified an optimised pit shell containing 11Mt of recoverable coal. While economics at the time did not support this development, the upturn in coal prices may render this small opencut a viable option for coal extraction. This in turn provides for access to the underground coal to the east and north off of the

opencut pit highwall, which would remove the access and ventilation restrictions that exist though the present Cook Colliery portals.

8.3 Minyango

Like Cook North, Minyango offers a virgin resource of moderately thick, high quality coal suitable for underground mining extraction methods. A large portion of the area has been covered by 3D seismics, so the structural geology is well known, allowing for confident mine planning. However, the structural geology identified by this work is complex and fault affected, with a significant occurrence of major faults (>5m throw) rendering the area unsuitable for the use of high capacity and lower cost longwall methods.

However, the mineable portion of Minyango occurs at depths of 180m and greater, making access difficult and costly. Therefore, it remains to be seen if a viable mining option for Minyango can be developed that will offset the high cost of access.

9 Project Risks

Following review of the geology, resources, coal quality and geotechnical environment, AG has identified the following primary risks to the Project that could have a material impact on the five-year operational projections contained herein. In this context, AG considers a material impact to be a negative 10% or greater change in projected production or costs.

9.1 Geology and Resources

AG considers that the structural geology and coal quality for the target seams has been well understood and that both the method of data compilation and associated geological modelling is of a sufficiently high standard to support accurate JORC Resource estimates. This has been further validated through AG review of available data and through independent audit by Xenith Mining Consultants.

As such, while there is a good understanding of the Resource and little risk of the Resource tonnages being less than projected, there is a risk of faulting of the Argo and/or Pollux seams being more disruptive than anticipated in areas away from the overlying Castor seam workings due to both a lack of drill hole data and seismic survey data. This risk could lead to less than anticipated production and higher mining costs than projected from late 2019 onwards.

9.2 Geotechnical

From a geotechnical standpoint, the overall mine design and proposed ground support parameters are considered appropriate and should provide for geotechnical stability based on the implementation of appropriate controls during mining. However, the operations plan is premised to a large extent on successfully being able to leave at least a 0.5m thick coal beam roof in all workings, which is something that has not been achieved in the past. While the primary reasons for past failures to maintain an adequate coal beam roof reportedly relate to equipment and cultural issues, there is also a lack of a good visual horizon indicator in the coal seam (i.e. stone band) to guide operators as to their vertical position within the coal seam. Therefore, it could be fairly easy to lose the proper horizon in the seam, allowing the roof coal to become too thin and the weak shale layer above the seam to collapse and become part of the ROM product, leading to lower productivity and washing yields and higher ground support costs.

However, AG did observe a definite "dull coal" band near the top of the seam in the areas visited that would aid in maintaining the proper cutting horizon, and diligent control on a cut by cut basis will be required in order to mitigate this risk.

9.3 Coal Quality

While coal seam quality data from bore core is considered adequate on a raw coal basis over the majority of the Cook resource area, there is a definite lack of washed quality data in the southwest portion of the proposed mining area, lack of any data to the southeast of the existing workings, and a lack of data on the coking product quality "as shipped" over the past few years.

Although the coal quality across the existing database is fairly consistent, and no reports of poor shipment quality in the past have been sighted, given the above, there is still a risk that coal quality

and yields could be lower than anticipated, resulting in lower product tonnages and/or lower sales prices for product coal.

9.4 Mine Production

The build-up in mine production forecast by Bounty in the five-year operations plan is fairly aggressive, both in terms of introduction of mining units and unit productivity. While the overall productivity is considered achievable, there is a risk that the time frame to achieve this productivity could be longer than anticipated, primarily due to new labour hire training and efficiency.

9.5 Ventilation

While an allowance of $3M has been included in the capital expenditure schedule to "debottleneck" the ventilation system around the pit bottom, and an attempt has been made in the scheduling to limit the number of units off of any one ventilation spilt, no formal ventilation simulations have been conducted to verify these assumptions and there is still a risk that the existing ventilation facilities may be inadequate to allow recovery of the coal in the manner projected in this operations plan. The impact of this risk would be to move operations into the thinner seam Cook Central area sooner than anticipated, which would increase mining costs.

Appendix A - Review Team Qualifications

Dave Thomas – Project Manager and Principal Mining Engineer

Dave is a Principal Consultant with Adamelia Global and has 33 years of experience in the mining industry in both the coal and minerals sectors. Over the last 30 years he has consulted to the coal industry in both the USA and Australia, completing numerous feasibility studies, due diligence and operations reviews and independent expert assignments of both bord and pillar and longwall mining operations for either coal companies or the finance sector. Prior to entering consulting, Dave held positions as either Mining Engineer, Chief Engineer, Production Superintendent or Operations Manager at underground potash, borate and gold mines in the USA.

He is a Competent Person (CP) for Reserve Estimation under the JORC Code, having conducted a number of JORC Reserve Statements including for the Kevin's Corner Coal Project and Grosvenor. Dave also has significant experience in management of resource projects from initial exploration through to feasibility and permitting, including the Taroborah Coal Project.

Chris Hanson – Geology and Geotechnical Review

Chris is Director – Technical with AG and a technical and operational practitioner with career background in project management, mining technical services, geotechnical engineering, geology, mine planning, feasibility studies, due diligence and health, safety and risk management.

He is a Competent Person (CP) for Resource Estimation under the JORC Code, having conducted a number of high profile JORC Resource assessments including for the Moatize and Carmichael Coal Project. He has over 24 years mining experience in practical operational mining and consulting both in Australia and internationally, and in particular has strong industry experience and credibility in the areas of underground and open cut geotechnical engineering. Chris also has significant experience in structured integrated project management, having also recently been awarded a Diploma from the AIM in this area.

Chris Clarkson – Coal Quality Review

The review of coal quality has been undertaken by AG Associate, Chris Clarkson. Chris has over 45 years of experience in the coal industry, and spent his formative years in operations from a plant metallurgist through to a plant manager at Norwich Park in the 1980's, corporate research and development and bore core / coal quality analysis as Superintendent of the Utah Research and Development Laboratory in Mackay, and teaching / research as Associate Professor at the University of Queensland.

Subsequently Chris established his own coal preparation and coal quality consulting firm in 1993 which employed a number of graduates, and has subsequently been in involved in over 40 major coal projects worldwide.

Roland Smith – Mine Infrastructure Review

Roland Smith is Associate Mechanical Engineer with AG and has over 40 years of Engineering and Mining experience including both mine site and Head Office roles. Prior to establishing his own Consulting Company in 1999, Roland operated as Chief Engineer (maintenance and new projects) at both coal and metalliferous mines, ultimately being promoted to Chief Consulting Mechanical &

Electrical Engineer (Coal & Base Metals Division) within a major international mining organization (51% Anglo American Owned). Whilst in this latter position, he was responsible for all new projects from feasibility study stage to final construction, commissioning and handover to mine operating personnel including new mines, operational extensions and major upgrades etc. Since 1999, Roland has been involved with several major mining projects (including complete processing plant relocations), feasibility studies and due diligence studies, often operating as Client Representative and/or Project Director with full responsibility and accountability for the specific assignment. Previous clients include BHP, Vale, Xstrata, Newcrest, Peabody Coal, Tamaya Resources, CBH Resources, Terramin and IMC Ltd.

Appendix B – Cook Colliery JORC Resource Checklist (Xenith 2018)

JORC CODE, 2012 EDITION – TABLE 1

This Appendix details sections 1, 2 and 3 of the JORC Code 2012 Edition Table 1. Sections 4 'Estimation and Reporting of Ore Reserves' and 5 Estimation and Report of Diamonds and Other Gemstones' have been excluded as they are not applicable to this deposit and estimation.

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.*	• Approximately 1600 boreholes have been drilled over Cook Colliery (CC) mining leases (ML 1799, ML 7357, ML 1779, ML 1768 and ML 1769). Approximately 1400 holes have been drilled over the current mining operations in the southern part of Cook Colliery within ML 1799, ML 7357 and sub-lease of ML 1779. • Primary target of underground mining has historically been 2.0 - 2.5m thick Castor seam and 3.0 – 5.0m thick Argo seam. • **Historic exploration** • There has been many phases of exploration undertaken at CC with a majority of holes drilled being structural (chip) holes. Coal quality laboratory reports and data from the original 1970's and 1980's drilling has been misplaced over time however there is electronic data with coal quality available. • On 19th December 2017 two employees from Xenith Consulting conducted an audit of historical exploration data held in a storage container at CC against supplied electronic data. Coal seam intercepts were matched to raw lithology logs and reviewed against geophysical wireline hard copy. The Xenith team was satisfied with the accuracy and completeness of the historical hardcopy data and the digital version of that data.

Criteria	JORC Code Explanation	CP Comments
		• **Recent exploration** • 2005 – Xstrata Coal – 19 holes drilled in sub-lease ML 1779 – Coal Quality analysis for Aries, Castor, Pollux and Orion seams – Partly cored holes drilled at 61mm diameter (HQ) – Holes geophysically logged – Reliable data • 2007/2008 – 39 partly cored boreholes (61mm HQ) – Coal quality samples taken for Aries, Castor (Argo), Pollux and Orion seams. – Total of 7,692m of drilling conducted with 6,232m of open (chip) drilling and 1,460m of 61mm HQ coring. – Two open chip boreholes were drilled for electrical cabling purposes. – All holes except the two open boreholes were geophysically logged and thus provide reliable data. – All drilling and geological activities were conducted using industry best practices. Geologists undertook training conducted by the author of the associated 2016 CC JORC resource report and involved training in core recovery, geological logging of chips and core, sampling procedures, core photography, geophysical log interpretation and correction. – Procedures were conducted in accordance with industry best practice to ensure the high quality of reliable data required for JORC Code estimations. – Coal seams were logged immediately in the field inside the core barrel splits to minimize disturbance to the core. Accurate core

Criteria	JORC Code Explanation	CP Comments
		recovery was recorded and a geological log with sample intervals was taken. Core photography at 50cm depths was taken. The core was wrapped in plastic to preserve the moisture of the coal. Core was placed in steel core trays and placed in a freezer to preserve moisture and coking properties. – Wireline logging included natural gamma, density, resistivity, caliper, verticality and sonic logs. – Once the geological logs were reconciled against geophysics the coal core was sampled into plys and sealed in plastic bags and given a unique sample ID number. – Samples were delivered to CCI Coal Laboratory in Gladstone Queensland for proximate analysis, sulphur content, specific energy, relative density, crucible swelling index (CSI) and Washability. – Chip intervals were recorded at the rig in 1m intervals and collected into chip containers. – 2007/2008 drilling campaign was conducted by Depco Drilling using a UDR 650 and UDR 1200 multipurpose drill rigs. Cores were recovered using HQ triple tube core barrels (61mm). • 2009 – 3 open chip holes (CKDDHS034, CKDDHS035 & CKDDHS036) were drilled in western area of current South Mains development roadways – Purpose was fault delineation. – CKDDHS034 and CKDDHS036 were geophysically logged. – Good quality data. – 676m total drilled. • 2010 – Two partly cored holes completed (CKDDHS038 & CKDDHS039).

Criteria	JORC Code Explanation	CP Comments
		– Holes drilled for coal quality (coke properties) and gas content analyses. – Core diameter 61mm HQ. – Holes were geophysically logged. – Considered reliable data. • 2015/2016 – 12 partially cored holes drilled as a follow up to 3D seismic survey (16km²) over northern portion of the project (in the ML 1799 sub-lease). – Holes drilled for coal quality (coke properties) and geotechnical properties of the target seams. – Holes were geophysically logged. • Borehole data is reliable
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.).*	• Historic drilling – Majority of holes were open percussion holes. – Core holes HQ diameter triple tube (61mm). • Recent drilling – Partial core holes drilled at a diameter of 61mm (HQ triple tube). – Open chip holes drilled by rotary percussion at 99-120mm diameter. • All holes orientated at -90 (vertical). Where holes were geophysically logged, verticality of the holes was measured to understand and correct for borehole deviation.
Drill Sample Recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure*	• Core sample recovery utilized HQ triple tube – 61mm core diameters. • Core was carefully cut and pulled by experienced coal drillers.

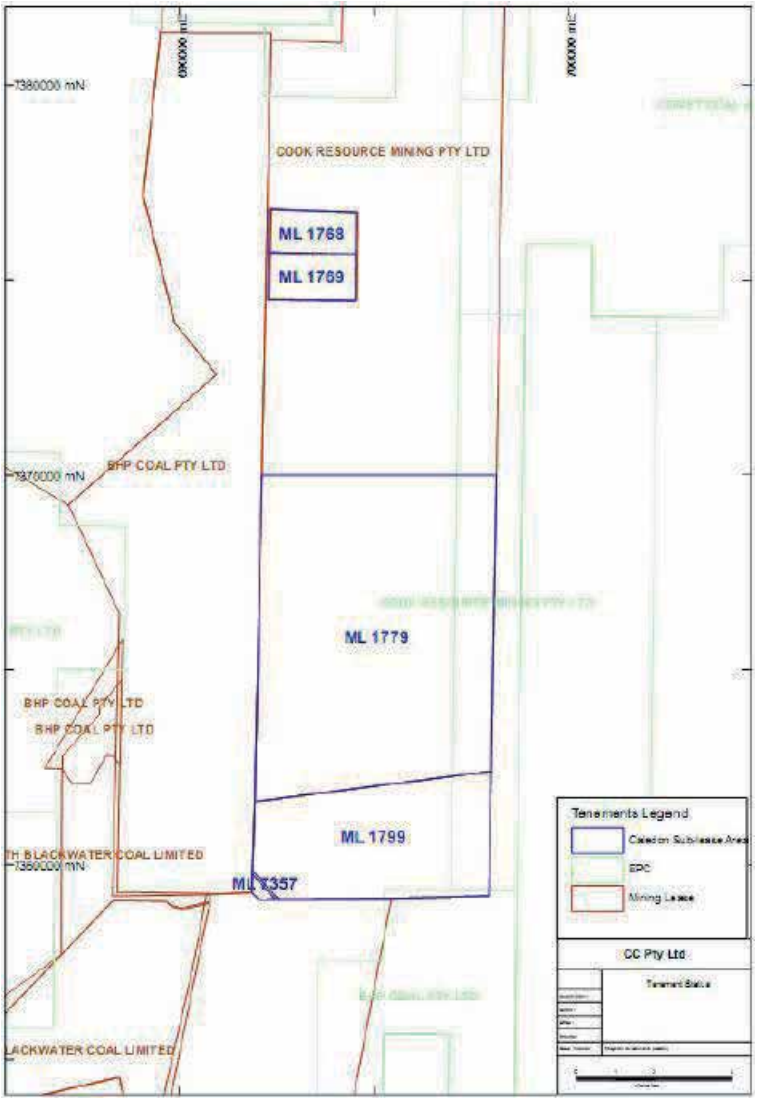
Criteria	JORC Code Explanation	CP Comments
	representative nature of the samples. • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Coal core was logged on site by experienced geologists and was measured and logged in drilling splits to minimize handling errors. • Core recovery was carefully recorded at the rig. • Coal core was wrapped in plastic to maintain moisture content and stored in a refrigerated container. • Once geological logs were reconciled against geophysics coal plys were sampled and the coal samples placed into plastic bags with unique sample ID numbers. • Coal samples were subsequently sent to CCI Laboratory in Gladstone, QLD.
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, resistivity, caliper, sonic and verticality unless operational difficulties prevented logging or part logging of a hole.
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*	• The lab CCI Holdings Limited (Bureau Veritas) complies with Australian Standards for sample preparation and sub sampling. • Coal samples were taken according to geophysical logs and sampled into plys. • In general sample recovery was of a high standard and considered reliable for resource reporting. • No evidence from data sources as to existence of sample duplicates.

Criteria	JORC Code Explanation	CP Comments
	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.*	
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 lab CCI Holdings Limited (now Bureau Veritas Minerals Pty Ltd) is a NATA registered and a well-recognized coal analytical organization conducting coal quality sampling for many years. Bureau Veritas are accredited for compliance with ISOMEC 17025, corporate accreditation number 1805. Site accreditation number 18415. • Geophysical tools were calibrated by the logging company engaged in the project at the time.
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.*	• Bureau Veritas complies with the Australian Standards for coal quality testing, and as such conduct the verifications for coal quality analysis outlined in the standards. • No adjustments have been made to the historic lab analysis sheets provided by the client.
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.*	• Boreholes surveyed to sub-meter accuracy beacon corrected DGPS. • Geographic projection in use is Australian Map Grid 1984 zone 55 (AMG84 z55)

Criteria	JORC Code Explanation	CP Comments
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• One topographic dataset has been used: • The topographic surface (topo) for the current geological model was sourced from 2004 Aerial Survey by CCS and adjusted SRTM-1S 90m grid data located vertically using aerial survey as reference. The determined vertical accuracy for this data is +/- 2 to 10m across site. A review of the supplied drill collars vs topography at same location indicated most of the holes in the database are within 1m of topography.
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.*	• 2016 Cook Colliery Resource Statement is based on the following observations; – Measured Coal Resources based on boreholes spaced at 500m and which have reliable data for seam thickness and coal quality. – Indicated Coal Resources based on boreholes spaced at 1000m and which have reliable data for seam thickness and coal quality. – Inferred Coal Resources based on boreholes spaced at 4000m and which have reliable data for seam thickness and coal quality. – The definition of reliable data normally refers to borehole data that has downhole geophysics to confirm seam thickness as well as coal quality data from the analysis of the bore core. • There is no evidence that geostatistical studies have been undertaken to establish optimum borehole spacings throughout the project.
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*	• All holes have been drilled at -90 vertical. • The orientation and spacing of the drilling grid is deemed to be suitable to detect geological structures and coal seam continuity within the resource area.

Criteria	JORC Code Explanation	CP Comments
	reported if material.	
Sample Security	• *The measures taken to ensure sample security.*	• All samples were held in cold storage prior to leaving site and at laboratory prior to analysis. • Previous programs provide no details on sample security from the provided literature.
Audits or Reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Cook Colliery and its various owners (and/or) contractors have been responsible for implementing the sampling techniques and data collection throughout the history of the project. • Bureau Veritas undertake internal audits and checks in line with the Australian Standards and their NATA certification. Corporate Accreditation no. 1805 and site no. 18415.

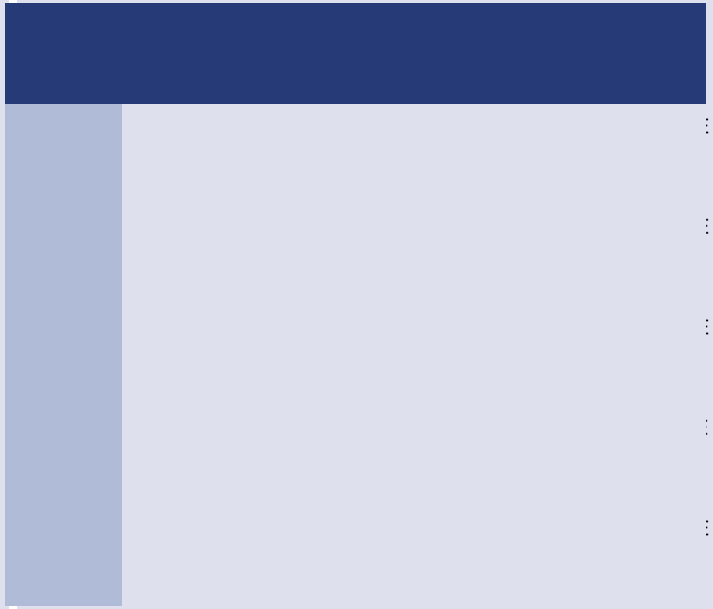
Figure 1.1 – Location of Cook Colliery Mining Sublease and Adjoining Tenement Limits



SECTION 2 REPORTING OF EXPLORATION RESULTS

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

Criteria	JORC Code Explanation	CP 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.*	• The CC Project Area is located approximately 30km south of the township of Blackwater located in Central Queensland. Cook Colliery is approximately 200km west of Rockhampton and 300km by high capacity rail from the export port of Gladstone. • The Mining Leases (MLs) extend approximately 11km north to south and 6km west to east. The project area is bounded to the west by BHP's Blackwater Mining Complex. To the east the project is bounded by the Blackdown Tablelands National Park. • To the north of the project area boundary is defined by the adjoining Glencore – Cook Resources Mining Pty Ltd (CRM) ML tenement whereas to the south the project area is bounded by ML 1771 (South Blackwater Coal Pty Ltd). • The Cook Colliery Project Area, subleased by CC from CRM consists of mining leases: ML 1768, ML 1769 which constitute the Coal Handling Processing Plant (CHPP) and mining leases: ML 1799, ML 7357 and the southern portion of ML 1799 (south of latitude 7370000N) which constitute the coal mining operations.

Criteria	JORC Code Explanation	CP Comments
		 *Approximately 4,850 hectares within project area • Bounty Mining, at time of writing is the current sub-lessee of the Cook Colliery Project Area and took over from Caledon Coal in 2017. • The project area is currently used for livestock grazing. Extensive and clearing and gentle topography provides relatively unhindered access with minimal disturbance to flora and fauna. • Road access is provided by a network of formed and sealed

Criteria	JORC Code Explanation	CP Comments
		secondary and local roads. Within the project area access is provided by limited unsealed farm tracks.
Exploration Done by Other Parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historic exploration • There has been many phases of exploration undertaken at CC with a majority of holes drilled being structural (chip) holes. Coal quality data from the original 1970's and 1980's drilling has been misplaced over time however there is electronic data with coal quality available. • On 19th December 2017 two employees from Xenith Consulting conducted an audit of historical exploration data held in a storage container at CC against supplied electronic data. Coal seam intercepts were matched to raw lithology logs and reviewed against geophysical wireline hard copy. The Xenith team was satisfied with the accuracy and completeness of the historical hardcopy data and the digital version of that data. • Recent exploration • 2005 – Xstrata Coal – 19 holes drilled in sub-lease Ml 1779 – Coal Quality analysis for Aries, Castor, Pollux and Orion seams – Partly cored holes drilled at 61mm diameter (HQ) – Holes geophysically logged – Reliable data • 2007/2008 – 39 partly cored boreholes (61mm HQ) – Coal quality samples taken for Aries, Castor (Argo), Pollux and

Criteria	JORC Code Explanation	CP Comments
		Orion seams. – Total of 7,692m of drilling conducted with 6,232m of open (chip) drilling and 1,460m of 61mm HQ coring. – Two open chip boreholes were drilled for electrical cabling purposes. – All holes except the two open boreholes were geophysically logged and thus provide reliable data. – All drilling and geological activities were conducted using industry best practices. Geologists undertook training conducted by the author of the associated 2016 CC resource report and involved training in core recovery, geological logging of chips and core, sampling procedures, core photography, geophysical log interpretation and correction. • Procedures were conducted in accordance with industry best practice to ensure the high quality of reliable data required for JORC Code estimations. • Coal seams were logged immediately in the field inside the core barrel splits to minimize disturbance to the core. Accurate core recovery was recorded and a geological log with sample intervals was taken. Core photography at 50cm depths was taken. The core was wrapped in plastic to preserve the moisture of the coal. Core was placed in steel core trays and placed in a freezer to preserve moisture and coking properties. • Wireline logging included natural gamma, density, resistivity, caliper, verticality and sonic logs. • Once the geological logs were reconciled against geophysics the coal core was sampled into plys and sealed in plastic bags and given a unique sample ID number. • Samples were delivered to CCI Coal Laboratory in Gladstone Queensland for proximate analysis, sulphur content, specific

Criteria	JORC Code Explanation	CP Comments

		energy, relative density, crucible swelling index (CSI) and Washability.
		• Chip intervals were recorded at the rig in 1m intervals and collected into chip containers.
		• 2007/2008 drilling campaign was conducted by Depco Drilling using a UDR 650 and UDR 1200 multipurpose drill rigs. Cores were recovered using HQ triple tube core barrels (61mm).
		• 2009
		  • 3 open chip holes (CKDDHS034, CKDDHS035 & CKDDHS036) were drilled in western area of current South Mains development roadways
		  • Purpose was fault delineation.
		  • CKDDHS034 and CKDDHS036 were geophysically logged.
		  • Good quality data.
		  • 676m total drilled.
		• 2010
		  • Two partly cored holes completed (CKDDHS038 & CKDDHS039).
		  • Holes drilled for coal quality (coke properties) and gas content analyses.
		  • Core diameter 61mm HQ.
		  • Holes were geophysically logged.
		  • Considered reliable data.
		• 2015/2016
		  • 12 partially cored holes drilled as a follow up to 3D seismic survey (16km^2) over northern portion of the project.
		  • Holes drilled for coal quality (coke properties) and geotechnical properties of the target seams.
		  • Holes were geophysically logged.
		• Borehole data is reliable

Criteria	JORC Code Explanation	CP Comments
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Cook Colliery is located in the southern part of the Bowen Basin, and lies on the eastern limb of the Comet Anticline. The strata dips gently, usually <5 degrees (o) to the east, striking slightly east of north. • The upper part of the stratigraphy consists of the Rewan Formation, which is predominantly a grey/green claystone varying in thickness from 80 to 200m. The coal bearing Rangal Coal Measures unconformably underlie the Rewan Formation. The upper section of the Rangal Coal Measures consists of four seams interbedded with lithic sandstone, siltstone and carbonaceous claystone strata. • The upper seam is the Aries Seam. The thickness of the seam is generally ranging from 0.30m to 2.95m with an average thickness of 1.6m. The part of Aries Seam with thickness less than 1.0m is located in the north-eastern part of CC's area. • The Castor Seam is normally about 15m below the Aries Seam. The thickness of the Castor Seam ranges from 1.82m to 3.90m with an average of 2.8m. The Castor Seam can produce a coking product (75%) and a thermal product (20%). The Castor Seam is on average about 12m above the Pollux Seam, but changes down-dip to the north for the seams to coalesce. The Pollux Seam and Orion Seam are located in the south-western corner of CC's sub lease. In this area, Pollux and Orion coalesce to form the Argo Seam. • The Argo Seam is the primary target seam for current mining operation by CC, and ranges in thickness from 3.0m to 5.8m with an average thickness of 4.4m. The coalescing line for the Argo Seam is known as the Argo split line shown in Figure 4 and defines where the interburden between the Pollux and Orion Seams is 0.3m thick. • In the area where the Argo Seam splits into the Pollux and Orion Seams, the Pollux Seam remains adequately thick to continue the current mining operation. The Pollux Seam thickness ranges from

Criteria	JORC Code Explanation	CP Comments
		1.7m to 3.6m and averages 2.5m in thickness. • The Orion Seam is approximately 1.75m thick at the Argo split line, but rapidly thins to below 1.5m down-dip towards the east. • From northing coordinate of 7367750 to the north of Cook Colliery Area, covering around 1,700ha, the Castor and Pollux seams coalesce to form another seam known as the Gemini Seam. The thickness of Gemini Seam in the Cook Colliery area ranges from 4.4m to 6.7m with an average of about 5.3m. • Overburden and interburden sediments generally comprise lithic claystone siltstone, sandstone and carbonaceous shale. The sediments provide favourable conditions for underground mining methods.
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 metres) of the drill hole collar – dip and azimuth of the hole – down hole length and interception depth – hole length. • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A list of the drill holes used to define the coal quality of the resource in the Cook Colliery Project Area can be found in Table 1.1. A list of all holes used in the structural model is attached as Appendix A. • All drill holes have been modelled from vertical, although hole deviation (from vertical) has been recorded for recent holes (since 2005).
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*	• It is reported that all seams where multiple coal quality samples were taken were given composite coal quality values based on top and bottom plies.

Criteria	JORC Code Explanation	CP Comments
	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.*	• Coal quality samples were weighted on thickness (length) and relative density, and composited on a per seam basis. Average seam coal quality based on borehole data is summarised in Table 1.2. • AB Mylec provided wash simulation results for the project area • Only coal sampled in the 2007/08 drilling campaign was used in Mylec's simulation. • The Washplant simulation was designed to produce a Primary and Secondary product by washing coal in a dense medium cyclone at SG 1.35g/cc to 1.50g/cc • Wash plant simulations include nominal 6% dilution • Washability predictions are described in Table 1.3
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').*	• All holes were drilled vertical. • Constraints were applied in thickness modelling to exclude over thickened and under thickened working sections in the model. The variations in the thickness were attributable to faulting.
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 main body of the report.
Balanced	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and*	• All available exploration data for the Cook Colliery Project Area has been collated and reported.

Criteria	JORC Code Explanation	CP Comments
Reporting	*high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	
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.*	• All exploration data was gathered and or utilised in the resource estimation. • Geotechnical logging, sampling and testing from the overburden, interburden, seam roof/floor and coal (such as defect logging, field point load testing and laboratory testing) has been undertaken. • 3D Seismic survey was conducted in 2015/16 to establish seam continuity along with detailing structure and faulting within the northern part of the sub-lease area.
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.*	• A drilling program planned for mid-2018 will address further resource and coal quality drilling. Gas content and structure drilling as well as water monitoring bores are planned to assist in future mine development.

Table 1.1 – List of holes within Cook Colliery Project Area with coal quality data (POBs)

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
							Ash	IM	VM	FC			
			From	To	Thick		(%adb)	(%adb)	(%adb)	(%adb)	(%adb)	MJ/Kg	
C0004	ARIES	B	173.26	173.39	0.13	1.60	26.4				0.47		
C0004	ARIES	C	173.39	174.92	1.53	1.33	9.9				0.30		
C0004	CASTOR	C	199.38	200.12	0.74	1.41	17.5				0.25		
C0004	CASTOR	D	200.12	202.22	2.10	1.32	7.5				0.42		
C0015	ARIES	A	341.39	341.47	0.08	1.49							
C0015	ARIES	B	341.47	341.72	0.25	1.39							
C0015	ARIES	C	341.72	343.00	1.28	1.31							
C0015	CASTOR	A	358.11	358.38	0.27	1.52							
C0015	CASTOR	B	358.38	360.58	2.20	1.31							
C0015	POLLUX	A	370.37	370.55	0.18	1.36							
C0015	POLLUX	B	370.55	371.32	0.77	1.38							
C0015	POLLUX	C	371.32	373.36	2.04	1.32							
C0020	ARIES		344.65	345.97	1.32		18.6						
C0290	CASTOR	A+B	203.84	206.87	3.03	1.35							
C0291	CASTOR	A+B	211.74	214.69	2.95	1.32							
C0292	CASTOR	A+B	227.21	229.58	2.37	1.29							
C0293	CASTOR	A+B	184.03	186.98	2.95	1.32							
C0294	CASTOR	A+B	172.20	175.40	3.20	1.31							
C0295	CASTOR	A+B	214.00	216.60	2.60	1.37							
C0377	ARIES		235.20	236.80	1.60		10.5						

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2000C	ARIES		185.20	186.84	1.64	1.36	10.8	1.6	26.3	61.3	0.29	30.89	
C2000C	CASTOR		210.50	213.51	3.01	1.34	12.9	1.7	25.5	59.9	0.36	30.35	
C2000C	POLLUX		232.81	235.96	3.15	1.31	8.9	1.5	25.6	64.0	0.38	31.82	
C2000C	ORION		235.96	237.18	1.22	1.34	11.5	1.5	24.9	62.1	0.31	30.41	
C2002C	ARIES		333.93	335.89	1.96		22.2	1.4	23.0	53.4			
C2002C	CASTOR		351.04	353.75	2.71		14.9	1.5	22.2	61.4			
C2002C	POLLUX		365.92	368.00	2.08		12.7	1.4	23.8	62.1			
C2002C	ORION		368.00	368.94	0.94		12.7	1.4	23.4	62.5			
C2004C	ARIES		173.84	175.17	1.33	1.37	12.4	1.5	26.4	59.7	0.49	30.00	
C2004C	CASTOR		200.11	202.80	2.69	1.34	12.1	1.5	26.4	60.0	0.44	30.27	
C2004C	POLLUX		220.23	223.14	2.91	1.32	8.3	1.3	25.9	64.5	0.48	32.07	
C2004C	ORION		223.14	224.91	1.77	1.35	11.3	1.1	27.7	59.9	0.33	30.67	
C2006C	ARIES		359.55	360.03	0.48	1.74	43.7	1.7	17.1	37.5	0.59	18.70	
C2006C	CASTOR		390.88	392.84	1.96	1.31	8.9	1.4	22.2	67.5	0.37	31.90	
C2006C	POLLUX		392.84	394.60	1.76	1.38	8.6	1.3	22.6	67.5	0.43	32.10	
C2006C	ORION		394.60	396.27	1.67	1.36	16.5	1.3	21.9	60.3	0.36	28.99	
C2008C	CASTOR		307.42	310.35	2.93	1.34	3.9	1.3	21.8	63.0	0.37	30.07	
C2008C	POLLUX		310.35	312.15	1.80	1.36	13.5	1.3	20.8	64.4	0.51	30.42	
C2008C	ORION		312.15	313.33	1.18	1.29	6.2	1.2	24.8	67.8	0.46	33.05	
C2010C	ARIES		110.50	112.10	1.60	1.45	21.6	1.8	23.5	53.1	0.52	26.52	
C2010C	CASTOR		129.67	132.17	2.50	1.31	10.5	1.7	23.3	64.5	0.34	31.06	
C2010C	POLLUX		132.17	134.73	2.56	1.32	9.5	1.7	23.3	65.5	0.34	31.39	
C2010C	ORION		160.33	161.94	1.61	1.41	24.6	1.9	21.2	52.3	0.35	25.81	

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2011C	ARIES		129.08	131.05	1.97	1.45	25.7	1.8	23.1	49.4	0.40	24.71	
C2011C	CASTOR		147.14	149.64	2.50	1.35	12.9	1.8	23.2	62.1	0.37	30.35	
C2011C	POLLUX		149.64	152.10	2.46	1.34	12.0	1.7	22.3	64.0	0.38	30.35	
C2011C	ORION		173.13	174.13	1.00	1.44	19.2	1.5	25.0	54.3	0.41	27.37	
C2013C	ARIES		448.94	451.05	2.11	1.33	16.1	0.8	23.2	59.9	0.40	27.47	
C2013C	CASTOR		479.08	481.02	1.94	1.29	8.7	1.2	21.1	69.0	0.34	31.70	
C2013C	POLLUX		481.02	483.45	2.43	1.27	8.2	1.4	20.4	70.0	0.32	32.09	
C2013C	ORION		483.45	484.84	1.39	1.30	10.6	1.2	22.7	65.5	0.36	31.42	
C2014C	ARIES		471.75	474.28	2.53	1.34	15.3	0.8	22.0	61.9	0.39	28.90	
C2014C	CASTOR		505.21	507.30	2.09	1.28	9.0	1.2	21.2	68.6	0.34	31.97	
C2014C	POLLUX		507.30	510.10	2.80	1.26	8.0	1.3	20.0	70.7	0.33	32.00	
C2016C	ARIES		386.69	389.31	2.62	1.32	10.5	1.0	22.5	66.0	0.46	31.30	
C2016C	CASTOR		412.94	415.35	2.41	1.28	9.4	1.0	20.9	68.7	0.31	31.65	
C2016C	POLLUX		415.35	417.47	2.12	1.25	7.1	1.1	21.5	70.3	0.30	32.89	
C2016C	ORION		417.47	418.68	1.21	1.26	9.4	1.0	23.2	66.4	0.34	32.09	
C2017C	ARIES		484.48	486.18	1.70	1.33	10.5	1.2	21.9	66.4	0.37	31.59	
C2017C	ORION		508.60	509.52	0.92	1.29	7.2	1.1	22.9	68.8	0.43	33.95	
C2018C	ARIES		439.78	442.27	2.49	1.34	11.9	1.1	22.3	64.7	0.41	30.66	
C2018C	CASTOR		459.10	460.76	1.66	1.36	11.5	1.1	20.0	67.4	0.34	31.08	
C2018C	POLLUX		460.76	462.65	1.89	1.36	8.9	1.3	20.0	69.8	0.36	32.20	
C2018C	ORION		462.65	463.92	1.27	1.27	5.5	1.2	22.0	71.3	0.39	33.72	
C2019C	ARIES		473.95	476.63	2.68	1.34	11.1	1.2	22.2	65.5	0.42	31.70	
C2019C	CASTOR		493.32	495.45	2.13	1.32	9.2	1.2	20.7	68.9	0.36	32.19	

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2019C	POLLUX		495.45	497.53	2.08	1.32	7.9	1.1	21.4	69.6	0.35	32.71	
C2019C	ORION		497.53	498.84	1.31	1.33	9.1	1.0	22.8	67.1	0.39	32.36	
CC0044	ARIES	A	128.95	130.90	1.95	1.37							
CC0044	ARIES	B	130.90	131.28	0.38	1.81	59.0						
CC0044	CASTOR	A	140.39	143.08	2.69	1.30							
CC0044	ARGO	A	157.65	159.22	1.57	1.30							
CC0044	ARGO	B	159.22	162.20	2.98	1.30							
CC0045	ARIES	A	120.98	122.52	1.54	1.38							
CC0045	ARIES	B	122.52	123.37	0.85	1.73	49.6				0.42		
CC0045	CASTOR	A	133.30	134.00	0.70	1.39	17.8				0.33		
CC0045	CASTOR	B	134.00	136.27	2.28	1.29							
CC0045	ARGO	A	152.87	154.67	1.80	1.32							
CC0045	ARGO	B	154.67	157.87	3.20	1.30							
CC0308	CASTOR		194.18	197.01	2.83		13.5				0.38		
CC0308	ARGO		215.87	221.66	5.79		9.8				0.33		
CC0309	CASTOR		235.94	238.98	3.04		12.0				0.37		
CC0309	ARGO		262.75	268.13	5.38		17.1				0.31		
CC0310	CASTOR		145.50	148.60	3.10		14.3				0.30		
CC0310	ARGO		164.92	168.92	4.00		9.3				0.33		
CC0450	ARGO		250.05	253.90	3.85	1.33	12.5						
CC0453	ARGO		269.30	274.75	5.45	1.34	12.1						
CM9801C	ARGO		153.60	154.00	0.40	1.40	11.7	1.4	22.8	64.1		30.78	1.5
CM9801C	ARGO		154.00	154.78	0.78	1.35	7.3	1.5	23.4	67.8		32.57	3.0

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CM9801C	ARGO		154.78	155.09	0.31	1.35	9.1	1.6	23.0	66.3		31.72	2.5
CM9801C	ARGO		155.09	156.34	1.25	1.28	5.1	1.5	27.1	66.3		33.62	8.0
CM9801C	ARGO		156.34	157.19	0.85	1.33	8.4	1.4	26.1	64.1		32.19	6.5
CM9801C	ARGO		157.19	158.03	0.84	1.29	6.3	1.4	28.0	64.3		32.29	7.5
CM9801C	ARGO		158.03	158.20	0.17	1.57	37.6	1.9	17.8	42.7		20.68	1.0
CM9804C	ARGO		156.44	157.02	0.58	1.33	10.9	1.4	23.2	64.5		31.06	3.0
CM9804C	ARGO		157.02	157.34	0.32	1.34	7.3	1.4	23.9	67.4		32.54	3.0
CM9804C	ARGO		157.34	157.80	0.46	1.35	8.2	1.4	23.4	67.0		32.07	2.0
CM9804C	ARGO		157.80	159.00	1.20	1.30	4.5	1.4	27.5	66.6		33.81	8.0
CM9804C	ARGO		159.00	159.86	0.86	1.34	7.9	1.5	25.2	65.4		32.34	6.5
CM9804C	ARGO		159.86	160.80	0.94	1.33	6.7	1.5	26.3	65.5		32.99	7.5
CM9804C	ARGO		160.80	161.05	0.25	1.45	20.3	1.4	22.7	55.6		27.50	3.5
CM9806C	ARGO		157.18	157.89	0.71	1.38	10.4	1.6	22.4	65.6		31.27	2.0
CM9806C	ARGO		157.89	158.51	0.62	1.36	7.0	1.6	22.8	68.6		32.78	1.0
CM9806C	ARGO		158.51	158.86	0.35	1.36	9.1	1.5	24.1	65.3		31.76	6.5
CM9806C	ARGO		158.86	159.38	0.52	1.32	5.1	1.4	28.0	65.5		33.63	7.5
CM9806C	ARGO		159.38	160.43	1.05	1.35	6.8	1.4	25.3	66.5		32.94	7.0
CM9806C	ARGO		160.43	161.14	0.71	1.35	6.2	1.5	26.2	66.1		33.25	7.5
CM9806C	ARGO		161.14	161.58	0.44	1.36	9.2	1.5	25.7	63.6		32.14	8.0
CM9806C	ARGO		161.58	161.74	0.16	1.46	19.4	1.3	22.0	57.3		27.98	1.5
CP0643	CASTOR		221.10	224.10	3.00		13.9						
CP0643	ARGO		243.40	247.40	4.00		11.8						
CP0644	CASTOR		221.20	224.00	2.80		13.4						

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis					TS	SE	CSN
CP0644	ARGO		247.25	252.00	4.75		9.9							
CP0645	CASTOR		232.80	235.90	3.10		11.2							
CP0645	ARGO		256.55	261.60	5.05		11.9							
CP0927	CASTOR		168.40	171.30	2.90	1.32	10.1							
CP0927	ARGO		188.50	192.45	3.95	1.29	9.6							
CP0928	CASTOR		151.30	154.10	2.80		10.5							
CP0928	ARGO		168.05	172.40	4.35		9.1							
CP1267	CASTOR		166.87	170.10	3.23		12.3							
CP1267	ARGO		181.10	185.96	4.86		10.1							
CP1268	CASTOR		156.76	159.79	3.03		10.4							
CP1268	ARGO		172.23	176.92	4.69		12.5							
CP1279	CASTOR		154.60	157.66	3.06		12.3							
CP1280	ARGO		170.43	175.13	4.70		10.1							
CP1285	CASTOR		146.41	149.44	3.03		10.8							
CP1343	CASTOR		149.95	152.85	2.90		11.7							
CKDDHS001	CASTOR	C001_01	134.60	137.50	2.90	1.37	10.6	2.9	25.1	61.4		30.64	6.0	
CKDDHS001	ARGO-TOP	C001_02	153.40	154.40	1.00	1.27	10.7	2.3	22.6	64.4	0.36	30.58	1.5	
CKDDHS001	ARGO-BOT	C001_03	154.40	157.80	3.56	1.29	9.5	2.0	25.1	63.4	0.39	31.53	7.0	
CKDDHS002	CASTOR	C002_01	162.00	163.90	1.90	1.37	10.4	2.3	25.0	62.3		31.14	6.5	
CKDDHS002	ARGO-TOP	C002_02	182.90	183.90	1.00	1.28	8.9	1.9	23.2	66.0	0.36	31.59	1.0	
CKDDHS002	ARGO-BOT	C002_03	183.90	187.65	3.53	1.28	7.4	1.8	26.1	64.7	0.36	32.34	7.5	
CKDDHS003	ARIES	C003_01	248.36	250.72	2.36	1.41	21.0	2.0	23.2	53.8		26.78	5.0	
CKDDHS003	CASTOR	C003_02	265.28	267.88	2.60	1.30	9.8	2.1	24.3	63.8		21.54	5.0	

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CKDDHS003	POLLUX	C003_03	269.48	272.08	2.60	1.35	11.6	1.8	24.6	62.0		30.89	5.5
CKDDHS004	ARIES	S004_01	197.35	198.60	1.25	1.33	14.7	1.8	24.1	59.4		29.39	5.0
CKDDHS004	CASTOR	S004_02	229.35	231.87	2.52	1.33	13.1	1.7	25.6	59.6		29.91	6.0
CKDDHS004	ARGO-TOP	S004_03	251.08	252.08	1.00	1.30	9.9	1.4	22.7	66.0		31.50	1.0
CKDDHS004	ARGO-MID	S004_04	252.08	254.08	2.00	1.31	8.7	1.5	25.1	64.7		32.03	7.0
CKDDHS004	ARGO-BOT	S004_05	254.08	255.52	1.27	1.33	10.4	1.5	25.1	63.0		31.34	7.0
CKDDHS005	CASTOR	S005_01	151.90	155.05	3.15	1.29	8.6	2.0	26.2	63.2		31.78	6.5
CKDDHS005	ARGO-TOP	S005_02	167.35	168.35	1.00	1.33	10.5	1.8	22.7	65.0		30.96	1.0
CKDDHS005	ARGO-MID	S005_03	168.35	169.85	1.50	1.30	7.1	2.2	25.4	65.3		32.46	6.5
CKDDHS005	ARGO-BOT	S005_04	169.85	171.65	1.14	1.32	11.4	2.1	25.8	60.7		30.89	7.0
CKDDHS006	POLLUX-TOP	S006/01-02	183.95	184.95	1.00	1.37	17.0	1.6	21.8	59.6		28.22	1.0
CKDDHS006	POLLUX-BOT	S006_03	184.95	187.05	2.04	1.28	7.0	2.0	25.4	65.6		32.54	7.0
CKDDHS006	ORION	S006_04	188.90	191.00	2.10	1.44	27.5	2.2	21.4	48.9		24.33	5.0
CKDDHS007	ARGO-TOP	S007_01	200.45	201.45	1.00	1.32	9.3	2.0	21.9	66.8		31.47	1.0
CKDDHS007	ARGO-BOT	S007_02	201.45	205.05	3.64	1.31	9.1	2.7	25.1	63.1		31.64	4.0
CKDDHS008	ARGO-TOP	S008/01-02	206.50	207.50	1.00	1.32	9.2	1.8	22.9	66.1		31.82	2.5
CKDDHS008	ARGO-MID	S008/03-05	207.50	209.20	1.70	1.30	6.4	2.3	26.1	65.3		32.66	5.0
CKDDHS008	ARGO-BOT	S008/06-07	209.20	210.95	1.10	1.32	10.0	2.1	25.6	62.3		31.26	6.5
CKDDHS009	ARIES	S009/01-03	205.22	206.85	1.63	1.36	15.0	2.0	24.8	58.2		29.17	4.5
CKDDHS009	CASTOR	S009/04-08	230.96	233.44	2.48	1.33	12.8	2.2	27.1	57.9		30.12	6.0
CKDDHS009	POLLUX	S009/09-13	241.12	243.48	2.36	1.33	10.4	2.3	25.4	61.9		31.19	6.0
CKDDHS011	ARIES	S011/01-05	249.05	251.60	2.55	1.41	18.4	2.6	23.5	55.6		27.59	4.0
CKDDHS011	CASTOR	S011/06-10	268.60	271.40	2.80	1.31	10.0	1.9	24.8	63.3		31.37	4.0

Criteria	JORC Code Explanation	CP Comments
		1.7m to 3.6m and averages 2.5m in thickness. • The Orion Seam is approximately 1.75m thick at the Argo split line, but rapidly thins to below 1.5m down-dip towards the east. • From northing coordinate of 7367750 to the north of Cook Colliery Area, covering around 1,700ha, the Castor and Pollux seams coalesce to form another seam known as the Gemini Seam. The thickness of Gemini Seam in the Cook Colliery area ranges from 4.4m to 6.7m with an average of about 5.3m. • Overburden and interburden sediments generally comprise lithic claystone siltstone, sandstone and carbonaceous shale. The sediments provide favourable conditions for underground mining methods.
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 metres) of the drill hole collar – dip and azimuth of the hole – down hole length and interception depth – hole length. • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A list of the drill holes used to define the coal quality of the resource in the Cook Colliery Project Area can be found in Table 1.1. A list of all holes used in the structural model is attached as Appendix A. • All drill holes have been modelled from vertical, although hole deviation (from vertical) has been recorded for recent holes (since 2005).
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*	• It is reported that all seams where multiple coal quality samples were taken were given composite coal quality values based on top and bottom plies.

Criteria	JORC Code Explanation	CP Comments
	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.*	• Coal quality samples were weighted on thickness (length) and relative density, and composited on a per seam basis. Average seam coal quality based on borehole data is summarised in Table 1.2. • AB Mylec provided wash simulation results for the project area • Only coal sampled in the 2007/08 drilling campaign was used in Mylec's simulation. • The Washplant simulation was designed to produce a Primary and Secondary product by washing coal in a dense medium cyclone at SG 1.35g/cc to 1.50g/cc • Wash plant simulations include nominal 6% dilution • Washability predictions are described in Table 1.3
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').*	• All holes were drilled vertical. • Constraints were applied in thickness modelling to exclude over thickened and under thickened working sections in the model. The variations in the thickness were attributable to faulting.
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 main body of the report.
Balanced	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and*	• All available exploration data for the Cook Colliery Project Area has been collated and reported.

Criteria	JORC Code Explanation	CP Comments
Reporting	*high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	
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.*	• All exploration data was gathered and or utilised in the resource estimation. • Geotechnical logging, sampling and testing from the overburden, interburden, seam roof/floor and coal (such as defect logging, field point load testing and laboratory testing) has been undertaken. • 3D Seismic survey was conducted in 2015/16 to establish seam continuity along with detailing structure and faulting within the northern part of the sub-lease area.
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.*	• A drilling program planned for mid-2018 will address further resource and coal quality drilling. Gas content and structure drilling as well as water monitoring bores are planned to assist in future mine development.

Xenith

Table 1.1 – List of holes within Cook Colliery Project Area with coal quality data (POBs)

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
							Ash	IM	VM	FC			
			From	To	Thick		(%adb)	(%adb)	(%adb)	(%adb)	(%adb)	MJ/Kg	
C0004	ARIES	B	173.26	173.39	0.13	1.60	26.4				0.47		
C0004	ARIES	C	173.39	174.92	1.53	1.33	9.9				0.30		
C0004	CASTOR	C	199.38	200.12	0.74	1.41	17.5				0.25		
C0004	CASTOR	D	200.12	202.22	2.10	1.32	7.5				0.42		
C0015	ARIES	A	341.39	341.47	0.08	1.49							
C0015	ARIES	B	341.47	341.72	0.25	1.39							
C0015	ARIES	C	341.72	343.00	1.28	1.31							
C0015	CASTOR	A	358.11	358.38	0.27	1.52							
C0015	CASTOR	B	358.38	360.58	2.20	1.31							
C0015	POLLUX	A	370.37	370.55	0.18	1.36							
C0015	POLLUX	B	370.55	371.32	0.77	1.38							
C0015	POLLUX	C	371.32	373.36	2.04	1.32							
C0020	ARIES		344.65	345.97	1.32		18.6						
C0290	CASTOR	A+B	203.84	206.87	3.03	1.35							
C0291	CASTOR	A+B	211.74	214.69	2.95	1.32							
C0292	CASTOR	A+B	227.21	229.58	2.37	1.29							
C0293	CASTOR	A+B	184.03	186.98	2.95	1.32							
C0294	CASTOR	A+B	172.20	175.40	3.20	1.31							
C0295	CASTOR	A+B	214.00	216.60	2.60	1.37							
C0377	ARIES		235.20	236.80	1.60		10.5						

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2000C	ARIES		185.20	186.84	1.64	1.36	10.8	1.6	26.3	61.3	0.29	30.89	
C2000C	CASTOR		210.50	213.51	3.01	1.34	12.9	1.7	25.5	59.9	0.36	30.35	
C2000C	POLLUX		232.81	235.96	3.15	1.31	8.9	1.5	25.6	64.0	0.38	31.82	
C2000C	ORION		235.96	237.18	1.22	1.34	11.5	1.5	24.9	62.1	0.31	30.41	
C2002C	ARIES		333.93	335.89	1.96		22.2	1.4	23.0	53.4			
C2002C	CASTOR		351.04	353.75	2.71		14.9	1.5	22.2	61.4			
C2002C	POLLUX		365.92	368.00	2.08		12.7	1.4	23.8	62.1			
C2002C	ORION		368.00	368.94	0.94		12.7	1.4	23.4	62.5			
C2004C	ARIES		173.84	175.17	1.33	1.37	12.4	1.5	26.4	59.7	0.49	30.00	
C2004C	CASTOR		200.11	202.80	2.69	1.34	12.1	1.5	26.4	60.0	0.44	30.27	
C2004C	POLLUX		220.23	223.14	2.91	1.32	8.3	1.3	25.9	64.5	0.48	32.07	
C2004C	ORION		223.14	224.91	1.77	1.35	11.3	1.1	27.7	59.9	0.33	30.67	
C2006C	ARIES		359.55	360.03	0.48	1.74	43.7	1.7	17.1	37.5	0.59	18.70	
C2006C	CASTOR		390.88	392.84	1.96	1.31	8.9	1.4	22.2	67.5	0.37	31.90	
C2006C	POLLUX		392.84	394.60	1.76	1.38	8.6	1.3	22.6	67.5	0.43	32.10	
C2006C	ORION		394.60	396.27	1.67	1.36	16.5	1.3	21.9	60.3	0.36	28.99	
C2008C	CASTOR		307.42	310.35	2.93	1.34	3.9	1.3	21.8	63.0	0.37	30.07	
C2008C	POLLUX		310.35	312.15	1.80	1.36	13.5	1.3	20.8	64.4	0.51	30.42	
C2008C	ORION		312.15	313.33	1.18	1.29	6.2	1.2	24.8	67.8	0.46	33.05	
C2010C	ARIES		110.50	112.10	1.60	1.45	21.6	1.8	23.5	53.1	0.52	26.52	
C2010C	CASTOR		129.67	132.17	2.50	1.31	10.5	1.7	23.3	64.5	0.34	31.06	
C2010C	POLLUX		132.17	134.73	2.56	1.32	9.5	1.7	23.3	65.5	0.34	31.39	
C2010C	ORION		160.33	161.94	1.61	1.41	24.6	1.9	21.2	52.3	0.35	25.81	

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2011C	ARIES		129.08	131.05	1.97	1.45	25.7	1.8	23.1	49.4	0.40	24.71	
C2011C	CASTOR		147.14	149.64	2.50	1.35	12.9	1.8	23.2	62.1	0.37	30.35	
C2011C	POLLUX		149.64	152.10	2.46	1.34	12.0	1.7	22.3	64.0	0.38	30.35	
C2011C	ORION		173.13	174.13	1.00	1.44	19.2	1.5	25.0	54.3	0.41	27.37	
C2013C	ARIES		448.94	451.05	2.11	1.33	16.1	0.8	23.2	59.9	0.40	27.47	
C2013C	CASTOR		479.08	481.02	1.94	1.29	8.7	1.2	21.1	69.0	0.34	31.70	
C2013C	POLLUX		481.02	483.45	2.43	1.27	8.2	1.4	20.4	70.0	0.32	32.09	
C2013C	ORION		483.45	484.84	1.39	1.30	10.6	1.2	22.7	65.5	0.36	31.42	
C2014C	ARIES		471.75	474.28	2.53	1.34	15.3	0.8	22.0	61.9	0.39	28.90	
C2014C	CASTOR		505.21	507.30	2.09	1.28	9.0	1.2	21.2	68.6	0.34	31.97	
C2014C	POLLUX		507.30	510.10	2.80	1.26	8.0	1.3	20.0	70.7	0.33	32.00	
C2016C	ARIES		386.69	389.31	2.62	1.32	10.5	1.0	22.5	66.0	0.46	31.30	
C2016C	CASTOR		412.94	415.35	2.41	1.28	9.4	1.0	20.9	68.7	0.31	31.65	
C2016C	POLLUX		415.35	417.47	2.12	1.25	7.1	1.1	21.5	70.3	0.30	32.89	
C2016C	ORION		417.47	418.68	1.21	1.26	9.4	1.0	23.2	66.4	0.34	32.09	
C2017C	ARIES		484.48	486.18	1.70	1.33	10.5	1.2	21.9	66.4	0.37	31.59	
C2017C	ORION		508.60	509.52	0.92	1.29	7.2	1.1	22.9	68.8	0.43	33.95	
C2018C	ARIES		439.78	442.27	2.49	1.34	11.9	1.1	22.3	64.7	0.41	30.66	
C2018C	CASTOR		459.10	460.76	1.66	1.36	11.5	1.1	20.0	67.4	0.34	31.08	
C2018C	POLLUX		460.76	462.65	1.89	1.36	8.9	1.3	20.0	69.8	0.36	32.20	
C2018C	ORION		462.65	463.92	1.27	1.27	5.5	1.2	22.0	71.3	0.39	33.72	
C2019C	ARIES		473.95	476.63	2.68	1.34	11.1	1.2	22.2	65.5	0.42	31.70	
C2019C	CASTOR		493.32	495.45	2.13	1.32	9.2	1.2	20.7	68.9	0.36	32.19	

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
C2019C	POLLUX		495.45	497.53	2.08	1.32	7.9	1.1	21.4	69.6	0.35	32.71	
C2019C	ORION		497.53	498.84	1.31	1.33	9.1	1.0	22.8	67.1	0.39	32.36	
CC0044	ARIES	A	128.95	130.90	1.95	1.37							
CC0044	ARIES	B	130.90	131.28	0.38	1.81	59.0						
CC0044	CASTOR	A	140.39	143.08	2.69	1.30							
CC0044	ARGO	A	157.65	159.22	1.57	1.30							
CC0044	ARGO	B	159.22	162.20	2.98	1.30							
CC0045	ARIES	A	120.98	122.52	1.54	1.38							
CC0045	ARIES	B	122.52	123.37	0.85	1.73	49.6				0.42		
CC0045	CASTOR	A	133.30	134.00	0.70	1.39	17.8				0.33		
CC0045	CASTOR	B	134.00	136.27	2.28	1.29							
CC0045	ARGO	A	152.87	154.67	1.80	1.32							
CC0045	ARGO	B	154.67	157.87	3.20	1.30							
CC0308	CASTOR		194.18	197.01	2.83		13.5				0.38		
CC0308	ARGO		215.87	221.66	5.79		9.8				0.33		
CC0309	CASTOR		235.94	238.98	3.04		12.0				0.37		
CC0309	ARGO		262.75	268.13	5.38		17.1				0.31		
CC0310	CASTOR		145.50	148.60	3.10		14.3				0.30		
CC0310	ARGO		164.92	168.92	4.00		9.3				0.33		
CC0450	ARGO		250.05	253.90	3.85	1.33	12.5						
CC0453	ARGO		269.30	274.75	5.45	1.34	12.1						
CM9801C	ARGO		153.60	154.00	0.40	1.40	11.7	1.4	22.8	64.1		30.78	1.5
CM9801C	ARGO		154.00	154.78	0.78	1.35	7.3	1.5	23.4	67.8		32.57	3.0

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CM9801C	ARGO		154.78	155.09	0.31	1.35	9.1	1.6	23.0	66.3		31.72	2.5
CM9801C	ARGO		155.09	156.34	1.25	1.28	5.1	1.5	27.1	66.3		33.62	8.0
CM9801C	ARGO		156.34	157.19	0.85	1.33	8.4	1.4	26.1	64.1		32.19	6.5
CM9801C	ARGO		157.19	158.03	0.84	1.29	6.3	1.4	28.0	64.3		32.29	7.5
CM9801C	ARGO		158.03	158.20	0.17	1.57	37.6	1.9	17.8	42.7		20.68	1.0
CM9804C	ARGO		156.44	157.02	0.58	1.33	10.9	1.4	23.2	64.5		31.06	3.0
CM9804C	ARGO		157.02	157.34	0.32	1.34	7.3	1.4	23.9	67.4		32.54	3.0
CM9804C	ARGO		157.34	157.80	0.46	1.35	8.2	1.4	23.4	67.0		32.07	2.0
CM9804C	ARGO		157.80	159.00	1.20	1.30	4.5	1.4	27.5	66.6		33.81	8.0
CM9804C	ARGO		159.00	159.86	0.86	1.34	7.9	1.5	25.2	65.4		32.34	6.5
CM9804C	ARGO		159.86	160.80	0.94	1.33	6.7	1.5	26.3	65.5		32.99	7.5
CM9804C	ARGO		160.80	161.05	0.25	1.45	20.3	1.4	22.7	55.6		27.50	3.5
CM9806C	ARGO		157.18	157.89	0.71	1.38	10.4	1.6	22.4	65.6		31.27	2.0
CM9806C	ARGO		157.89	158.51	0.62	1.36	7.0	1.6	22.8	68.6		32.78	1.0
CM9806C	ARGO		158.51	158.86	0.35	1.36	9.1	1.5	24.1	65.3		31.76	6.5
CM9806C	ARGO		158.86	159.38	0.52	1.32	5.1	1.4	28.0	65.5		33.63	7.5
CM9806C	ARGO		159.38	160.43	1.05	1.35	6.8	1.4	25.3	66.5		32.94	7.0
CM9806C	ARGO		160.43	161.14	0.71	1.35	6.2	1.5	26.2	66.1		33.25	7.5
CM9806C	ARGO		161.14	161.58	0.44	1.36	9.2	1.5	25.7	63.6		32.14	8.0
CM9806C	ARGO		161.58	161.74	0.16	1.46	19.4	1.3	22.0	57.3		27.98	1.5
CP0643	CASTOR		221.10	224.10	3.00		13.9						
CP0643	ARGO		243.40	247.40	4.00		11.8						
CP0644	CASTOR		221.20	224.00	2.80		13.4						

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CP0644	ARGO		247.25	252.00	4.75		9.9						
CP0645	CASTOR		232.80	235.90	3.10		11.2						
CP0645	ARGO		256.55	261.60	5.05		11.9						
CP0927	CASTOR		168.40	171.30	2.90	1.32	10.1						
CP0927	ARGO		188.50	192.45	3.95	1.29	9.6						
CP0928	CASTOR		151.30	154.10	2.80		10.5						
CP0928	ARGO		168.05	172.40	4.35		9.1						
CP1267	CASTOR		166.87	170.10	3.23		12.3						
CP1267	ARGO		181.10	185.96	4.86		10.1						
CP1268	CASTOR		156.76	159.79	3.03		10.4						
CP1268	ARGO		172.23	176.92	4.69		12.5						
CP1279	CASTOR		154.60	157.66	3.06		12.3						
CP1280	ARGO		170.43	175.13	4.70		10.1						
CP1285	CASTOR		146.41	149.44	3.03		10.8						
CP1343	CASTOR		149.95	152.85	2.90		11.7						
CKDDHS001	CASTOR	C001_01	134.60	137.50	2.90	1.37	10.6	2.9	25.1	61.4		30.64	6.0
CKDDHS001	ARGO-TOP	C001_02	153.40	154.40	1.00	1.27	10.7	2.3	22.6	64.4	0.36	30.58	1.5
CKDDHS001	ARGO-BOT	C001_03	154.40	157.80	3.56	1.29	9.5	2.0	25.1	63.4	0.39	31.53	7.0
CKDDHS002	CASTOR	C002_01	162.00	163.90	1.90	1.37	10.4	2.3	25.0	62.3		31.14	6.5
CKDDHS002	ARGO-TOP	C002_02	182.90	183.90	1.00	1.28	8.9	1.9	23.2	66.0	0.36	31.59	1.0
CKDDHS002	ARGO-BOT	C002_03	183.90	187.65	3.53	1.28	7.4	1.8	26.1	64.7	0.36	32.34	7.5
CKDDHS003	ARIES	C003_01	248.36	250.72	2.36	1.41	21.0	2.0	23.2	53.8		26.78	5.0
CKDDHS003	CASTOR	C003_02	265.28	267.88	2.60	1.30	9.8	2.1	24.3	63.8		21.54	5.0

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CKDDHS003	POLLUX	C003_03	269.48	272.08	2.60	1.35	11.6	1.8	24.6	62.0		30.89	5.5
CKDDHS004	ARIES	S004_01	197.35	198.60	1.25	1.33	14.7	1.8	24.1	59.4		29.39	5.0
CKDDHS004	CASTOR	S004_02	229.35	231.87	2.52	1.33	13.1	1.7	25.6	59.6		29.91	6.0
CKDDHS004	ARGO-TOP	S004_03	251.08	252.08	1.00	1.30	9.9	1.4	22.7	66.0		31.50	1.0
CKDDHS004	ARGO-MID	S004_04	252.08	254.08	2.00	1.31	8.7	1.5	25.1	64.7		32.03	7.0
CKDDHS004	ARGO-BOT	S004_05	254.08	255.52	1.27	1.33	10.4	1.5	25.1	63.0		31.34	7.0
CKDDHS005	CASTOR	S005_01	151.90	155.05	3.15	1.29	8.6	2.0	26.2	63.2		31.78	6.5
CKDDHS005	ARGO-TOP	S005_02	167.35	168.35	1.00	1.33	10.5	1.8	22.7	65.0		30.96	1.0
CKDDHS005	ARGO-MID	S005_03	168.35	169.85	1.50	1.30	7.1	2.2	25.4	65.3		32.46	6.5
CKDDHS005	ARGO-BOT	S005_04	169.85	171.65	1.14	1.32	11.4	2.1	25.8	60.7		30.89	7.0
CKDDHS006	POLLUX-TOP	S006/01-02	183.95	184.95	1.00	1.37	17.0	1.6	21.8	59.6		28.22	1.0
CKDDHS006	POLLUX-BOT	S006_03	184.95	187.05	2.04	1.28	7.0	2.0	25.4	65.6		32.54	7.0
CKDDHS006	ORION	S006_04	188.90	191.00	2.10	1.44	27.5	2.2	21.4	48.9		24.33	5.0
CKDDHS007	ARGO-TOP	S007_01	200.45	201.45	1.00	1.32	9.3	2.0	21.9	66.8		31.47	1.0
CKDDHS007	ARGO-BOT	S007_02	201.45	205.05	3.64	1.31	9.1	2.7	25.1	63.1		31.64	4.0
CKDDHS008	ARGO-TOP	S008/01-02	206.50	207.50	1.00	1.32	9.2	1.8	22.9	66.1		31.82	2.5
CKDDHS008	ARGO-MID	S008/03-05	207.50	209.20	1.70	1.30	6.4	2.3	26.1	65.3		32.66	5.0
CKDDHS008	ARGO-BOT	S008/06-07	209.20	210.95	1.10	1.32	10.0	2.1	25.6	62.3		31.26	6.5
CKDDHS009	ARIES	S009/01-03	205.22	206.85	1.63	1.36	15.0	2.0	24.8	58.2		29.17	4.5
CKDDHS009	CASTOR	S009/04-08	230.96	233.44	2.48	1.33	12.8	2.2	27.1	57.9		30.12	6.0
CKDDHS009	POLLUX	S009/09-13	241.12	243.48	2.36	1.33	10.4	2.3	25.4	61.9		31.19	6.0
CKDDHS011	ARIES	S011/01-05	249.05	251.60	2.55	1.41	18.4	2.6	23.5	55.6		27.59	4.0
CKDDHS011	CASTOR	S011/06-10	268.60	271.40	2.80	1.31	10.0	1.9	24.8	63.3		31.37	4.0

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CKDDHS011	POLLUX	S011/11-15	273.45	276.10	2.65	1.35	12.2	1.7	24.8	61.3		30.19	4.0
CKDDHS012	ARIES	S012/01-02	189.50	190.50	1.00	1.36	14.4	2.2	22.0	61.5		29.75	2.5
CKDDHS012	CASTOR	S012/03-06	219.05	221.55	2.50	1.32	10.6	1.9	25.3	62.2		31.36	5.0
CKDDHS012	POLLUX	S012/07-10	226.35	228.65	2.30	1.34	12.5	2.0	23.0	62.5		30.38	3.0
CKDDHS013	ARGO-TOP	S013/01-02	215.70	216.70	1.00	1.31	9.5	1.8	22.3	66.4		31.50	1.5
CKDDHS013	ARGO-MID	S013/03-05	216.70	218.25	1.55	1.30	8.3	2.2	25.4	64.1		32.01	4.0
CKDDHS013	ARGO-BOT	S013/06-08	218.25	220.00	1.62	1.32	10.2	2.3	25.2	62.3		31.89	4.0
CKDDHS014	ARIES	S014/01-03	119.75	121.20	1.45	1.48	28.2	2.2	25.1	44.5		22.91	2.5
CKDDHS014	CASTOR	S014/04-08	131.55	133.95	2.40	1.30	9.6	2.4	25.5	62.6		31.42	4.0
CKDDHS014	ARGO-TOP	S014/09-10	149.95	150.95	1.00	1.30	7.9	1.6	24.6	65.9		32.17	4.0
CKDDHS014	ARGO-MID	S014/11-15	150.95	153.59	2.64	1.29	7.2	2.3	26.1	64.4		32.62	5.0
CKDDHS014	ARGO-BOT	S014/16-18	153.59	155.55	1.64	1.28	6.0	2.1	26.4	65.6		33.22	4.0
CKDDHS016	ARGO-TOP	22559+22560	253.62	254.62	1.00	1.34	13.5	2.3	25.2	59.0	0.41	29.15	3.0
CKDDHS016	ARGO-MID	22561 to 22563	254.62	256.12	1.50	1.33	10.6	2.6	25.2	61.6	0.34	30.82	3.5
CKDDHS016	ARGO-BOT	22564 to 22566	256.12	257.80	1.68	1.36	8.1	1.9	25.7	64.3	0.36	32.15	4.0
CKDDHS027	ARGO-TOP	S027-001+S027-002	230.84	231.82	0.98	1.33	9.9	1.7	24.5	63.9	0.36	31.18	3.0
CKDDHS027	ARGO-MID	S027-003 to S027-005	231.82	233.55	1.73	1.31	7.7	1.7	26.6	64.0	0.27	32.40	6.0
CKDDHS027	ARGO-BOT	S027-006+S027-007	233.55	235.02	1.47	1.39	16.0	1.8	23.8	58.4	0.21	28.69	2.5
CKDDHS029	ARGO-TOP	S029-001+S029-002	220.90	221.94	1.04	1.33	10.0	1.6	23.4	65.0	0.36	31.22	2.0
CKDDHS029	ARGO-MID	S029-003 to S029-005	221.94	223.46	1.52	1.30	8.6	1.5	25.9	64.0	0.29	32.21	3.5
CKDDHS029	ARGO-BOT	S029-006+S029-007	223.46	224.93	1.47	1.31	8.2	1.6	24.9	65.3	0.26	32.33	3.5
CKPROP018R	ARGO	22586 to 22593	194.70	198.90	4.20	1.37	10.1	1.7	25.6	62.6	0.32	31.39	5.0
CKPROP020	ARGO-TOP	22401+22402	188.19	189.19	1.00	1.34	12.6	1.4	22.6	63.4	0.34	30.40	1.5

Borehole	Seam	Ply Number	Logging Interval (m)			RD	Proximate Analysis				TS	SE	CSN
CKPROP020	ARGO-MID	22403 to 22405	189.19	190.69	1.50	1.31	8.0	1.4	26.1	64.5	0.39	32.27	4.0
CKPROP020	ARGO-BOT	22406 to 22408	190.69	192.39	1.70	1.33	10.6	1.4	26.2	61.8	0.30	31.15	5.5
CKPROP021	ARGO-TOP	22409+22410	207.66	208.66	1.00	1.32	9.3	1.4	23.5	65.8	0.35	31.92	2.0
CKPROP021	ARGO-MID	22411 to 22413	208.66	210.16	1.50	1.31	7.8	1.4	26.0	64.8	0.34	32.59	4.0
CKPROP021	ARGO-BOT	22414 to 22416	210.16	211.96	1.80	1.34	10.5	1.5	27.5	60.5	0.31	31.14	5.0

Xenith

Table 1.2 – Raw coal Quality for Cook Colliery's Coal Seams from Borehole Data

Borehole	Relative Density (g/cc)	Inherent Moisture (% ad)	Ash (% ad)	Volatile Matter (% ad)	Fixed Carbon (% ad)	Total Sulfur (% ad)	Specific Energy (MJ/kg)	CSN	Phosp. (% ad)
ARIES SEAM									
Average_Value	1.38	1.7	17.3	23.6	56.3	0.41	27.7	4.0	
Max_Value	1.74	2.6	43.7	26.4	61.9	0.59	30.8	5.0	
Min_Value	1.33	0.8	10.5	17.1	37.5	0.29	18.7	2.5	
No. Samples	14	13	15	13	13	7	12	6	
CASTOR SEAM									
Average_Value	1.33	1.8	11.2	24.5	62.2	0.37	30.2	5.5	
Max_Value	1.37	2.9	14.9	27.1	67.5	0.44	31.9	6.5	
Min_Value	1.29	1.3	3.9	21.8	57.9	0.30	21.5	4	
No. Samples	26	20	34	20	20	15	19	13	
POLLUX SEAM									
Average_Value	1.34	1.68	11.3	23.7	63.2	0.39	30.8	4.6	
Max_Value	1.37	2.3	13.7	25.6	65.8	0.49	31.8	6.0	
Min_Value	1.31	1.26	8.9	22.1	61.3	0.34	30.0	3.0	
No. Samples	18	18	18	18	18	12	17	12	
ORION SEAM									
Average_Value	1.43	1.91	24.3	22.2	51.5	0.37	25.6	5.0	
Max_Value	1.44	2.2	27.5	25.1	54.3	0.41	27.3	5.0	
Min_Value	1.41	1.5	19.2	21.2	48.9	0.35	24.3	5.0	
No. Samples	3	3	3	3	3	2	3	1	
ARGO SEAM									
Average_Value	1.32	1.73	9.7	25.2	63.6	0.35	31.7	4.5	0.15
Max_Value	1.37	2.55	12.5	26.6	65.7	0.42	32.7	6.5	0.18
Min_Value	1.28	1.22	6.9	23.6	61.2	0.27	30.7	3.0	0.08
No. Samples	24	27	39	27	27	14	21	25	9
GEMINI SEAM									
Average_Value	1.32	1.3	9.0	21.8	66.0	0.38	31.2	4.5	
Max_Value	1.35	1.34	11.1	22.2	68.5	0.43	31.7	6.0	
Min_Value	1.28	1.28	7.32	21.2	64.3	0.34	30.7	3.0	
No. Samples	5	5	5	5	5	5	5	17	

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Table 1.3 – Washplant Simulation Results for Cook Colliery from Borehole Data

Seam	Wash Fraction	Primary Product			Secondary Product			Total Yield % (ad)	Coke Split %
		Ash % (ad)	CSN	Yield % (ad)	Ash % (ad)	CSN	Yield % (ad)		
Aries	F 1.30	7.9	6.6	30.3	20.6	2.0	48.4	78.7	38.2
	F 1.40	9.3	5.8	41.8	23.0	1.4	37.2	78.9	52.8
	F 1.50	11.5	4.8	53.5	24.5	1.4	25.6	79.2	67.5
	F 1.60	13.2	4.4	60.1	23.7	1.6	19.2	79.3	75.8
	F 1.70	14.4	4.3	63.2	21.7	1.7	16.2	79.4	79.6
	F 1.80	15.4	4.2	65.1	19.2	1.8	14.7	79.8	81.8
	Data Point	6	6	6	6	6	6	6	6
Castor	F 1.30	7.3	6.7	50.2	13.5	3.2	36.4	86.6	57.8
	F 1.40	8.0	6.3	60.9	14.8	2.7	25.9	86.8	70.1
	F 1.50	9.1	5.7	70.3	14.1	3.2	16.7	87.0	80.8
	F 1.60	9.5	5.5	72.4	12.7	3.5	14.6	87.0	83.2
	F 1.70	9.7	5.4	73.1	11.9	3.7	14.0	87.0	83.9
	F 1.80	9.9	5.4	73.4	11.1	3.8	13.7	87.1	84.3
	Data Point	9	9	9	9	9	9	9	9
Pollux	F 1.30	7.5	6.5	35.9	15.3	2.5	48.8	84.7	42.8
	F 1.40	8.8	5.4	51.3	16.4	2.0	33.8	85.0	60.5
	F 1.50	10.2	4.6	66.5	17.5	2.4	18.8	85.4	78.1
	F 1.60	10.8	4.5	70.1	16.3	2.7	15.3	85.4	82.2
	F 1.70	11.1	4.5	71.0	15.3	2.8	14.5	85.5	83.2
	F 1.80	11.5	4.4	71.8	13.4	2.9	13.8	85.6	84.0
	Data Point	5	5	5	5	5	5	5	5
Orion	F 1.30	7.0	7.5	25.9	17.9	3.3	40.5	66.4	39.1
	F 1.40	8.3	6.3	46.1	25.4	1.8	20.7	66.8	69.0
	F 1.50	9.3	5.7	52.9	30.0	1.8	14.0	66.9	79.1
	F 1.60	10.7	5.4	56.6	29.6	2.0	10.4	67.0	84.5
	F 1.70	12.1	5.2	59.4	26.0	2.4	7.7	67.1	88.5
	F 1.80	13.3	5.1	61.6	21.4	2.8	6.2	67.8	90.8
	Data Point	1	1	1	1	1	1	1	1
Argo	F 1.30	6.3	6.7	41.2	11.9	3.0	43.7	84.9	48.3
	F 1.40	7.4	5.6	61.6	13.5	2.5	23.7	85.3	72.1
	F 1.50	8.2	5.1	70.8	13.4	2.9	14.7	85.5	82.7
	F 1.60	8.6	5.0	72.5	12.1	3.2	13.0	85.5	84.7
	F 1.70	8.8	4.9	73.1	11.0	3.3	12.4	85.5	85.4
	F 1.80	9.0	4.9	73.5	10.1	3.3	12.1	85.6	85.9
	Data Point	17	17	17	17	17	17	17	17

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Table 1.4 – Total Coal Resources of Coal Seam Deposit in Cook Colliery Area (November 2016)

Seam	Resource Category	Seam Thickness (m)	Coal Area (m^2)	Tonnage (Mt)	RD (g/cc)	IM (% Adb)	Ash (% Adb)	VM (% Adb)	FC (% Adb)	SU (% Adb)	SE (MJ/kg) (Adb)	CSN	Phosp. (% Adb)
ARIES	Measured	1.6	1,470,721	3.3	1.39	2.1	16.6	24.6	56.8	0.45	28.3	4.5	-
	Indicated	1.56	7,553,349	17.0	1.41	2.1	17.8	24.8	55.1	0.42	27.6	4.0	-
	Inferred	1.53	30,299,688	65.0	1.38	1.7	19.9	24.0	54.2	0.39	27.7	4.0	-
	Total	**1.56**	**39,323,758**	**85.3**	**1.39**	**1.8**	**19.3**	**24.2**	**54.5**	**0.40**	**27.7**	**4.0**	**-**
CASTOR	Measured	2.78	3,515,984	13.0	1.33	1.9	12.2	25.8	60.4	0.41	30.1	5.5	-
	Indicated	2.44	19,032,538	61.3	1.32	1.9	11.1	24.0	63.0	0.39	28.6	4.5	-
	Inferred	2.68	16,748,962	59.7	1.33	1.6	13.0	22.8	62.6	0.36	30.1	6.0	-
	Total	**2.63**	**39,297,484**	**134.0**	**1.33**	**1.7**	**12.4**	**23.4**	**62.5**	**0.37**	**29.7**	**5.5**	**-**
POLLUX	Measured	2.76	3,105,590	11.4	1.33	1.9	11.0	24.6	62.7	0.40	30.9	4.0	0.15
	Indicated	2.86	16,960,651	65.0	1.34	1.7	11.9	23.5	63.2	0.39	30.8	4.5	0.19
	Inferred	2.65	16,051,816	57.0	1.34	1.5	12.5	23.3	63.1	0.36	30.6	3.5	-
	Total	**2.75**	**36,118,057**	**133.4**	**1.34**	**1.6**	**12.2**	**23.5**	**63.1**	**0.37**	**30.7**	**4.0**	**0.18**
ARGO	Measured	4.65	8,178,560	50.2	1.32	1.9	10.0	25.3	63.4	0.35	31.4	4.0	0.15
	Indicated	4.44	1,524,080	9.0	1.33	1.9	9.7	25.0	63.5	0.36	31.6	5.0	0.13
	Inferred	4.54	319,467	1.9	1.31	2.1	9.2	25.0	63.9	0.36	31.6	5.5	0.17
	Total	**4.54**	**10,022,107**	**61.1**	**1.32**	**1.9**	**10.0**	**25.2**	**63.4**	**0.35**	**31.5**	**4.0**	**0.15**
ORION	Measured	1.5	3,211,229	6.0	1.35	1.8	13.5	24.7	60.6	0.33	30.1	5.5	0.13
	Indicated	1.45	6,350,787	10.0	1.40	1.8	20.7	23.2	54.4	0.37	27.1	5.0	0.13
	Inferred	1.38	17,655,071	30.0	1.42	1.7	23.3	22.4	52.7	0.37	26.2	-	-
	Total	**1.44**	**27,217,087**	**46.0**	**1.41**	**1.8**	**21.4**	**22.9**	**54.1**	**0.36**	**26.9**	**5.0**	**0.13**
TOTAL	Measured	-	19,482,084	83.9	1.33	1.9	11.0	25.2	62.4	0.37	31	4.5	0.15
	Indicated	-	51,421,405	162.3	1.35	1.9	13.2	24.0	61.0	0.39	29.3	4.5	0.17
	Inferred	-	81,075,004	213.6	1.35	1.6	15.6	23.2	59.7	0.37	29.3	4.0	0.17
	Total	**-**	**151,978,493**	**459.8**	**1.35**	**1.7**	**14.2**	**23.8**	**60.5**	**0.37**	**29.6**	**4.0**	**0.17**

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.*	• **Historic Data** – An onsite audit of data conducted on the 19th December 2017 by Xenith Consulting geologists confirmed that historic (pre-2005) drilling hardcopy logs and geophysics are held in a container at Cook Colliery. The electronic seam picks reviewed (approximately 70) matched hardcopy data and were corrected to geophysics. To this end Xenith consultants are satisfied that historic data is reliable. • **Recent Data (post 2005)** – Recent data exists in electronic format in the form of individual borehole files, LAS (and .pdf). Much of the data has been compiled into single excel files. Lithology data appears to have been previously reconciled to geophysics and seam picks reflect this accurately. • The topographic surface (topo) for the current geological model was sourced from 2004 Aerial Survey by CCS and adjusted SRTM-1S 90m grid data located vertically using aerial survey as reference. The determined vertical accuracy for this data is +/- 2 to 10m across site. A review of the supplied drill collars vs topography at same location

Criteria	*JORC Code Explanation*	CP Comments
		indicated most of the holes in the database are within 1m of topography. • Coal Quality data has been checked against lab reports where they exist and cross referenced with lithology and ply logs where possible.
Site Visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person's familiarity with the Cook Colliery Project Area and stratigraphy is thorough and sufficient. Review of the previous exploration data indicates that the geology is typical of the area.
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 (core and chip) in the Cook Colliery Project Area allows good level of confidence in the nature of seam splitting, seam thickness, coal quality and general location of faults.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The coal seams within the Rangal Coal Measures which occur in Cook Colliery are (in stratigraphic order from top to base) Aries, Castor, Pollux (Argo), Orion, and Pisces. The lowest seam, the Pisces, is rarely intersected in boreholes in Cook Colliery. • In the Rangal Coal Measures, the coal seams commonly split and coalesce to form other seams, particularly towards the north and east directions from the south-western corner of ML 1799 where the Argo Seam splits into the Pollux and Orion Seams. In the northern area of ML 1799 towards the northern boundary of the sublease

Criteria	JORC Code Explanation	CP Comments
		(7370000N, AMG84), the Castor and Pollux Seams combine and coalesce to form the Gemini Seam. • To the west of Cook Colliery, the Rangal Coal Measures are sufficiently shallow to be extracted by open cut mining as is the case in the BMA Blackwater mining leases adjacent to ML 1779, ML 7357 and ML 1799. • Five major seams in the CC sublease area, the Aries, Castor, Pollux, Orion and Argo Seams where the seam thickness is greater than 1.0m demonstrate the greatest potential to be extracted economically throughout the sublease area. • Refer to figure 6 through to 10 (pages 14-18) in the accompanying 2016 JORC Resources Report for extents of individual seams.
Estimation and Modelling Techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The 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*	• A geological model of the coal geology within the CC sublease area was generated in the MINEX modelling system using data from the exploration boreholes (seam thickness, depth, elevation, and coal quality). The model was subsequently used to estimate Resources. • The seam modelling process in MINEX involves a number of steps including seam interpolation, structure modelling incorporating faults, and coal quality modelling that are stringently followed when any modelling/re-modelling is undertaken. • The seam interpolation process in MINEX is a technique which is used to supplement the original borehole data with a complete stratigraphic sequence in each borehole. The added interpolated data is derived using a proven kriging algorithm to estimate the interburden thickness and seam thickness for each seam above and below the seams intersected in each borehole, using actual data values from surrounding boreholes for control. These interpolated values are tagged with an "I" in the database to differentiate them

Criteria	JORC Code Explanation	CP Comments
	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.*	from the original borehole data. • The fault model of the CC sublease area was created using the "Vertical Fault or 2D Fault Method". • Due to the vertical fault method, the fault pattern was created individually for the Castor and Argo Seams. • To avoid misinterpretation in the continuity of coal seam thickness analysis, the anomalies of coal thickness associated with seam faulting were not included in the process of geological modelling. • Only the roof or floor coal intervals were included in the borehole database such that the coal thicknesses within these boreholes have been derived by the seam interpolation process in MINEX. • The models used in the evaluation and resource estimation are generated using the MINEX Growth Technique algorithm. This algorithm has been tried and proven on coal deposits around the world and is appropriate for modelling the folding and faulted surfaces of coal seams using irregularly spaced borehole data. This algorithm was used to model the topographic surface, seam roof, floor and thickness surfaces, as well as coal quality. In the case of coal quality, the gridded surfaces can be constrained using either user-defined minimum and maximum values or by the actual minimum and maximum values of the dataset itself. • Results are a conservative estimate of coal quality similar to that produced by using the inverse distance algorithm.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Coal quality is reported on an air dried basis (Adb) • Relative density is reported on an air dried basis (Adb) seam by seam • Resource tonnages are quoted on "inherent moisture"
Cut-Off	• *The basis of the adopted cut-off grade(s) or quality*	• A maximum raw ash percentage has been applied, where a maximum

Criteria	JORC Code Explanation	CP Comments
Parameters	*parameters applied.*	raw ash of 50%, air-dried basis, has been applied to the resource estimate. • Minimum seam thickness was set at 1.0m
Mining Factors or Assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Minimum seam thickness was set at 1.0m • Cook Colliery is a currently operating Bord and Pillar mine.
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.*	• It is the CP's opinion that at this stage of the project that there are no limiting metallurgical factors. • Cook Colliery has been an operating underground mine since the 1970's. • The Coal Resource at the Cook Colliery is amenable to both Open Cut and Underground extraction methods, the latter applicable to deeper parts of the project. • Composite analysis of raw coal quality data indicates the Aries, Castor, (Argo), Pollux and Orion seams present as a medium volatile bituminous coal characterized by: low to moderate ash, low sulphur, low to moderate Crucible Swell Number (CSN) and high energy. • Washplant simulations have revealed the coal from Cook Colliery can generate coking coal products with low ash (<9%) and low pollutants such as sulphur (<0.5%).

Criteria	*JORC Code Explanation*	CP Comments
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.*	• It is the CP's opinion that at this stage of the project that there are no limiting environmental factors.
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.*	• Inherent (air dried) moisture values have been derived from sampled core intervals. • In situ Moisture was assumed was averaged based on individual seam 'inherent moisture' (%ad) for the purpose of the resource estimation. • The coal tonnage estimations are based on the Relative Density (RD) model for each coal seam at air dried basis. A default density of 1.33g/cc was used in areas where there is no density data available.
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).*	• Three resource categories have been identified within the Cook Colliery Project Area, depending on the level of confidence in the seam structure and continuity plus the level of variability in the coal quality data. • Drill holes, mined out areas, and seismic sections provide the basis for structural/thickness continuity. • Points of Observation have been used to establish coal quality

Criteria	*JORC Code Explanation*	CP Comments
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	continuity. • The level of drilling information and presence of an operating mine also assist with the classification of resource categories. • 2016 Resource tonnages for the seams within the Cook Colliery Project Area are detailed in Table 1.4.
Audits or Reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• No external audits have been performed on the Mineral Resource estimate, but internal QAQC protocols have been followed.
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.*	• The CP has assigned three level(s) of confidence to the coal resource estimate, depending on the seam and drill hole spacing, as described in the Chapter 10 of the 2016 JORC Resource report. • Factors that could affect accuracy include unknown structures between completed drill holes, seam washouts in roof or inseam stone bands developing. No evidence exists at this point in time for these, apart from what has currently been geologically modelled or exists within the models design database.

Appendix C – Minyango JORC Resource Checklist (Xenith 2018)

JORC CODE, 2012 EDITION – TABLE 1

This Appendix details sections 1, 2 and 3 of the JORC Code 2012 Edition Table 1. Section's 4 'Estimation and Reporting of Ore Reserves' and 5 Estimation and Report of Diamonds and Other Gemstones' have been excluded as they are not applicable to this deposit and estimation.

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.*	• Many boreholes have been drilled over the Minyango Project Area leases including Mining Lease ML 80173, Mineral Development License MDL 375, Mineral Development Licenses (application) MDL 424 and MDL 465, and, Exploration Permits for Coal EPC 699 and EPC 997. • The Primary targets of exploration are seams from the Rangal Coal Measures and primarily the Aries and Pollux seams. Stratigraphically lower seams such as the Pisces (Rangals), Vermont, Aquarius, Sagittarius and Taurus Seams of the Burngrove Formation have been sporadically intersected however no quality data exists for these seams, and they are not considered in this resource estimate update. • Sampling of seams has been conducted using industry standard drilling techniques and is discussed in brief below. • **Historic exploration (prior to 2005)** – Data from boreholes drilled prior to 1988 is considered unreliable and has not been considered in this resource update. – Between 1988 and 2005 various companies undertook 67 open borehole and seven partially cored holes within or close to the Minyango project area boundary.

Criteria	JORC Code Explanation	CP Comments
		– Open boreholes typical were drilled taking 1m representative chip samples and laying the samples on the ground in representative 1m piles and logged accordingly. – No information exists on method of coring utilised in these programs. – Approximately 35km of 2D seismic surveys were conducted by Coal Resources Queensland (CRQ) within the preceding Authority to Prospect (ATP) 441C in 1992 and subsequently relinquished. – A 2D seismic survey was conducted by Minyango Resources NL in 1995 (4 lines) over the preceding EPC 553. – QCoal acquired EPC 699 in 2005 and drilled 60 open bore holes and 7 partly cored holes in a proposed open pit area. Due to lack of information on sampling these holes are included in the model for structural purposes however they (core holes) are not considered Points of Observation for resource determination. • **Recent exploration (Post 2005)** • Post 2005 drilling campaigns conducted using industry standard sampling techniques at various diameters including 4C (100mm), HQ3 (61mm), HQ (63mm) and PQ (85mm). • 2006 – BCPL – 15 boreholes – 3,630m total drilling, including 942m of 4C core – Coal quality – Holes geophysically logged • 2007 – BCPL – 5,217m total drilling, including 953m HQ3 core – Coal quality

Criteria	JORC Code Explanation	CP Comments
		– Holes geophysically logged • 2009 (Pre-feasibility study drilling) – BCPL – 6 partially cored boreholes – 1,360m chip (open) drilled, 371m 63mm (HQ3) cored – Coal quality, coal gas analysis and insitu stress testing of strata lithology. – Holes geophysically logged • 2011 Exploration – Conducted on Minyango under supervision of IMC Consultants – 6,292m total drilled including 1,403m PQ diameter core. – Logging and sampling procedures were similar to those used in previous campaigns with some improvements added – Coal quality and geotechnical data recorded. – 837m additional drilling over approximately 7 environmental holes (not included in resource estimate)
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.).*	• Post 2005 drilling campaigns conducted using industry standard sampling techniques at various diameters including 4C (100mm), HQ3 (61mm), HQ (63mm) and PQ (85mm). • Information on pre-2005 drilling campaign core diameters missing. Majority of holes drilled with percussive open chip holes. • All holes orientated at -90 (vertical). Where holes were geophysically logged, verticality of the holes was measured to understand and correct for borehole deviation.
Drill Sample	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core sample recovery utilized HQ3/HQ/PQ and 4C diameters • Core was carefully drilled and pulled by experienced coal drillers.

Criteria	JORC Code Explanation	CP Comments
Recovery	• *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.*	Coal core was logged on site by experienced geologists and was measured and logged in drilling splits to minimize handling errors. • Core recovery in 2011 drilling was carefully recorded at the rig using following formula; – LCR = 100*(LR/L) – Where LR is Length Recovered (m) and; – L is Interval Length Drilled (m) • Core sample recoveries were properly recorded and results assessed. • Coal seams with less than 90% recovery were required to be re-drilled. • No bias is considered to have occurred in the 2011 drilling core samples due to loss.
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.*	• Drilling prior to 2005 was undertaken by various commercial and government departments however in a review undertaken by SRK in 2008 for their Minyango report deemed the data of poor or incomplete quality and could not be used in JORC (2004) resource report. This data has not been considered for the 2018 resource update subject to this document. • **2006-2011** • Geological logging was carried out in the field by a trained and qualified geologist. • Geological data was recorded on a standardised logging field sheet and then entered into Field Marshall installed on a Panasonic Tough Book. • Logging procedures were in place prior to IMC's involvement at

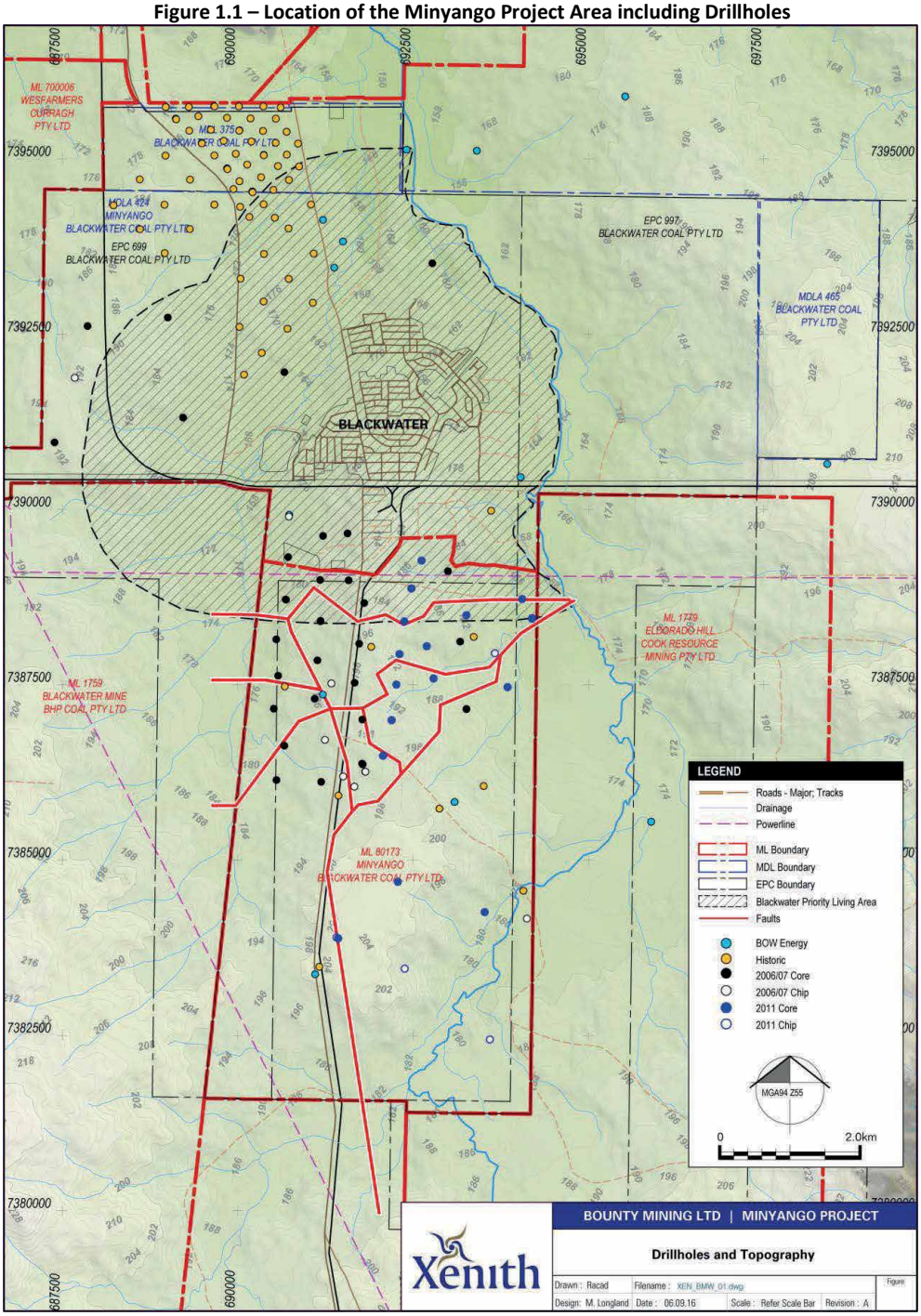
Criteria	JORC Code Explanation	CP Comments
		Minyango. IMC reviewed the procedures of previous work and implemented some alterations including entering the data into Field Marshall/GBIS. • Exploration field procedures since the 2006 acquisition have followed industry best practices. • All cores were geologically logged within core barrel splits to minimise handling defects; geological/geotechnical features identified were reported. • All core was photographed at 0.5m intervals once logging was complete. • Coal core samples were placed inside plastic wrap and inside steel core boxes and placed in cold storage to preserve total moisture • All chipped holes were geologically logged. • All holes were geophysical logged with a minimum density, caliper, gamma, resistivity, caliper, sonic and verticality unless operational difficulties prevented logging or part logging of a hole.
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.*	• ALS Coal Laboratory (ALS) in Richlands, Queensland complies with Australian Standards for sample preparation and sub sampling. • In the 2011 drilling sampling of seams was undertaken in accordance with coal quality test work procedures developed by Dr Eugene Gallagher of Gallagher Consulting Services (GCS). • Roof and floor dilution samples were taken at a nominal thickness of 150mm. • Brightness profiles and stone bands were utilised to subdivide the seam into separate samples. • Samples were double bagged, labelled and given individual sample numbers and placed in cold storage prior to transport to ALS.

Criteria	JORC Code Explanation	CP Comments
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Chain of custody procedure was in place. • Once samples arrived at the lab the core logs and geophysics were made available to the lab. • Coal quality sampling procedures have established that core recovery of 90% or more is required. • No evidence from data sources as to existence of sample duplicates.
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 lab ALS Coal Laboratory is a NATA registered and a well-recognized coal analytical organization conducting coal quality sampling for many years. • Geophysical tools were calibrated by the logging companies engaged in the project during operations. • The companies providing bore hole logging on the Minyango project are as follows; – 2006: Auslog Services Pty Ltd – 2007: Logging Down Under – 2011: Logging Down Under
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.*	• ALS Coal Laboratory (Richlands) complies with the Australian Standards for coal quality testing, and as such conduct the verifications for coal quality analysis outlined in the standards. • No adjustments have been made to the historic lab analysis sheets provided by the client.
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.*	• Boreholes surveyed to sub-meter accuracy beacon corrected DGPS. • Geographic projection in use is Map Grid of Australia 1994 zone 55 (GDA 94).

Criteria	JORC Code Explanation	CP Comments
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• In 2009 BCPL conducted a review of borehole positions and found that two different projections had been used in the survey of the boreholes. Holes that were found to be in Australian Map Grid 1984 zone 55 (AGD 84) were subsequently reprojected to Map Grid of Australia 1994 zone 55 (GDA 94). • One topographic dataset has been used onsite. • A high resolution airborne topographic survey was undertaken by Airborne Laser Solutions utilising an aircraft mounted LIDAR system. The following products were delivered; – Images: Two 464 ortho-rectified images (36,000m² each), 24 bit colour, in ECW compressed format with 15cm pixel resolution; – Laser points: easting, northing and orthometric height points is ASCII format classified into key-point ground and non-ground points; – CAD files: Microstation DGN and AutoCad DWG key plans showing the laser point blocks and the 15cm pixel image positions. • The topographic surface was created in Maptek Vulcan using LIDAR topography data. • Survey borehole collars were found to be within +/-1m of the LIDAR derived topographic data set. Due to this close correlation, the collar z values were not interpreted into the topographic surface calculation.
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.*	• The 2018 Minyango Updated Resource Statement is based on the following observations; – Measured Coal Resources based on boreholes spaced at ~ 500m and which have reliable data for seam thickness and coal quality. – Indicated Coal Resources based on boreholes spaced at ~1000m

Criteria	JORC Code Explanation	CP Comments
	• *Whether sample compositing has been applied.*	and which have reliable data for seam thickness and coal quality. – Inferred Coal Resources based on boreholes spaced at ~3000m and which have reliable data for seam thickness and coal quality. – The definition of reliable data normally refers to borehole data that has downhole geophysics to confirm seam thickness as well as coal quality data from the analysis of the bore core. • Geostatistical analysis was used in the 2011 resource report and exists in a separate document however the authors of the 2018 update have not undertaken further analysis on the findings from this study.
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.*	• All holes have been drilled at -90 vertical. • The orientation and spacing of the drilling pattern is deemed to be suitable to detect geological structures and coal seam continuity within the resource area.
Sample Security	• *The measures taken to ensure sample security.*	• All samples were held in cold storage prior to leaving site and at laboratory prior to analysis. • Pre-2011 chain of custody was provided by BPCL. The 2011 chain of custody was implemented by IMC on behalf of BPCL.
Audits or Reviews	• *The results of any audits or reviews of sampling techniques and data.*	• IMC reviewed previous (to 2011) BPCL drilling campaign sampling procedures and found they were at the standard of industry best practise. IMC implemented a robust electronic data capture system and database during 2011.

Figure 1.1 – Location of the Minyango Project Area including Drillholes



SECTION 2 REPORTING OF EXPLORATION RESULTS

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

Criteria	JORC Code Explanation	CP 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.*	• The Minyango Project is located 196 km by road west of Rockhampton and 77 km by road from east from Emerald. The project area surrounds the township of Blackwater. The Capricorn Highway passes west to east through the northern portion of the project area as well as the major coal haulage Central Line railway that links to the export port of Gladstone 300km away (Figure 1.1) • Approximately 1,616 Ha of the western portion of EPC 699 is covered by ML 1759 currently held by BHP Coal Pty Ltd. • The project area is bounded to the west by the ML 1759 (BHP), to the northwest by Curragh Coal Mine's ML 7459 held by Coronado, to the south and west by ML 1779 (Cook Resource Mining Pty Ltd). To the northwest the project is bounded by EPC's 912 and 1186. • Authority to Prospect (ATP) 1025 held by Bow CSG Pty Ltd overlaps a majority of the project area. • A majority of the project area is given to livestock grazing however there is a substantial area of commercial and private property in the township of Blackwater. Blackwater township however is not covered by Restricted Area 384 (Urban) and has limited coverage of Strategic Cropping land to the west of Blackwater. • The updated resource report for Minyango is focussed entirely within ML 80173, and within the western portion of MDL 424 (under application) outside the Blackwater Priority Living Area (PLA).

Criteria	JORC Code Explanation	CP Comments

- Since 2011 ML 80173 has been granted however MDL 424 and 465 are yet to be granted. MDL 424 currently holds a sub-status 'Proceed with Application'.

Tenure Type	Tenure No.	Application Date	Date Granted	Area (Ha)	Sub - Blocks	Principal Holder
Mining Lease	ML 80173	20/12/2010	12/01/2015	3326		BLACKWATER COAL PTY LTD
Mineral Development Licence	MDL 375	4/04/2007	17/01/2008	505		BLACKWATER COAL PTY LTD
Mineral Development Licence	MDL 424	9/10/2009		8868		BLACKWATER COAL PTY LTD
Mineral Development Licence	MDL 465	14/12/2011		628		BLACKWATER COAL PTY LTD
Exploration Permit Coal	EPC 699	2/08/1999	30/08/2005		18	BLACKWATER COAL PTY LTD
Exploration Permit Coal	EPC 997	15/08/2005	20/12/2006		14	BLACKWATER COAL PTY LTD

- Road access is provided by a network of formed and sealed secondary and local roads. Within the project area access is provided by limited unsealed farm tracks.

Criteria	JORC Code Explanation	CP Comments
Exploration Done by Other Parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There have been numerous phases of exploration undertaken In the Minyango project area however all exploration data prior to 1988 is considered unreliable and has not been included in the Minyango Resource update. • **Historic exploration (prior to 2005)** – Data from boreholes drilled prior to 1988 is considered unreliable and has not been considered in this resource update. – Between 1988 and 2005 various companies undertook 67 open borehole and seven partially cored holes within or close to the Minyango project area boundary. – Open boreholes typical were drilled taking 1m representative chip samples and laying the samples on the ground in representative 1m piles and logged accordingly. – No information exists on method of coring utilised in these programs. – Approximately 35km of 2D seismic surveys were conducted by Coal Resources Queensland (CRQ) within the preceding Authority to Prospect (ATP) 441C in 1992 and subsequently relinquished. – A 2D seismic survey was conducted by Minyango Resources NL in 1995 (4 lines) over the preceding EPC 553. – QCoal acquired EPC 699 in 2005 and drilled 60 open bore holes and 7 partly cored holes in a proposed open pit area. Due to lack of information on sampling these holes are included in the model for structural purposes however they (core holes) are not considered Points of Observation for resource determination. • **Recent exploration (Post 2005)** • Post 2005 drilling campaigns conducted using industry standard sampling techniques at various diameters including 4C (100mm), HQ3 (61mm), HQ (63mm) and PQ (85mm).

Criteria	JORC Code Explanation	CP Comments
		• 2006 – BCPL – 15 boreholes – 3,630m total drilling, including 942m of 4C core – Coal quality – Holes geophysically logged • 2007 – BCPL – 5,217m total drilling, including 953m HQ3 core – Coal quality – Holes geophysically logged • 2009 (Pre-feasibility study drilling) – BCPL – 6 partially cored boreholes – 1,360m chip (open) drilled, 371m 63mm (HQ3) cored – Coal quality, coal gas analysis and in-situ stress testing of strata lithology. – Holes geophysically logged • 2011 Exploration – Conducted on Minyango under supervision of IMC Consultants – 6,292m total drilled including 1,403m PQ diameter core. – Logging and sampling procedures were similar to those used in previous campaigns with some improvements added – Coal quality and geotechnical data recorded. • 837m additional drilling over approximately 7 environmental holes (not included in resource estimate)

Criteria	JORC Code Explanation	CP Comments
Geology	• *Deposit type, geological setting and style of mineralisation.*	• **Regional Geology** • The Bowen Basin is located in central Queensland, extending 600 km long and up to 250 km wide. Coal occurs throughout the basin and varies from Carboniferous to Tertiary in age. The most commercially important coals are of Permian age, and the most extensive are of Late Permian age, in particular the German Creek Formation and the Moranbah Coal Measures, followed by the Fairhill Formation and Fort Cooper Coal Measures, and finally the Rangal Coal Measures. • **Deposit Geology** • The Rangal Coal Measures are the target coals in the Minyango project exploration tenements where they dip gently (average 5 degrees) to the southeast. They occur from depths of 30 to 400 m. The Rangal Coal Measures are unconformably overlain by the Rewan Formation, which consists of green-grey claystone, siltstone and sandstone. The Rewan sediments can reach up to 300 m in thickness in the Minyango area. • The coal seams within the Rangal Coal Measures that occur in Minyango are (in stratigraphic order from shallowest to deepest) Aries, Castor, Pollux and Orion. A lower seam, the Pisces, is rarely intersected in boreholes in the Minyango area and for this reason has been excluded from the Minyango Resource update 2018. • The coal seams commonly split and coalesce to form other seams, particularly towards the south where the Castor and Pollux seams combine to form the Gemini Seam. • To the west of Minyango, the Rangal Coal Measures are sufficiently shallow to be extracted by open cut mining as is the case in the BMA Blackwater mining leases, which are immediately west of the Minyango tenements. • The Fort Cooper Coal Measures are known to exist below the Rangal but have not been the subject of BCPL exploration activity.

Criteria	JORC Code Explanation	CP Comments
		• **Seam Descriptions (seams subject to resource update only)** • **Aries Seam -** Within ML 80173, the average thickness of the Aries seam ranges from 2.25 to 5.5 m and averages 2.86 m. The Aries seam gradually thins to the north of the Minyango Project area and is only slightly thinner in the south-west. Coal is generally low cleat and dull, with minor bright bands. The seam is generally homogenous but may contain minor partings. Coal quality is laterally consistent. The average raw coal quality parameters are; 1.31 g/cc relative density, 11.47% ash, 1.54% inherent moisture; 21% volatile matter, and 63% fixed carbon. Average sulphur content is low (0.32%) while average calorific value is high (30.33 MJ/kg). • **Castor Seam -** The Castor seam is usually split into the Castor Upper and the Castor Lower, occasionally coalescing in the central part of the resource area. Within ML 80173, 59% of the boreholes intercepted a split in the Castor, with an average interburden thickness of 2.22 m. The Castor Upper ranges from 0.34 to 1.8 m and averages 0.85 m while the Castor Lower seam ranges from 0.14 to 3.49 m and averages 1.11 m thick. Where no interburden was encountered, the Castor seam varied from 0.49 to 3.18 m, with an average of 1.12 m. Coal quality varies laterally but is generally poor for both Castor Upper and Castor Lower. Relative density is from 1.38 to 2.14 g/cc; ash is from 12.0% to 71.0%; volatile matter is from 11.0% to 24.0% and fixed carbon is from 14.0% to 63.0%. Sulphur content similarly varies but has an average higher than the Aries seam (0.42%). • **Pollux Seam -** Across ML 80173, the thickness of the Pollux seam ranges from 0.97 to 5.29 m and averages 3.05 m. A relatively extensive area of unusual thickness (3.78 to 4.76 m) was intersected in the north-west of ML 80173. This is represented by the boreholes MYDDHS020, MYDDHS021, MYDDHS032, and MYDDHS033. Another

Criteria	JORC Code Explanation	CP Comments
		unusually thick section was found in MYHS079 in the southern portion of the resource area. North of these boreholes, the Pollux appears to split into an upper and lower seam. Within ML 80173, the Pollux seam was found to be split in approximately 12% of holes drilled. The average thickness of the interburden was 0.87 m. The Pollux seam coal quality exhibits greater lateral variation relative to the Aries seam. Relative density ranges from 1.29 to 1.6 g/cc; ash is from 8.6% to 35.0%; inherent moisture is from 1.0% to 1.5 %; and volatile matter is from 11.10% to 24.70%. Average sulphur content is low (0.32%) while average calorific value is high (27.5 MJ/kg).
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 metres) of the drill hole collar – dip and azimuth of the hole – down hole length and interception depth – hole length. • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A list of the drill holes used to define the coal quality of the resource in the Minyango Project Area can be found in Table 2.1. A list of holes utilised in the structural model can be found in Table 2.2. • All drill holes have been modelled from vertical. Borehole deviation has been recorded for holes post-1988.
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*	• It is reported that all seams where multiple coal quality samples were taken were given composite coal quality values based on top and bottom plies. • Coal quality samples were weighted on thickness (length) and relative density, and composited on a per seam basis.

Criteria	JORC Code Explanation	CP Comments
	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.*	
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').*	• All holes were drilled vertical. • A minimum thickness of 1.20m is utilised in the geological modelling and reporting of resources in the 2018 Resource update.
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 main body of the report.
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 available exploration data for the Minyango Project Area has been collated and reported. • A relatively extensive area of unusual thickness in the Pollux seam (3.78 to 4.76 m) was intersected in the north-west of ML 80173. This is represented by the boreholes MYDDHS020, MYDDHS021, MYDDHS032, and MYDDHS033. • Another unusually thick section in the Pollux seam was found in MYHS079 in the southern portion of the resource area.

Criteria	JORC Code Explanation	CP Comments
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 -** Velseis Pty Ltd, the original seismic acquisition contractor was commissioned to re-process and re-interpret 2D seismic data acquired between 1988 and 2006. Interpreted faults were classified according to confidence levels. • The medium confidence level faults cluster in the north-eastern part of ML 80173. These faults generally trend north-west/south-east or east/west and can be laterally extensive (>2 km). Maximum vertical displacements of 23 to 25 m were measured. The low confidence faults are of limited lateral extent and generally trend south-east/north-west. • **3D Seismic** - BCPL commissioned Velseis to conduct a 3D seismic survey of the Minyango exploration area to map the roof of the Aries and Pollux seams and characterise faults and other structures associated with these two seams. The seismic survey was completed in November 2011, covering an approximate area of 17.5 km2 representing the northern half of ML 80173. The acquisition parameters were designed to have maximum offsets tuned to the depths of the target seams. The stratigraphy appears to be fairly uniform across the survey area except where major faulting is identified. • A mound-like structure is evident in the south-central part of the survey area and is interpreted to be either due to faulting or a deep-seated intrusion. Apart from this structure and areas associated with large scale faulting, seam dips were assessed to be fairly gentle throughout the area. The interpreted structures were characterised according to position, estimated vertical seismic displacement, width, and confidence level. Seismic displacement (vertical change in depth measured off the seismic data) has an estimated error of ±1.5 m and the fault/structure position have an estimated error of ±15 m. A total of 709 structures were interpreted from the Aries and Pollux seam

Criteria	JORC Code Explanation	CP Comments
		horizons. • Maximum displacements measured were at 52 - 55 m and 36.5 - 39.5 m, respectively. • No dominant structure style was evident, with a similar number of normal and reverse faults identified for both seam horizons. Some of the structures display both normal and reverse faulting characteristics which suggest that these have been reactivated. • Small scale structures below the resolution limit of the data may represent seam rolls or flexures rather than faults. The structures identified across the seam horizons were plotted on rose diagrams. • The most dominant strike trend is north-north-west, with most of the reverse and undefined features trending in this direction. The majority of the normal structures appear to strike approximately east-west. • Many of the large-scale structures are vertically extensive, transecting both the roof of the Aries seam and the floor of the Pollux seam. • Structures with small displacements appear to have limited vertical extent and are not observed in both seams. • Laterally, the interpreted structures are generally discontinuous. Many of the structures with limited lateral extent may however link to form more laterally extensive features. • **Geotechnical** • A geotechnical data collection program was completed during 2011 and 2012 as part of the Coal Mine Roof Rating (CMRR) assessment and geomechanical characterisation. The CMRR assessment involved specific geotechnical logging and Point Load Testing (PLT) of drill core, which targeted the 10 m roof horizon of the Aries and Pollux

Criteria	JORC Code Explanation	CP Comments
		seams. The CMRR was calculated for immediate roof horizon (0 to 2 m), and secondary support horizons (4 to 6 m, 6 to 8 m, and 8 to10 m). • The calculated CMRR values can be contoured in order to give an indication of potential roof conditions. • 10 m roof horizons for the Aries and Pollux seams were tested from 15 boreholes. A geotechnical laboratory testing program was also commissioned to develop a database for geomechanical characterisation and analysis purposes. • A total of six holes were tested as part of an on-going laboratory testing program. • The testing specified by IMC included the following standard tests: UCS, Young's Modulus, Poisson's Ratio, Moisture, Density, Brazilian Tensile Strength, Slake Durability and Triaxial Strength.
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.*	• During the preparation of the 2012 Minyango Resource Estimation Report, a few areas were identified that could potentially aid the development of the project. Suggested further work could include; • Complete fault delineation drilling to confirm fault locations, types and displacements estimated from fault modelling completed with the 3D seismic survey. • Continue with the geotechnical programme outlined by IMC. • Complete a 3D seismic survey over the southern portion of Minyango to define the target seam surfaces and to define the fault locations and quantify the displacements of faults for mine design purposes. • Complete further partially cored drilling to improve the resource confidence in ML 80173 specifically.

Criteria	JORC Code Explanation	CP Comments
		• Consider implementing a higher level coal quality assessment utilising a large diameter coring program for clean coal and marketing purposes.

Table 2.1 – List of holes (Points of Observation) within Minyango Project Area

Geophysics Type – G-Gamma, C-Caliper, D-Density, E-Electric Array Log, S-Sonic, V-Verticality, R-Resistivity, A-Acoustic Scanner

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Hole Type	Hole /Core Diam. (mm)	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
						From	To	From	To	From	To	From	To	From	To	From	to			
MY4CS001	690665.2	7391955.89	167.04	CORE		159.32	160.94	-	-	179.79	180.88	182.04	183.40	192.72	195.59	-	-	Y	Pol	G, C, D, E, S, V
MY4CS002	692772.6	7393508.34	163.61	CORE		159.05	160.43	-	-	186.44	187.32	187.84	189.30	202.32	204.96	-	-	Y	Pol	G, C, D, E, S, V
MY4CS003	687388.15	7390953.89	189.61	CORE		61.94	62.25	-	-	89.63	90.15	91.20	92.72	99.22	101.50	-	-	Y	Pol	G, C, D, E, S, V
MY4CS004	687858.53	7392613.84	188.57	CORE		82.00	83.00	93.00	94.00	111.80	113.69	-	-	124.44	128.38	-	-	Y	Pol	G, C, D, E, S, V
MY4CS005	687674.76	7391877.26	190.66	-		92.00	93.00	-	-	123.20	124.10	125.00	126.65	136.73	137.52	137.97	139.30	N	-	G, C, D, E, S, V
MY4CS006	691775.8	7387002.26	197.84	CORE		278.19	281.20	-	-	290.23	291.04	292.84	293.60	305.64	308.67	-	-	Y	Ar, Pol	G, C, D
MY4CS007	690551.44	7386139.21	183.03	CORE		255.46	258.24	-	-	269.52	270.01	-	-	283.69	284.55	285.88	288.60	Y	Ar, Pol	G, C, D, E, S, V
MY4CS008	690549.3	7388147.08	176.44	CORE		234.54	237.12	-	-	262.81	263.77	-	-	273.13	276.00	-	-	Y	Ar, Pol	G, C, D, E, S, V
MY4CS009	693258.12	7387151.98	185.01	CORE		211.34	214.57	-	-	223.18	223.73	227.73	228.74	241.68	244.72	-	-	Y	Ar, Pol	G, C, D, E, S, V
MY4CS009R	693259.41	7387154.23	184.95	-		-	-	-	-	-	-	-	-	241.27	243.15	244.16	244.31	N	-	G, C, D, E, S, V
MY4CS010	692994.56	7389118.29	181.14	CORE		186.66	189.56	-	-	199.60	201.34	203.83	204.79	215.90	218.43	-	-	Y	Ar, Pol	G, C, D, E, S, V
MY4CS011	690512.34	7387157.65	178.14	CORE		260.25	262.95	-	-	272.61	273.33	276.50	277.45	285.46	288.10	-	-	Y	Ar, Pol	G, C, D, E, S, V
MY4CS012	691334.17	7387519.34	188.20	-		253.81	256.50	-	-	-	-	-	-	-	-	-	-	N	-	-
MY4CS013	689222.72	7391307.37	176.37	CORE		115.21	115.81	118.63	118.91	147.35	148.30	149.72	151.08	163.40	165.70	-	-	Y	Pol	G, C, D, E, S, V
MY4CS014	689002.55	7392734.42	182.64	CORE		108.43	108.97	113.96	114.40	138.52	138.88	140.53	142.23	153.26	155.18	-	-	Y	Pol	G, C, D, E, S, V
MY4CS015	691242.31	7386713.14	190.02	-		274.12	277.06	-	-	286.80	287.73	288.99	289.83	300.59	303.16	-	-	N	-	G, C, D

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Hole Type	Hole /Core Diam. (mm)	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
MYDDHS016	690728.47	7389898.61	174.64	-		135.00	138.00	-	-	152.00	155.00	-	-	-	-	-	-	N	-	-
MYDDHS017	691214.04	7389620.88	180.63	CORE		155.40	158.23	-	-	164.92	165.71	167.18	168.09	182.97	185.29	-	-	Y	Pol	G, C, D, E, S, V
MYDDHS018	691564.03	7389657.03	186.43	CORE		151.50	154.55	-	-	162.57	163.40	-	-	175.78	178.24	-	-	Y	Pol	G, C, D
MYDDHS019	690717.96	7389320.77	176.26	CORE		179.59	182.32	-	-	197.30	198.90	199.10	200.70	-	-	213.50	214.93	Y	Ar, Pol	G, C, D
MYDDHS020	690682.25	7388715.16	176.34	-		-	-	-	-	-	-	-	-	-	-	-	-	N	-	G, C, D
MYDDHS020R	690687.68	7388712.62	176.22	CORE		179.33	181.97	-	-	204.15	205.38	-	-	214.23	218.68	-	-	Y	Ar, Pol	G, C, D
MYDDHS021	691179.43	7388409.54	183.74	CORE		200.79	203.60	-	-	224.91	226.08	-	-	-	-	-	-	Y	Ar	G, C, D
MYDDHS021R	691179.29	7388404.37	183.86	CORE		201.08	203.99	-	-	225.50	226.87	-	-	233.98	238.73	-	-	Y	Pol	G, C, D
MYDDHS022	691135.46	7387848.1	184.84	CORE		230.88	236.38	-	-	254.97	256.27	257.01	257.38	270.10	272.68	-	-	N	Ar, Pol	
MYDDHS023	691095.99	7387298.59	185.94	CORE		-	-	262.58	265.61	281.88	282.22	281.88	282.22	298.08	300.91	-	-	Y	Ar, Pol	G, C, D
MYDDHS024	690576.15	7387628.89	178.62	CORE		237.55	240.19	-	-	260.49	261.33	-	-	272.16	274.74	-	-	Y	Ar, Pol	G, C, D
MYDDHS025	691187.61	7386113.31	191.09	CORE		263.88	266.57	-	-	275.74	276.56	279.06	279.81	287.36	289.87	-	-	Y	Ar, Pol	G, C, D
MYDDHS026	690661.31	7386632.64	182.20	CORE		272.16	274.61	-	-	286.96	287.83	291.02	291.72	299.28	301.85	-	-	Y	Ar	G, C, D
MYDDHS026R	690664.24	7386630.29	182.47	CORE		272.38	274.89	-	-	287.15	288.30	291.32	292.35	299.28	301.85	-	-	Y	Pol	G, C, D
MYDDHS027	693169.53	7388113.09	181.03	CORE		204.15	207.07	-	-	231.74	232.81	-	-	246.20	249.30	-	-	Y	Ar, Pol	G, C, D
MYDDHS028	691802.9	7388665.68	194.59	CORE		200.65	203.28	-	-	221.53	222.15	222.69	222.89	234.77	237.48	-	-	Y	Ar, Pol	G, C, D
MYDDHS029	691731.64	7388082.76	194.26	CORE		229.04	231.73	-	-	254.06	254.94	-	-	266.57	269.36	-	-	Y	Ar, Pol	G, C, D
MYDDHS030	691667	7387525.73	195.46	CORE		247.78	250.58	-	-	266.71	267.55	270.64	271.35	281.79	284.36	-	-	Y	Ar, Pol	G, C, D
MYDDHS031	691771.97	7386374.01	197.66	CORE		223.62	226.20	-	-	233.79	234.53	236.12	236.92	249.08	253.84	-	-	Y	Ar, Pol	G, C, D

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Hole Type	Hole /Core Diam. (mm)	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
MYDDHS031A	691781.21	7386363.86	197.66			-	-	-	-	-	-	-	-	-	-	-	-	N	-	G, C, D
MYDDHS032	691173.97	7388994.76	182.45	CORE		177.30	179.55	-	-	198.80	199.68	-	-	207.73	211.67	-	-	Y	Pol	G, C, D
MYDDHS033	691579.19	7388986.43	188.62	CORE		167.91	170.77	-	-	184.40	185.58	-	-	198.05	201.83	-	-	N	Ar, Pol	
MYDDHS034	691501.98	7386190.72	193.89	-		251.51	254.29	-	-	261.51	262.29	263.84	264.54	-	-	-	-	N	-	G, C, D
MYDDHS035	691662.93	7386046.84	197.26	-		237.25	240.05	-	-	247.85	248.76	250.50	252.50	-	-	-	-	N	-	G, C, D
MYDDHS036	691816.1	7386257.71	198.08	-		209.35	212.00	-	-	221.40	222.24	224.10	224.88	239.18	241.75	-	-	N	-	G, C, D
MYDDHS036A	691821.17	7386257.79	198.11	-		210.40	213.08	-	-	222.54	223.26	225.50	226.15	240.15	242.57	-	-	N	-	G, C, D
MYDDHS037	694121.55	7384164.99	117.95	-		384.05	387.81	-	-	-	-	-	-	-	-	-	-	N	-	G, D
MYHS002	694052.44	7388722.23	166.38	CORE	PQ	215.49	218.49	-	-	231.78	232.86	235.04	235.90	248.78	252.21	-	-	Y	Ar, Pol	G, C, D, S, V, R
MYHS003	692620.33	7389270.49	185.04	CORE	PQ	165.21	168.27	-	-	175.76	176.79	177.90	178.93	190.37	193.04	-	-	Y	Ar, Pol	G, C, D, S, R
MYHS005	694194.37	7388438.59	168.04	CORE	PQ	223.03	226.38	-	-	242.72	243.50	243.78	243.92	254.52	257.53	-	-	Y	Pol	G, C, D, S, V, R
MYHS005R	694196.26	7388448.01	167.99	CORE	PQ	223.08	226.22	-	-	-	-	-	-	-	-	-	-	Y	Ar	G, C, D, S, V, R
MYHS006	692473.52	7388871.46	189.10	CORE	PQ	188.06	190.76	-	-	207.15	207.51	210.11	211.20	223.15	225.80	-	-	Y	Ar, Pol	G, C, D, S, V, R
MYHS007	693260.73	7388489.05	180.85	CORE	PQ	206.63	209.37	-	-	229.43	229.78	230.39	230.55	242.31	244.84	-	-	Y	Ar, Pol	G, C, D, S, V, R
MYHS011	693665.34	7387949.18	171.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N	-	-
MYHS013	692374.82	7388400.53	190.15	CORE	PQ	188.70	191.56	-	-	216.28	217.42	-	-	-	-	-	-	Y	Ar	G, C, D, S, V, R
MYHS014	693846.56	7387464.55	171.22	CORE	PQ	222.72	225.54	-	-	252.68	253.54	-	-	265.16	267.94	-	-	Y	Ar, Pol	G, C, D, S, V, R, A
MYHS016	692694.49	7388049.36	184.07	CORE	PQ	206.98	209.82	-	-	239.08	239.91	-	-	252.43	255.88	-	-	Y	Ar, Pol	G, C, D, S, V, R
MYHS018	692307.04	7387936.92	189.20	CORE	PQ	221.37	224.19	-	-	243.01	244.05	-	-	252.62	255.43	-	-	Y	Ar, Pol	G, C, D, S

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Hole Type	Hole /Core Diam. (mm)	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
MYHS019	692792.23	7387590.6	181.92	CORE	PQ	232.65	235.41	-	-	261.53	262.56	-	-	269.82	270.79	-	-	Y	Ar	G, C, D, S, V, R
MYHS023	692259.93	7387501.46	191.84	CORE	PQ	244.75	247.82	-	-	269.43	270.38	-	-	282.36	284.78	-	-	Y	Ar, Pol	G, C, D, S
MYHS029	692191.73	7386994.04	195.50	CORE	PQ	255.56	258.43	-	-	269.79	270.60	272.04	272.95	283.54	286.07	-	-	Y	Ar, Pol	G, C, D
MYHS034	692072.16	7386487.73	198.77	CORE	PQ	219.57	222.62	-	-	231.65	232.32	234.11	235.00	249.46	252.06	-	-	Y	Ar, Pol	G, C, D, S, R
MYHS050	693520.55	7384256.33	178.82	CORE	PQ	355.05	357.55	-	-	380.70	381.54	382.04	384.95	423.96	425.48	426.60	428.42	Y	Ar, Pol	G, C, D
MYHS057	692281.58	7384688.82	202.04	CORE	PQ	286.85	289.60	-	-	312.69	314.49	314.49	317.98	354.01	355.91	356.39	357.82	Y	Ar, Pol	G, C, D
MYHS079	691407.86	7383895.76	203.30	-	124mm PCD	334.48	337.55	-	-	394.23	397.41	-	-	413.12	418.41	-	-	N	-	-
MYHS079B	691431.97	7383882.07	203.67	CORE	PQ	337.58	340.47	-	-	432.04	433.02	434.01	436.13	438.85	440.40	440.82	441.61	Y	Ar, Pol	G, C, D

Table 2.2 – List of holes utilised for structural modelling within Minyango Project Area

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
				From	To	From	To	From	To	From	To	From	To	From	To			
BK048	690207.32	7394534.10	167.33	32.80	33.30	34.40	35.00	62.40	62.80	63.20	64.30	74.80	75.50	77.00	78.40	N	-	-
BK048C	690209.88	7394522.11	167.28	33.10	33.65	34.93	35.55	62.70	63.17	63.58	64.44	75.21	75.68	77.14	78.63	N	-	-
BK049	690612.16	7395730.05	165.30	33.50	34.20	38.80	40.00	-	-	-	-	78.00	78.70	79.70	81.70	N	-	-
BK050	690541.92	7395570.16	166.73	25.50	26.00	29.90	30.90	-	-	60.30	60.70	72.70	73.30	74.70	76.60	N	-	-
BK051	690860.11	7395215.34	162.08	49.40	49.90	52.70	53.30	81.40	83.10	83.70	85.10	87.40	87.50	87.80	89.70	N	-	-
BK052	690876.14	7394890.52	160.31	59.00	59.50	60.60	61.20	86.10	86.60	86.80	87.80	99.10	99.60	100.10	101.80	N	-	-
BK053	690696.25	7395384.05	164.43	40.60	41.00	42.50	43.10	-	-	72.20	72.80	75.60	76.00	76.20	78.00	N	-	-
BK054	690699.99	7395060.06	162.74	50.60	51.10	52.60	53.20	78.00	78.40	78.70	79.80	91.10	91.60	92.20	93.40	N	-	-
BK055	690540.28	7395226.67	164.77	37.60	38.10	40.20	40.60	64.30	64.80	65.00	66.00	76.40	76.90	78.60	80.10	N	-	-
BK056	690359.01	7395395.52	166.59	37.00	37.40	40.60	41.40	61.60	62.00	62.20	62.90	75.40	76.30	76.60	78.10	N	-	-
BK057	690182.42	7395573.05	166.97	22.70	23.20	26.50	27.50	48.50	49.20	49.40	50.10	59.00	60.60	61.90	63.20	N	-	-
BK058	690166.93	7394170.50	165.00	53.30	53.70	54.90	55.60	84.10	84.50	85.20	86.30	-	-	-	-	N	-	-
BK059	690033.93	7394315.50	169.78	38.80	39.30	40.40	40.90	69.20	69.60	70.00	71.30	80.90	81.50	83.20	84.80	N	-	-

HoleID	Easting MGA94_Z55	Northing MGA94_Z55	RL	Depth to Aries/Aries Upper		Depth to Aries Lower		Depth to Castor/ Castor Upper		Depth to Castor Lower		Depth to Pollux/ Pollux Upper		Depth to Pollux Lower		POB	POB Seam	Geophysics Type
BK060	689939.93	7394565.50	170.34	30.50	31.20	32.10	32.60	58.30	58.70	59.10	60.30	69.90	70.40	73.30	74.90	N	-	-
CM370	691435.93	7385917.36	195.59	255.90	258.50	-	-	266.80	267.40	272.80	273.50	276.15	278.55	-	-	N	-	-
CM372	693504.62	7386055.46	185.74	223.30	226.50	-	-	233.90	234.70	243.00	244.30	248.00	250.60	-	-	N	-	-
CM373	693363.21	7388181.45	176.20	210.60	213.60	-	-	-	-	-	-	-	-	-	-	N	-	-
CM375	691161.73	7383475.97	202.17	353.20	355.70	-	-	-	-	-	-	-	-	-	-	N	-	-
ED_2C	693374.10	7367736.93	235.34	368.70	371.00	-	-	-	-	-	-	-	-	-	-	N	-	-

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.*	• **Historic Data** – Historic data (pre-1988) is largely considered unreliable and is not used in the resource model. SRK conducted an audit of historical data in 2008 for the Minyango report and concluded that previous commercial and government data was not reliable enough for inclusion into the geological model. Historical data has not been considered in the 2018 Minyango resource update. • **Recent Data (post 2005)** – Drilling campaigns conducted by BCPL between 2005 to 2011 have used industry best practises in the planning, executing and gathering of exploration data. – During 2011 IMC (on behalf of BCPL) implemented Micromine Field Marshall and the GBIS database software to ensure the integrity of field data and its subsequent reconciliation. • A high resolution airborne topographic survey was undertaken by Airborne Laser Solutions utilising an aircraft mounted LIDAR system. The following products were delivered; – Images: Two 464 ortho-rectified images (36,000m² each), 24-bit colour, in ECW compressed format with 15cm pixel resolution; – Laser points: easting, northing and orthometric height points is ASCII format classified into key-point ground and non-ground points; – CAD files: Microstation DGN and AutoCad DWG key plans showing the laser point blocks and the 15cm pixel image

Criteria	JORC Code Explanation	CP Comments
		positions. • The topographic surface was created in Maptek Vulcan using LIDAR topography data. • Survey borehole collars were found to be within +/-1m of the LIDAR derived topographic data set. Due to this close correlation, the collar z values were not interpreted into the topographic surface calculation. • Coal Quality data has been checked against lab reports where they exist, and cross referenced with lithology and ply logs where possible.
Site Visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person's familiarity with the Minyango Project Area and stratigraphy is thorough and sufficient. Review of the previous exploration data indicates that the geology is typical of the area.
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 (core and chip) in the Minyango Project Area allows a relatively good level of confidence in the nature of seam splitting, seam thickness, coal quality and general location of faults. • 2D and 3D seismic surveys have added further confidence to the nature of seam depths and the occurrence of faulting within the resource area of ML 80173.
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*	• **Aries Seam -** Within ML 80173, the average thickness of the Aries seam ranges from 2.25 to 5.5 m and averages 2.86 m. The Aries seam gradually thins to the north of the Minyango Project area and is only

Criteria	*JORC Code Explanation*	CP Comments
	Resource.	slightly thinner in the south-west. Coal is generally low cleat and dull, with minor bright bands. The seam is generally homogenous but may contain minor partings. Coal quality is laterally consistent. The average raw coal quality parameters are; 1.31 g/cc relative density, 11.47% ash, 1.54% inherent moisture; 21% volatile matter, and 63% fixed carbon. Average sulphur content is low (0.32%) while average calorific value is high (30.33 MJ/kg). • **Castor Seam -** The Castor seam is usually split into the Castor Upper and the Castor Lower, occasionally coalescing in the central part of the resource area. Within ML 80173, 59% of the boreholes intercepted a split in the Castor, with an average interburden thickness of 2.22 m. The Castor Upper ranges from 0.34 to 1.8 m and averages 0.85 m while the Castor Lower seam ranges from 0.14 to 3.49 m and averages 1.11 m thick. Where no interburden was encountered, the Castor seam varied from 0.49 to 3.18 m, with an average of 1.12 m. Coal quality varies laterally but is generally poor for both Castor Upper and Castor Lower. Relative density is from 1.38 to 2.14 g/cc; ash is from 12.0% to 71.0%; volatile matter is from 11.0% to 24.0% and fixed carbon is from 14.0% to 63.0%. Sulphur content similarly varies but has an average higher than the Aries seam (0.42%). • **Pollux Seam -** Across ML 80173, the thickness of the Pollux seam ranges from 0.97 to 5.29 m and averages 3.05 m. A relatively extensive area of unusual thickness (3.78 to 4.76 m) was intersected in the north-west of ML 80173. This is represented by the boreholes MYDDHS020, MYDDHS021, MYDDHS032, and MYDDHS033. Another unusually thick section was found in MYHS079 in the southern portion of the resource area. North of these boreholes, the Pollux appears to split into an upper and lower seam. Within ML 80173, the Pollux seam was found to be split in approximately 12% of holes

Criteria	JORC Code Explanation	CP Comments
		drilled. The average thickness of the interburden was 0.87 m. The Pollux seam coal quality exhibits greater lateral variation relative to the Aries seam. Relative density ranges from 1.29 to 1.6 g/cc; ash is from 8.6% to 35.0%; inherent moisture is from 1.0% to 1.5 %; and volatile matter is from 11.10% to 24.70%. Average sulphur content is low (0.32%) while average calorific value is high (27.5 MJ/kg).
Estimation and Modelling Techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The 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*	• **GEOLOGICAL MODELLING PROCESS** • **NOTE –** The original geological modelling process was conducted in 2011 by IMC. The 2018 update of the Minyango Resource carried out by Xenith Consulting is a review of the original model including updated cut-off parameters and assumptions. Below summarises the original modelling process. • **Borehole Validation** • Borehole validation processes involved checking the accuracy of information and correcting errors. Validation processes included: – Checking collar surveys against the topographic surface; – Ensuring that total hole depths and geological logging match – Validating seam 'From – To' depths using lithological and geophysical wire line logs – Checking base of weathering based on geophysical wire line logs and lithology logs – Checking coal quality sample test intervals and applying matching criteria; and – Checking bulls eyes (areas of anomalously dense contour lines on data plots) and modifying boreholes. • **Collar Survey Validation** • The process of collar survey validation was as follows: – In the field all borehole design positions were firstly loaded into a

Criteria	JORC Code Explanation	CP Comments
	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.*	Data Management System and assigned to a geologist with a unique identification code for the hole. Pegs were marked with the design name in the field using hand held GPS to locate collar positions – Following commencement of drilling, a secondary GPS survey pick up was completed as a check and recorded in GBIS; and – At the completion of drilling all borehole collar coordinates were accurately recorded using differential GPS surveyed by a registered professional surveyor. – Coordinates were supplied to the site supervising geologist and uploaded into the SQL database. • **Collars vs. Topography** • Topographic triangulations were derived from LIDAR data, provided by BCPL. Collar coordinates were compared with the LIDAR data and found to be within ±1 m. Due to this close correlation, the collar Z values were not interpreted into the topographic surface calculation. • **Faulting** • Fault blocks were determined from previous seismic information, the current 3D seismic survey completed in 2011, and the drillhole data retrieved throughout the Minyango project. • Discreet zones were designed largely according to the high confidence of the 3D seismic program results. The surface floor of the Aries seam and the Pollux seam were provided, and the faults were evident from these interpretations. • Fault zones were constructed from the topographic surface to the base of the Pollux seam. • Seams occurring below the Pollux seam were not modelled using the faults. Eight (8) distinct fault zones used in the modelling processfor

Criteria	*JORC Code Explanation*	CP Comments
		the Aries, Castor and Pollux seams. • **Topography** • Topographic triangulations were derived from LIDAR data, provided by BCPL. The point data were clipped for each section and modelled to create an accurate DTM. • **Masking limits** • Resource restricted within the boundaries of tenements ML 80173 and MDL 424 (under application). • **Structural modelling** • Maptek Vulcan was utilised in the building of structural grids. • Structural grids were created using the triangulation method. Resulting grids were unique interpolated surfaces that honour all of the raw data input values. The triangles were as close to equilateral as possible and have a data point at each vertex. The surface was projected above and below raw data values between data point locations. • Vulcan uses trending to extrapolate a triangulation to the model's edge. • The grid model was a ply-based model, with the plies created first and then the various child and parent seams were built up using the ply grid surfaces. • Surface roof and floor grids were created from their respective mapfiles; these were created using Vulcan's FIXMAP algorithm. This algorithm interpolates missing stratigraphic horizons within drillhole data in order to improve stratigraphic modelling. • Control holes were entered into the database to assist with sub-cropping, synclinal and anticlinal features and faulting past the closest drillholes.

Criteria	*JORC Code Explanation*	CP Comments
		• The models were investigated and controlled to reflect all of the available geological data. Throughout the separate domains, fault blocks bounded the drillhole data into separate areas, and individual triangulations were built within each fault domain. These were then combined to form one seam grid for roofs, floors and thicknesses. Topography triangulations were used to create topography grids with the limits and cell size corresponding to the selected model area. • **Coal Quality Modelling** • Compositing of the data was done on a seam level. This was based on the product data received from the laboratories at the seam level. Mapfiles were created by seam for the following qualities: – Raw ash – Raw moisture – Product ash – Product moisture – Calorific value – Volatile matter – Yield – Crucible Swell Number (CSN; coking product). • Coal quality grids were created based on mapfiles. When the amount of data was spaced far apart, no restrictions were forced on the distances for interpolating the data when creating the grids. If there was a large amount of data (e.g. Aries), distance restrictions were enforced to honour the local data appropriately. These distances varied by domain. • All grids were reviewed and validated by comparing grids and contours against borehole data postings. Mapfile statistics were compared against grid statistics and visual checks on coloured grids were also used to investigate anomalies.

Criteria	*JORC Code Explanation*	CP Comments
		• Quality grids were masked by the seam limits created by the surface floor limits against the base of weathering. When the grids were modelled, all null values were ignored but zero values were included for yield in export thermal grids. • **Block Modelling** • Once the structural and quality grids were reviewed and validated, a block model was created using the 'Create Stratigraphic Solid' option. This option reads all of the structural grids and associated quality grids, constraining the model to the topography. • The blocks were restricted to the grid extents were populated with variables which matched the structural and quality grids. The block model was validated against the structural grids and checked for quality against the quality grids. • After the model had been validated, the resource categories were flagged by seam in the block model. This was restricted to the inferred, indicated and measured categories where appropriate. The fault exclusion zones were also flagged to exclude these tonnes from the resource estimate. Exclusions on lease boundaries were not applied for the 2011 estimate. Classification by depth was not required for the 2011 estimate. • **Resource Estimation** • The resource estimation was based on the borehole data which contain both geophysical logging results and coal quality results. The coal quantities were determined from the geological model created in Vulcan and the "Advanced Reserves Editor" in Vulcan was used to estimate resources based on seam volume and density. The resource estimation was produced with the exclusion of faults. • When calculating the estimates, all resource categories were separated and weighted to give totals in each category. The Aries,

Criteria	*JORC Code Explanation*	CP Comments
		Castor and Pollux seams had Relative Density (RD) modelled across the Minyango project using the values attained from laboratory results of drillhole samples. • The RD of the samples was analysed on an air-dried basis and with two seam thickness categories; seam thickness from 1.0 m to 1.5 m and seam thickness greater than 1.5 m*. The modelled RD values were used in the estimation of tonnages; the tonnages for those seams with a thickness of less than 1.0 m were not estimated. • Minimum seam thickness has been set at 1.2m for Minyango 2018 Resource Update. • In the current 2018 update for resources in the Minyango Project Area only the Aries and Pollux seams have been considered.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Coal quality is reported on an air-dried basis (Adb) • Relative density is reported on an air dried basis (Adb) seam by seam • Resource tonnages are quoted on "inherent moisture"
Cut-Off Parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A maximum raw ash percentage has been applied, where a maximum raw ash of 50%, air-dried basis, has been applied to the resource estimate. • Minimum seam thickness was set at 1.2m. Bounty has extensive experience in thin seam bord and pillar mining and further advice from them has allowed confidence in this cutoff. • Resource restricted within the boundaries of tenement ML 80173 in its entirety. Resource within MDL 424 (under application) is restricted to within the tenement and outside the Blackwater Priority Living Area (PLA) (see Figure 1.1) • Maximum interburden between split seams is set at 0.3m. If upper or

Criteria	*JORC Code Explanation*	CP Comments
		lower split seam was too thin, resource estimation preferentially was performed on the split with thicker coal and/or superior coal quality.
Mining Factors or Assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Minimum seam thickness was set at 1.2m • Minyango is not a working mine
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.*	• It is the CP's opinion that at this stage of the project that there are no limiting metallurgical factors. • The current coal resource within the Minyango project area is amenable to Underground extraction methods.
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,*	• It is the CP's opinion that at this stage of the project that there are no limiting environmental factors.

Criteria	*JORC Code Explanation*	CP Comments
	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.	
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.*	• Inherent (air dried) moisture values have been derived from sampled core intervals. • In situ Moisture was assumed was averaged based on individual seam 'inherent moisture' (%ad) for the purpose of the resource estimation. • The coal tonnage estimations are based on the Relative Density (RD) model for each coal seam at air dried basis.
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.*	• Three resource categories have been identified within the Minyango Project Area, depending on the level of confidence in the seam structure and continuity plus the level of variability in the coal quality data. • Points of Observation have been used to establish coal quality continuity. • 2018 Resource tonnages for the seams within the Minyango Project Area are detailed in Table 3.1.
Audits or Reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• No external audits have been performed on the Mineral Resource estimate, but internal QAQC protocols have been followed.

Criteria	*JORC Code Explanation*	CP Comments
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.*	• The CP has assigned three level(s) of confidence to the coal resource estimate, depending on the seam and drill hole spacing. • Factors that could affect accuracy include unknown structures between completed drill holes, seam washouts in roof or inseam stone bands developing. No evidence exists at this point in time for these, apart from what has currently been geologically modelled or exists within the models design database.

Table 3.1 – 2018 Updated Minyango Resource Estimate

Seam	Measured (Mt)	Indicated (Mt)	Measured and Indicated (Mt)	Inferred (Mt)	Total (Mt)
Aries	6.1	32.4	38.5	55	93.5
Pollux Full Seam		36.5	36.5	33	69.5
Pollux Upper	-	-	-	14	14.0
Pollux Lower	-	2.9	2.9	10	12.9
Total Pollux	-	39.4	39.4	57	96.4
Total	6.1	71.8	78	112	190

Table 3.2 – 2018 Minyango Resource Raw Coal Quality

Seam	Category	Mt	RD g/cc (adb)	Ash % (adb)	IM % (adb)	FC % (adb)	VM % (adb)	Sulphur % (adb)	CV Mj/kg	CSN
Aries	Measured	6.1	1.38	12.4	1.6	65.0	21.1	0.34	30.7	2.4
	Indicated	32.4	1.33	11.1	1.6	65.6	21.6	0.35	30.7	2.8
	Inferred	55	1.36	10.6	1.5	65.8	22.0	0.42	30.7	3.4
	Total	93.5	1.35	10.9	1.6	65.7	21.8	0.39	30.7	3.1
Pollux	Indicated	39.4	1.38	15.9	1.5	61.0	21.6	0.48	29.3	3.1
	Inferred	57	1.49	25.8	1.5	52.6	20.0	0.35	28.7	3.6
	Total	96.4	1.45	21.6	1.5	56.2	20.7	0.40	28.9	3.4
Minyango Resource	**Total**	**189.9**	**1.40**	**16.2**	**1.5**	**61.1**	**21.3**	**0.40**	**29.9**	**3.2**

Figure 1.2 – Minyango Resource Classification – Aries Seam

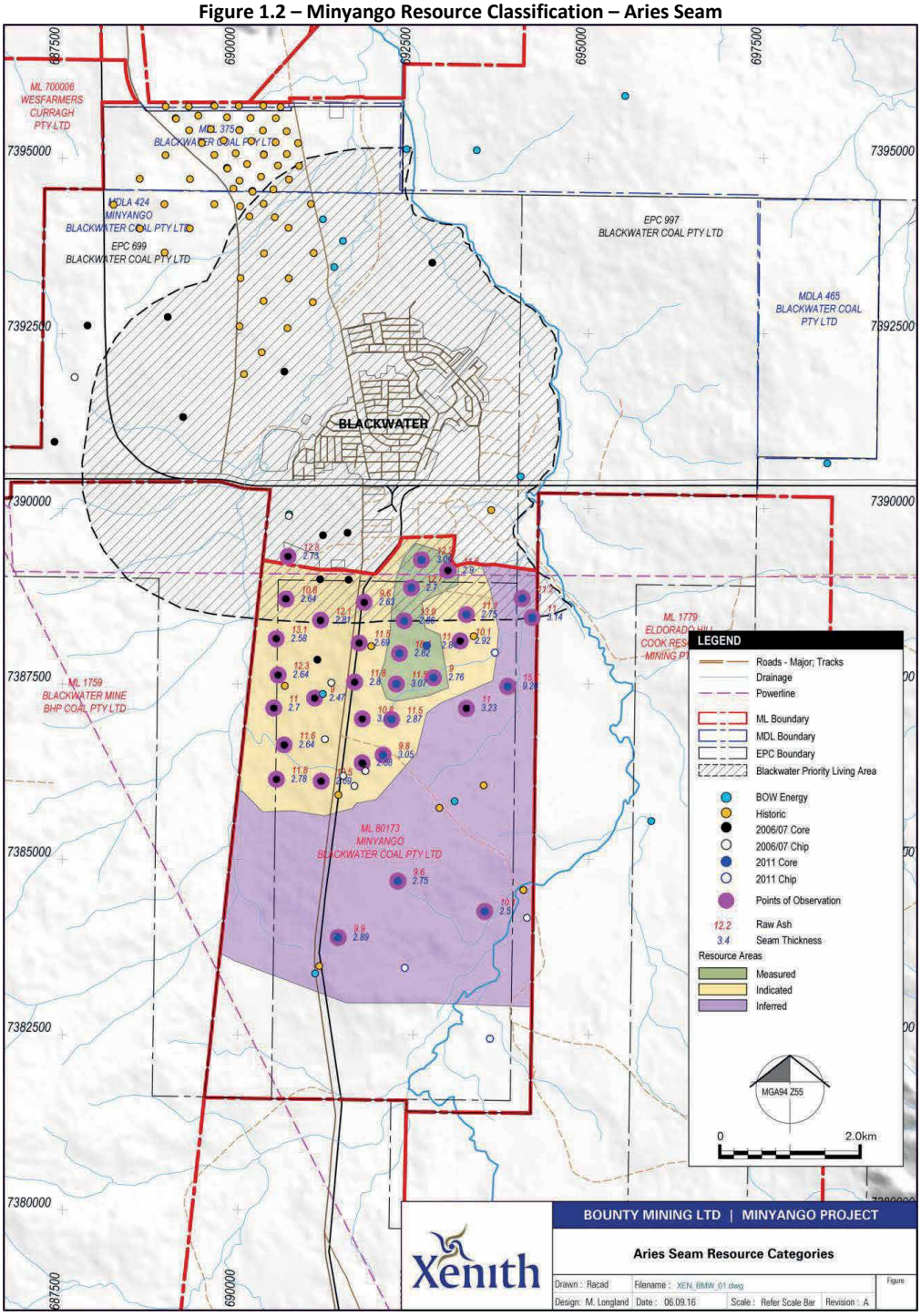


Figure 1.3 – Minyango Resource Classification – Pollux Seam

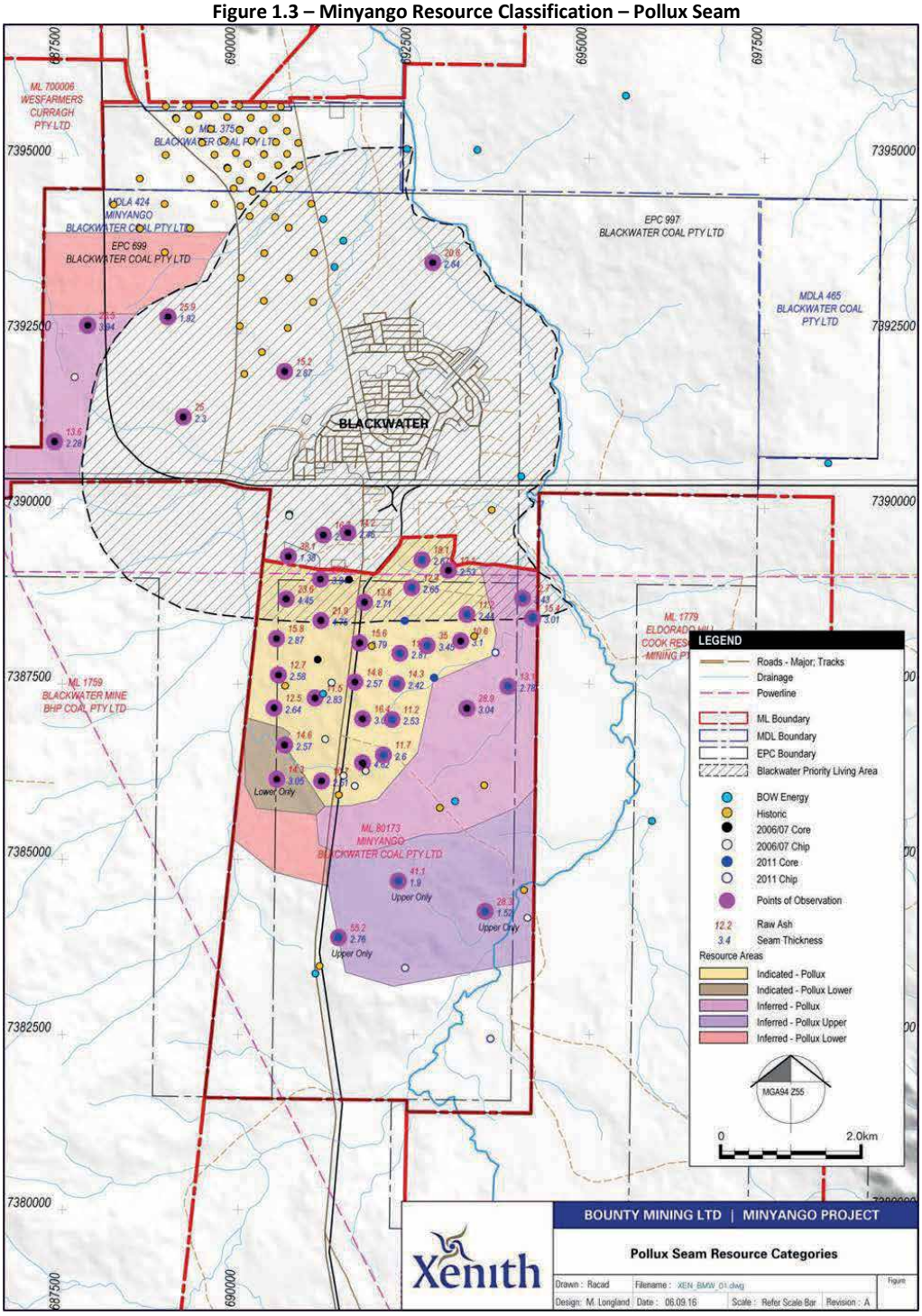


Figure 1.4 – Aries Seam Depth of Coal

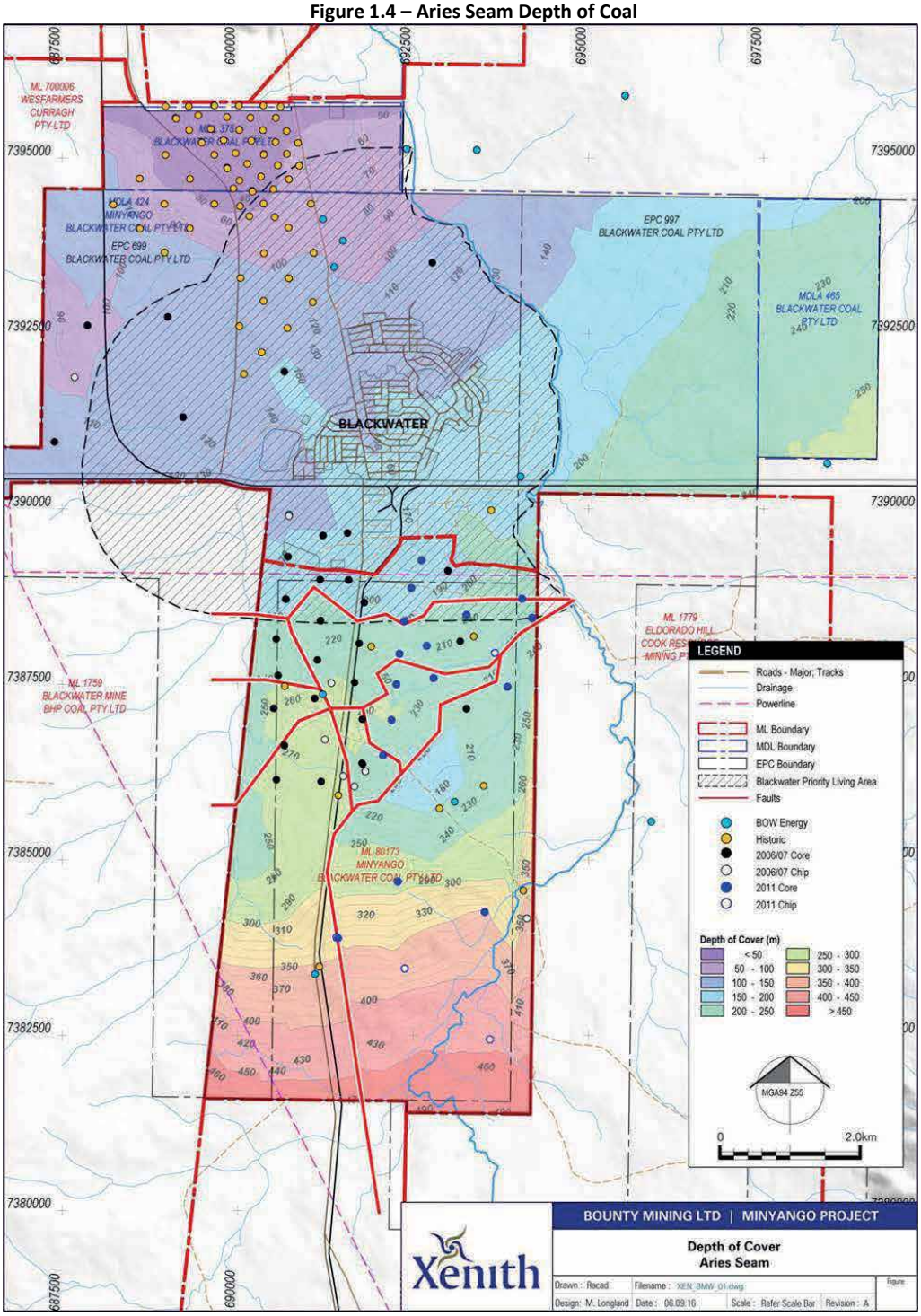


Figure 1.5 – Aries Seam Structure Floor

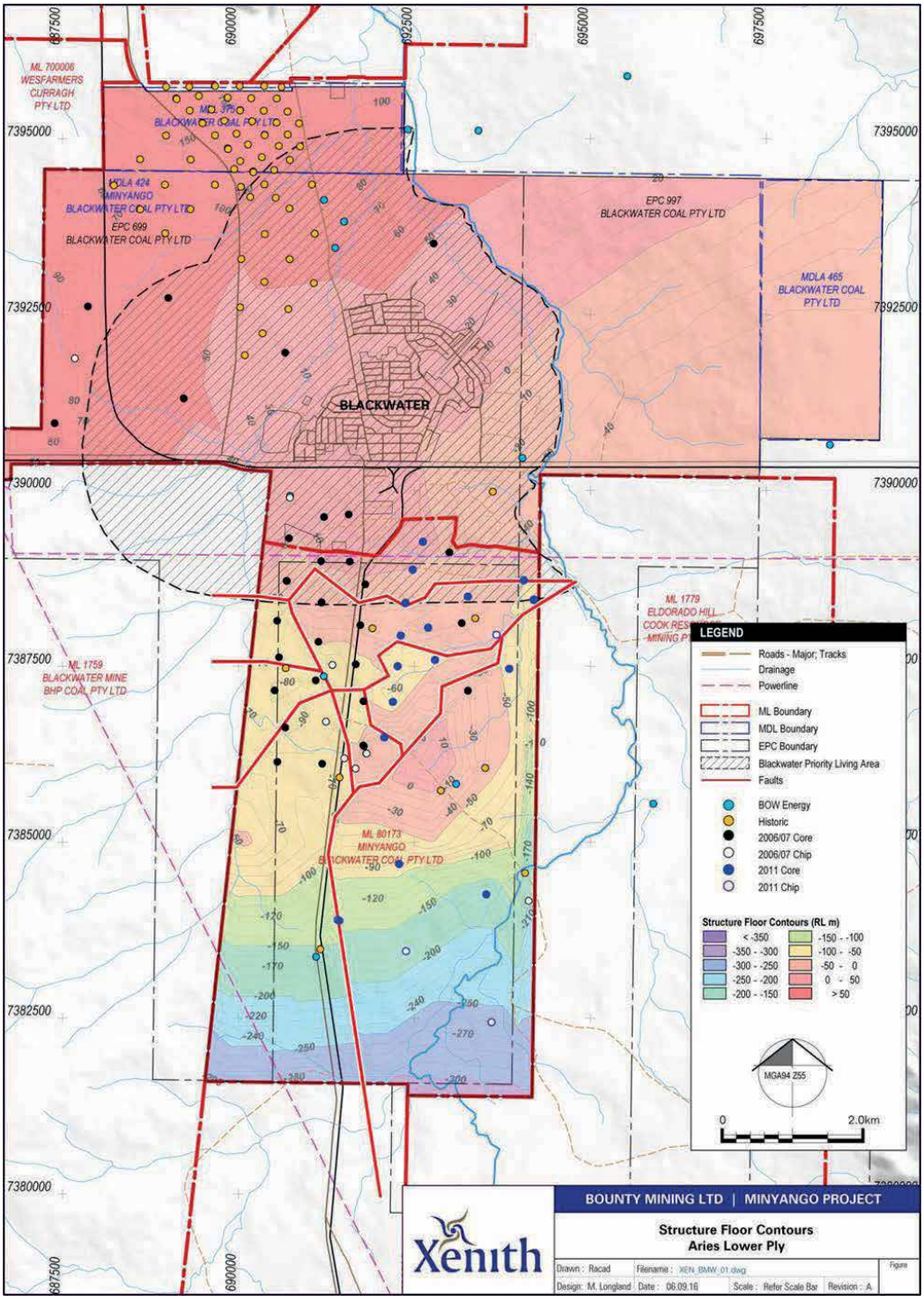


Figure 1.6 – Aries Seam Structure Thickness

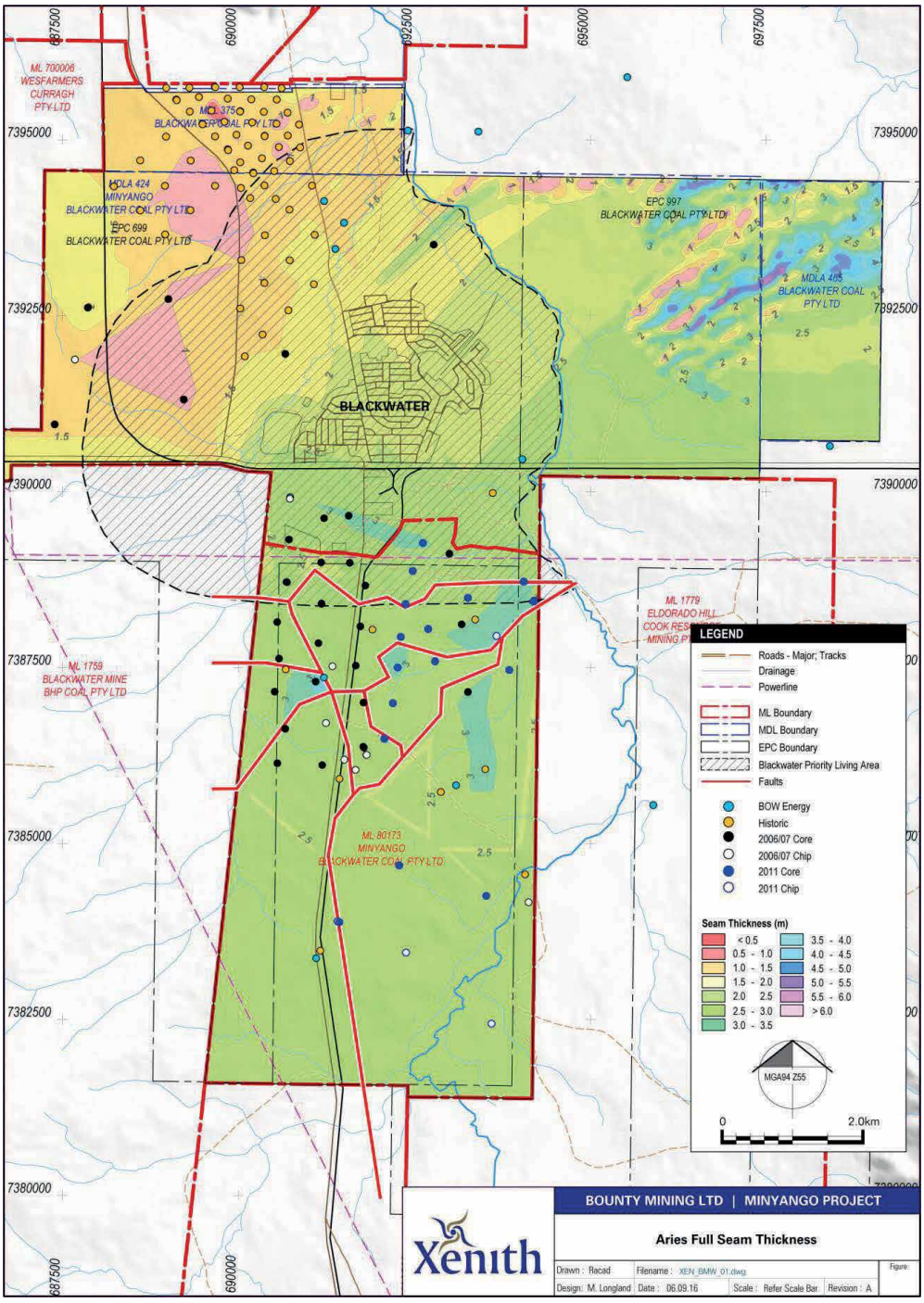


Figure 1.7 – Pollux Seam Depth of Coal

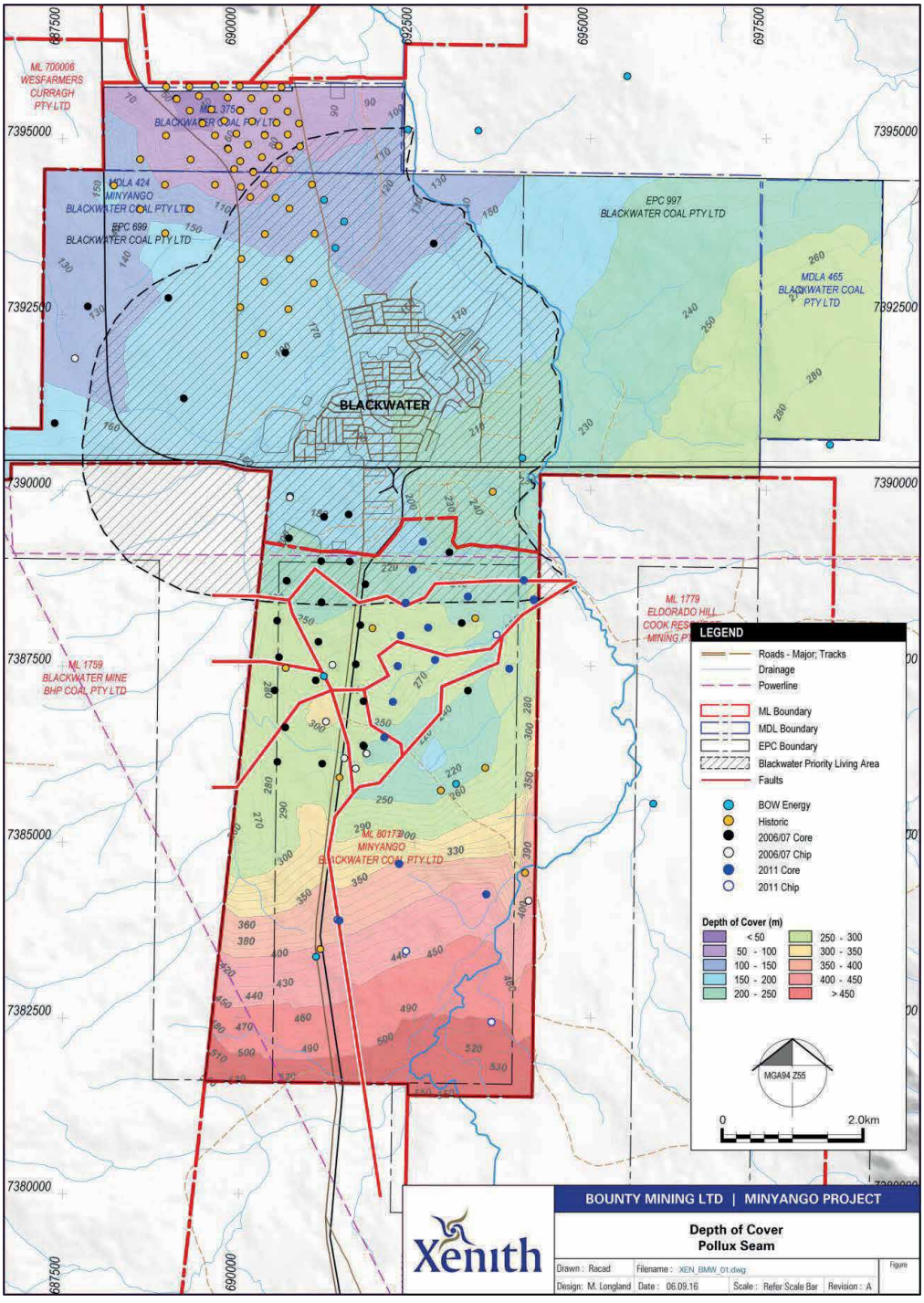


Figure 1.8 – Pollux Seam Structure Floor

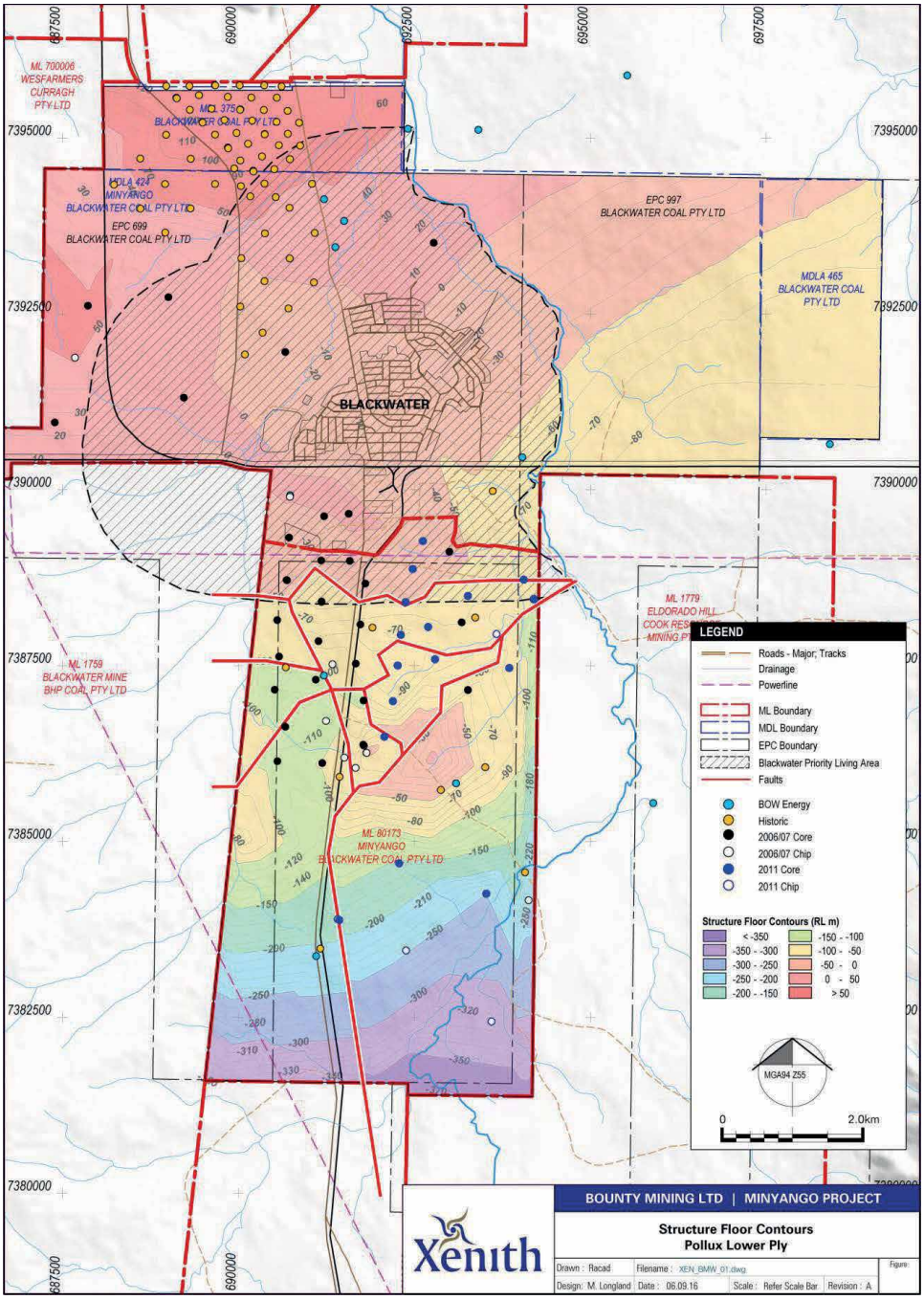
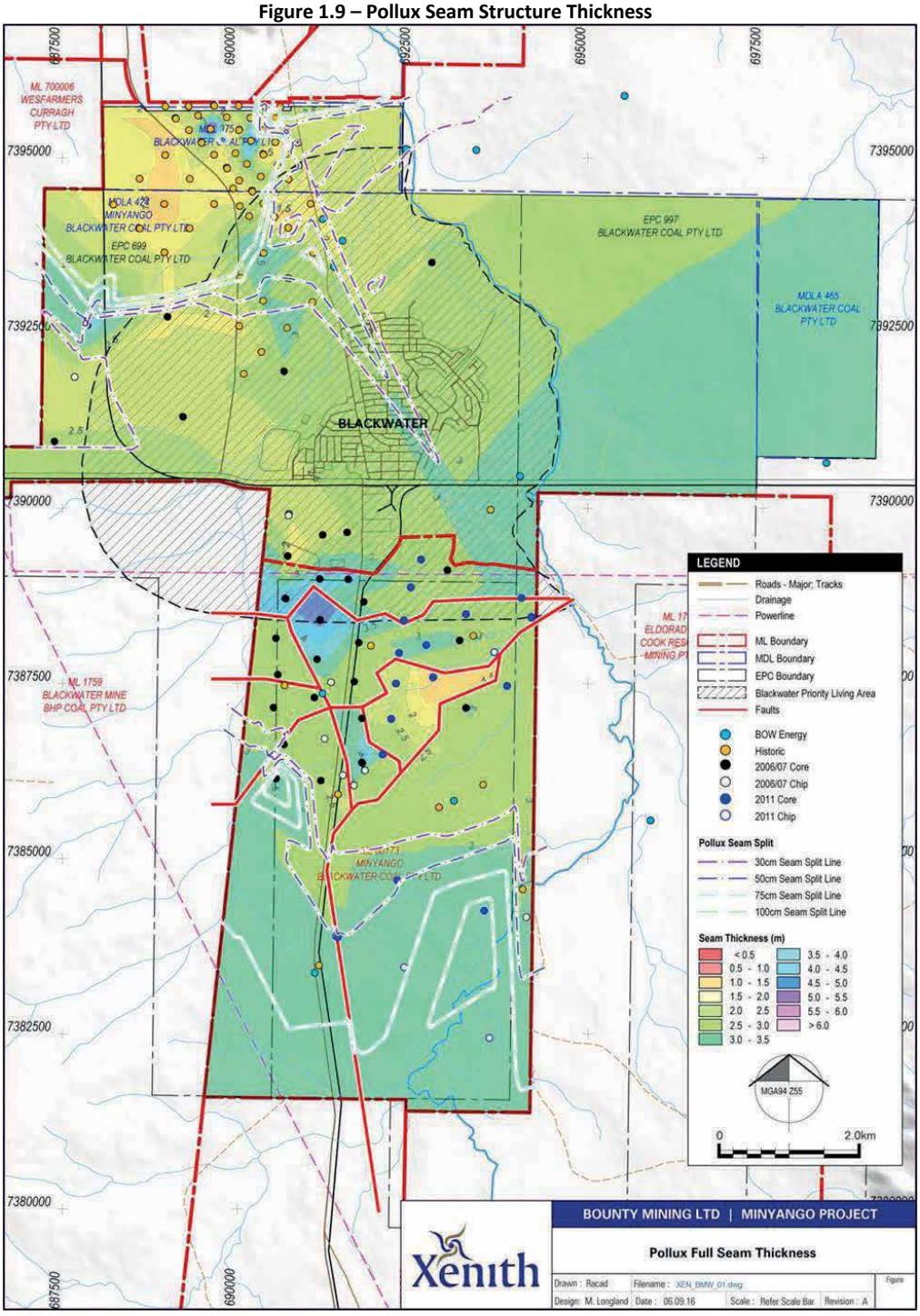


Figure 1.9 – Pollux Seam Structure Thickness



ANNEXURE B COAL MARKET REPORT

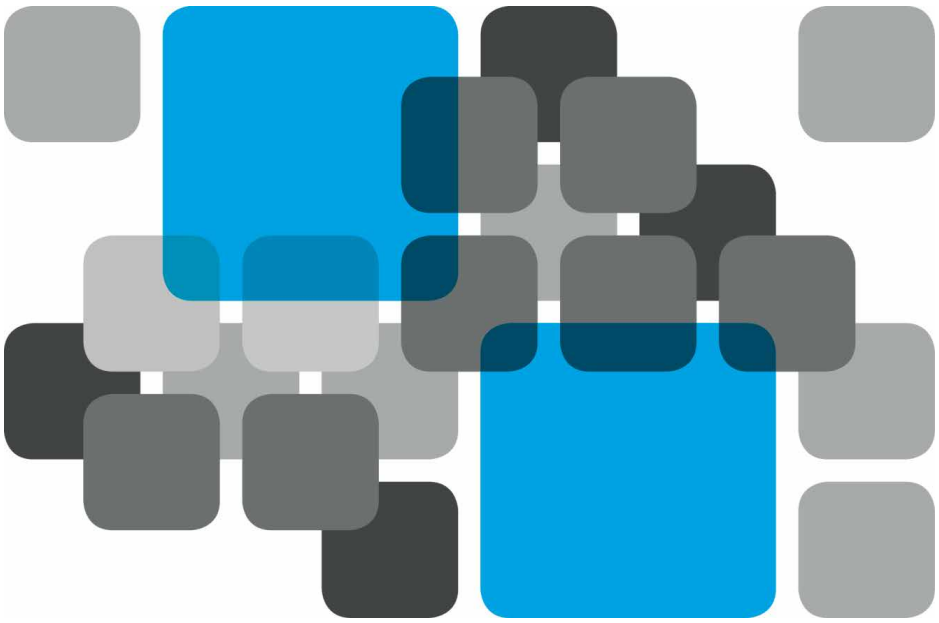
ANNEXURE B COAL MARKET REPORT

Coal Market Overview for IPO

Prepared for Bounty Mining

Revision 5 February 2018

CRU Consulting



CRU Reference:

ANNEXURE B COAL MARKET REPORT

Coal Market Overview

CRU Consulting, Chancery House, 53-64 Chancery Lane, London, WC2A 1QS, UK
Tel: +44 (0)20 7903 2000, Fax: +44 (0)20 7903 2172, Website: www.crugroup.com

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ANNEXURE B COAL MARKET REPORT

CRU **Coal Market Overview**

Executive Summary

Note that CRU has updated (February 2018) its previous report, owing to considerable movements in the metallurgical coal markets that have resulted in a US$44 & $17 upward revision to benchmark hard coking coal prices for 2018 and 2019 respectively. A summary of our price forecast revisions is provided in Section 2.4.

Bounty Mining has acquired the assets of the Cook Colliery coal asset, which was previously on care and maintenance, and expects to restart production in early 2018. This mine will produce two products: a primary hard coking coal, as well as a smaller quantity of a secondary thermal product.

Over the course of this report, CRU builds up a positive picture for Asia-Pacific hard coking coal demand, where reductions from historic highs in China are offset by growth in India, Vietnam and Japan; and although the global metallurgical coal demand figure is set to fall in the short-term, this shall be borne by producers of semi-soft coking coal instead. Meanwhile, global supply of hard coking coal is broadly flat; although we see a net increase in Australian production of 9.5 Mt, or 5% of seaborne output, in the short term, as the commissioning of new projects outweighs older mine depletions.

Considering this global market balance, as well as the crucial Chinese supply-side policy, we do forecast that hard coking coal prices will come off the recent highs enjoyed in 2017, but find reasonable support above the $120/t level on a real (2016) basis.

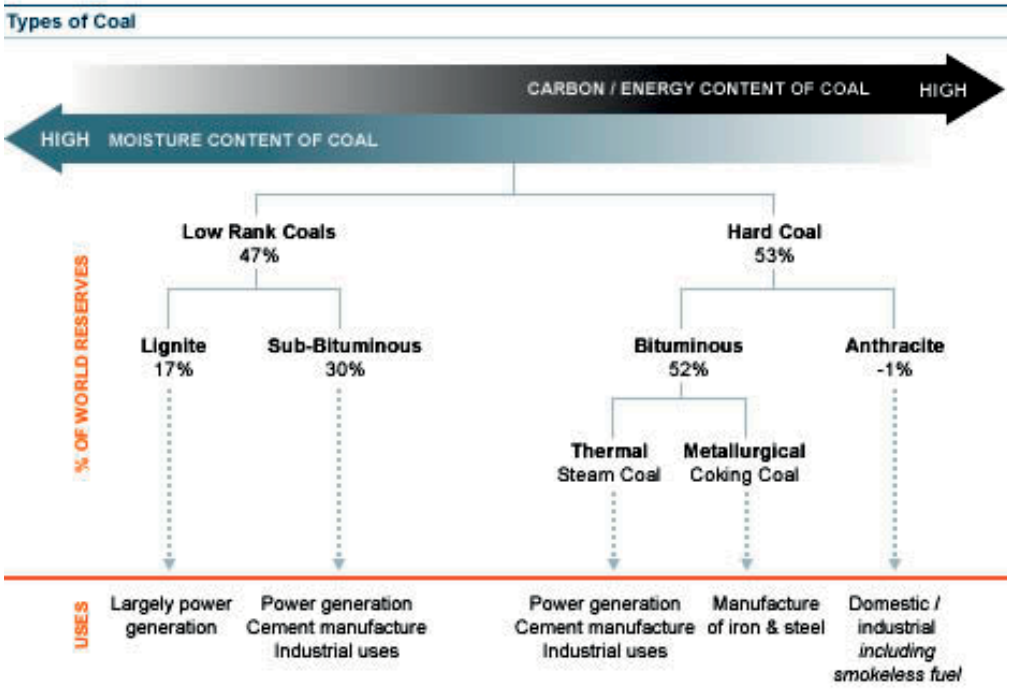
Finally, CRU has examined the premia and discounts that Cook Colliery's two products would attract in the market, relative to benchmark prices. Based on the indicative specifications provided, the hard coking coal would incur a 28.4% discount to benchmark prices in 2018, owing largely to its low coke-strength-after-reaction indications, but also to a widening differential between hard coking coal and semi-soft; Cook Colliery's secondary thermal product on the other hand has a high calorific value and so is expected to attract a 4.5% premium to the 6000 kcal FOB Newcastle price – the benchmark for premium thermal coals.

1. Introduction

1.1. Industry structure and supply chain

Whilst coal may be described in terms of certain grades – anthracite, bituminous, lignite, and others – it is generally far more helpful to refer to it by its two main uses. Thermal coal is, as its name would suggest, a coal that is destined to be used to generate heat. The main uses of thermal coal are for electricity generation in coal-fired power plants, as well as cement production. Metallurgical coal meanwhile is a coal that is destined for use in the steel-making industry. Broadly speaking, metallurgical coals are of higher-quality than their thermal cousins, having a higher fixed carbon content and calorific value (i.e. energy content), and lower impurities such as sulphur, phosphorus and ash.

Figure 1 The major types and uses of coal



Metallurgical coal can itself be broken down into three main categories: hard coking coal (HCC), semi-soft coking coal (SSCC) and pulverised coal injection (PCI). Coal that exhibits the best properties will be used as an HCC: when heated in an oxygen-deficient atmosphere such as that found in a coke oven, moisture and volatile matter will be driven off, and it will swell to form coke,

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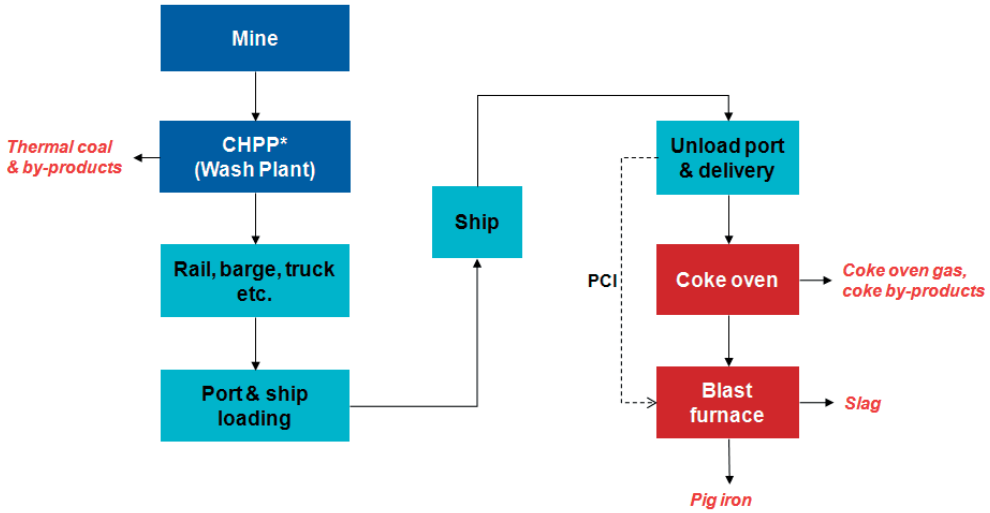
which is used as fuel in the blast furnace portion of the steel-making value chain. SSCC serves the same purpose, but is of a lower quality than HCC; as such, its tendency to form a 'plastic phase' in the coke oven and so convert into coke is lower, meaning it gives a lower overall coke output; in some more modern furnaces, this can be raised using a method called 'stamp-charging'. Most blast furnaces, in their bid to balance productivity against cost, will blend together some mix of HCC and SSCC for generating their end-use coke. The final metallurgical product is PCI, which is injected into the blast furnace directly (i.e. without an intermediate coking phase) as a supplementary fuel; this reduces the total amount of coke required and lowers operating costs, although the blast furnace itself has to have injection capabilities. Whilst HCC is the dominant metallurgical product in terms of market size, all three have roles to play, and their interactions and trends are more fully discussed below in our Market Outlook chapter.

Figure 2 Steel industry's carbon supply chain



*Coal handling and process plant

In recent decades, demand for steel and its underlying raw materials has sky-rocketed, primarily driven by China's booming construction and manufacturing sectors. Even though CRU believes that China has now passed its demand peak in 2013, the emergence of new markets, such as India and South East Asia, gives us cause to be mildly bullish about the overall steel-making sector. Australia, by far the world's largest exporter of metallurgical coal onto the seaborne market, is best-placed to capture the coming rise in demand.

This report will give a fuller account of how the carbon mix has changed over time, as well as views on prices for benchmark products.

1.2. Cook Colliery product specifications

Bounty's primary product from the Cook Colliery mine is a hard coking coal; it intends to produce some 1 Mt of this in 2018, and ramp up further to 1.5 Mt in the following year. Bounty has provided CRU with indicative specifications for this product below:

Table 1 Cook Colliery HCC specification

		As received	Air dried	Tolerance	Dry basis	Dry Ash Free
Carbon	%					88.0
Hydrogen	%					5.1
Nitrogen	%					2.1
Oxygen	%					4.4
Total Sulphur	%	0.36	0.40	0.05	0.41	0.44
Total Moisture	%	9.0				
Inherent Moisture	%		1.7			
Ash	%	6.8	7.5	0.5	7.6	
Volatile matter	%	23.7	26.0		26.4	28.6
Fixed Carbon	%	59.0	64.8		65.9	71.4
Phosphorus	%	0.073	0.080	0.005	0.081	0.088
Hardgrove grindability index	-		70			
CSN	-	6-7				
CSR	%	50				
CRI	%	35				
Specific Energy	kcal/kg	7,007	7,700		7,833	8,480

Source: Bounty

Bounty's HCC product is likely to be viewed in the market as medium-volatility hard coking coal, the category sitting just below the premium products in the market. While its impurity levels are low, which is a positive for its inclusion in a coke plant's blending strategy, the CSN and CSR – both key indicative parameters of the coke quality – are below the benchmark numbers CRU would expect for a premium low-vol hard coking coal. A CSN of 8-9 and CSR of 60-70 would be the typical specification of a top hard coking coal, meaning that Cook Colliery's product will receive some measure of discount for being below these levels.

Bounty will produce a small quantity – 0.2-0.3 Mt per annum in 2018 and 2019 – of a secondary thermal product from the Cook Colliery mine. Again, Bounty has provided CRU with indicative specifications for this product below:

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Table 2 Cook Colliery TC specification

	Measurement basis	Unit	Typical
Total Moisture	ar	%	9.0
Inherent Moisture	ad	%	1.5
Ash	ad	%	14.5
Volatile matter	ad	%	22.0
Fixed Carbon	ad	%	62.0
Phosphorus	ad	%	0.2
Hardgrove grindability index			74
Calorific Value			
- **Gross Air Dried**	ad	k/cal	7,000
- **Gross as Received**	ar	k/cal	6,467
- **Net as Received**	ar	k/cal	6,230
Carbon	db	%	74.1
Hydrogen	db	%	4.1
Nitrogen	db	%	1.7
Sulphur	db	%	0.4
Oxygen	db	%	by difference
Fluorine		mg/kg	330
Chlorine		mg/kg	0.02
Arsenic		mg/kg	0.9
Mercury		mg/kg	0.04

Source: Bounty. Terms: 'ar' = as received; 'ad' = air dried; 'db' = dry basis

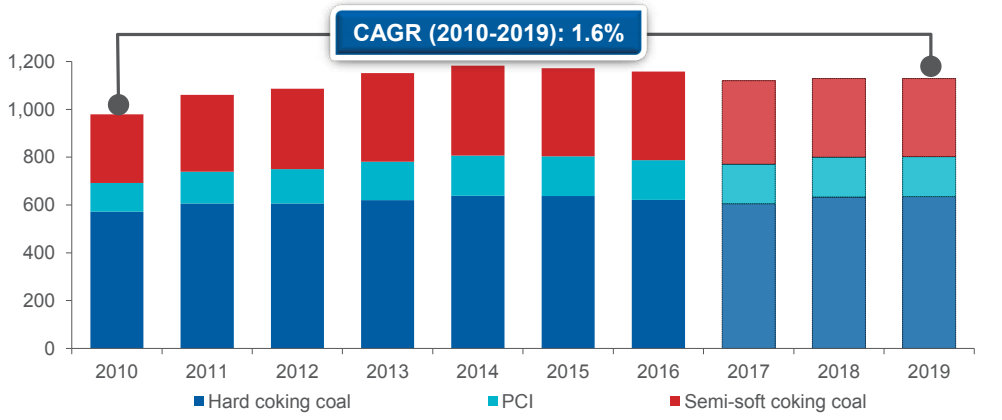
Bounty's thermal coal is a high calorific value coal, with its net as received (NAR) calorific value, above that of the 6,000 kcal FOB Newcastle benchmark. This will be viewed as a strong positive, and will make it attractive to Asian clients looking for a high-quality thermal product, therefore commanding a premium to benchmark prices. The low sulphur content is also noteworthy. Meanwhile, the ash content of the Cook Colliery thermal product is slightly above CRU's benchmark specification of 13% and this is likely to incur a minor penalty, although it will not be adverse to the product's marketability.

2. Market outlook – Metallurgical coal

2.1. Metallurgical coal demand

Overall global metallurgical coal consumption is forecast to exhibit a modest decline between 2016 and 2019 of 29 Mt, despite a forecast CAGR of 1.6% between 2010 and 2019. There is some divergence between products, with both HCC and PCI demand segments to continue growing, while demand for SSCC sees a decline in consumption of -12% between 2016 and 2019, driven by abating demand in Asia.

Figure 3 Global metallurgical coal demand is forecast to remain robust, Mt



For all of the metallurgical coal products, the markets exhibiting the strongest and weakest growth prospects reside within Asia. The developing economies of the Asia-Pacific are forecast to be the fastest growing, driven by a fledgling regional steel sector; India, Vietnam and Indonesia in particular exhibit strong growth. India is expected to be the most promising growth market, given the country's recent GDP growth rates, the scale of its economy, its steel expansion project pipeline and its lack of high quality coking coal reserves.

Chinese demand for HCC, SSCC and PCI coals is forecast to decline at CAGRs of -1.5%, -5.4% and -1.4% respectively: this market will be adversely affected by post-peak hot metal production, decelerating steel demand growth, increased usage of scrap in the metallics mix, and higher productivity in blast furnaces reducing metallurgical coke rates.

Coal Market Overview

2.1.1. Historical metallurgical coal demand

Globally, metallurgical coal demand increased from 700 Mt in 2005 to 1,157 Mt in 2016. Over this period, global demand for HCC has grown at a CAGR of 4.2%. The overwhelming majority of the demand growth of the past decade has been due to China, with Indian demand growth accelerating more recently as Chinese demand has peaked; nevertheless, in 2016, China accounted for 60% of global HCC consumption. The construction sector is the largest consumer of steel and, on an absolute basis, this has driven an unparalleled growth in blast furnace production across the 2005-2016 period. After China, India and JKT[1] were the major consumers of HCC between 2005 and 2016, consuming 37 and 70 Mt of HCC respectively in 2016. Japan alone consumed 40 Mt in 2016, while South Korea and Taiwan consumed 19m and 6m tonnes, respectively.

Figure 4 HCC demand CAGR (2005-2016) [2]

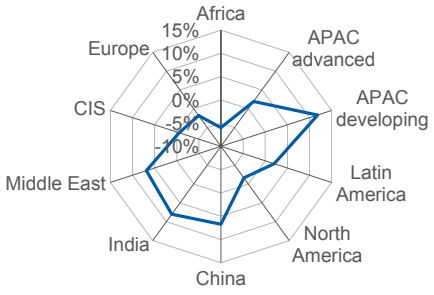
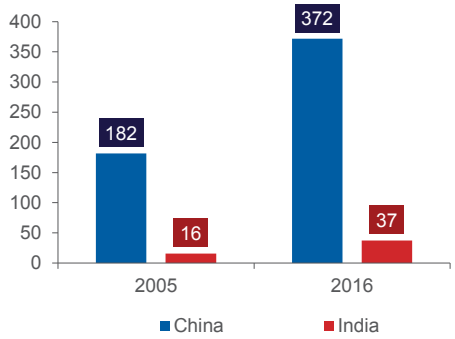


Figure 5 China and India HCC demand, Mt



In the Semi-Soft market, global consumption has grown at a CAGR of 5% between 2005 and 2016, with Chinese consumption commanding 81% of demand in 2016 at 301 Mt, while the next largest demand regions of India, APAC Advanced, Europe and the CIS each consuming 10-20 Mt in 2016. Amidst the backdrop of the Global Financial Crisis (GFC) in 2009, demand for SSCC plummeted -25% from 276 to 208 Mt, only to recover by 38% to 286 Mt in 2010; however, steel production, and subsequently demand for coking coal, has since decreased due to abating macroeconomic growth, and global SSCC consumption fell into a modest decline of -1.1% in 2015.

Global PCI consumption was 167 Mt in 2016, having grown at a CAGR of 8%. China accounted for 69% of PCI consumption in 2016. APAC Advanced and Europe were the next largest

[1] Japan, South Korea and Taiwan.
[2] APAC Advanced = JKT, Australia & New Zealand; APAC Developing = all of Asia less APAC Advanced, China and India; CIS = Commonwealth of Independent States (former Soviet Union)

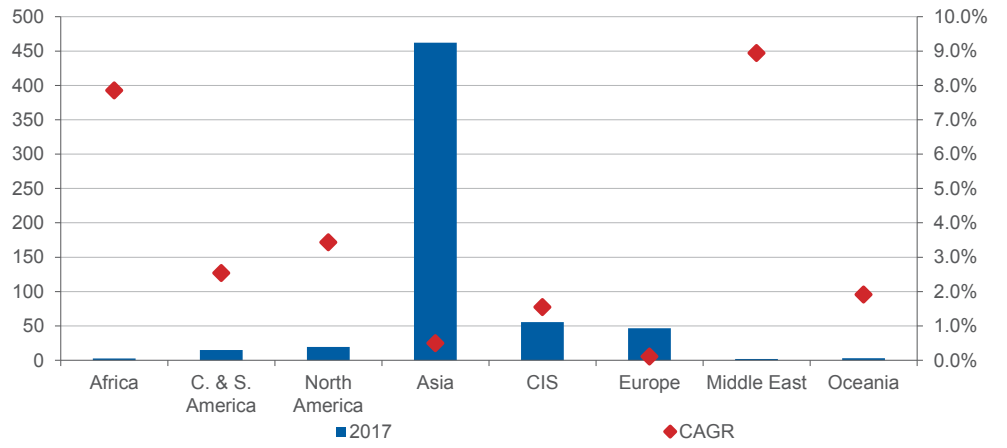
consumers, with PCI demand of 21 Mt and 15 Mt respectively; the rest of the world makes up just 10% of consumption.

2.1.2. Forecast metallurgical coal demand – Short-term (2017-2019)

Global consumption of HCC, SSCC and PCI is forecast to be 605 Mt, 349 Mt and 167 Mt respectively in 2017. So far this year, there has been renewed optimism concerning the Chinese steel sector's output, following the release of better than expected economic data, particularly in the real estate sector. Most recently, the Chinese Purchasing Managers' Index (PMI) for the steel sector climbed to 54.9 in July from 54.1 in June, the highest level in 14 months. Chinese steel demand has been firm, which has boosted steel prices, pushed up margins at steel mills and encouraged restocking of raw materials. However, the forecasted slowdown in Chinese steel demand at the end of 2017 has begun to bite, as the country's overhanging debt burden causes a curtailment of credit growth, leading to a pullback in demand.

In the short-term, CRU forecasts that a divergent trend will begin to emerge between the metallurgical coal products. HCC and PCI demand is forecast to increase, as steel mills seek higher quality products to improve productivity; this includes China, where this trend partially offsets a slight overall reduction in demand for metallurgical coal. Conversely, SSCC demand is forecast to bear the brunt of reductions in the pursuit of productivity. Despite SSCC consumption growth in emerging steel-producing regions, the requirement for higher-CSR[2] metallurgical coke, for use in larger, more productive blast furnaces, will result in significant demand decreases in China and India.

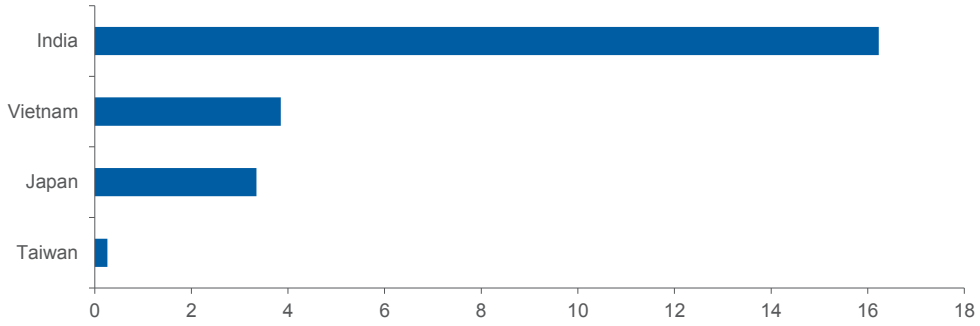
Figure 6 Hard Coking Coal demand, Mt



[2] Coke strength after reaction – an indicative strength test for metallurgical coals

Hard coking coal demand is forecast to increase slightly between 2016 and 2019, growing 14 Mt to 635 Mt. The main driver of this growth will be India, where consumption is forecast to rise by 16 Mt to 54 Mt. Other key contributors to HCC demand in Asia include Vietnam and Japan. In Vietnam, we expect HCC demand to increase by ~4 Mt over the next 3 years as hot metal production is expected to grow. Conversely, Chinese HCC consumption is expected to decline by 16 Mt, negating much of the growth seen elsewhere in the Asia region.

Figure 7 Incremental HCC demand in Asia, Mt



Chinese SSCC demand is forecast to decline from 304 Mt in 2016 to 257 Mt in 2019, while Indian demand will also decrease -5.5 Mt to 13 Mt. Despite growth in demand across other regions over this period, the combined reduction from these two countries is enough to weigh on global demand growth. As such, global SSCC consumption will decrease from 370 Mt in 2016 to 326 Mt in 2019. Meanwhile, global PCI demand is forecast to increase slightly between 2016 and 2019, growing 0.7 Mt to 168 Mt. The main driver of this growth will be India, where consumption is forecast to rise by 2.2 Mt to 8.4 Mt. Chinese demand will decline by 4.2 Mt to 111 Mt, in line with the wider fall in demand for steel raw materials.

Further out beyond 2019, we expect to see two key trends emerging: firstly, a global push towards higher productivity in blast furnace; and secondly, greater usage of scrap in Chinese steel-making and the blast furnace. Both of these patterns will negatively impact metallurgical coal demand. However, it is important to note that as iron-makers look to achieve higher productivity in the blast furnace, it will be achieved through consuming a greater proportion of higher quality coal (i.e. HCC) in coke making.

2.2. Upside and downside metallurgical coal demand drivers

2.2.1. Metallurgical coal upside – low quality Indian met coal and Indian steel boom

From the perspective of a seaborne metallurgical coal producer, the most promising growth market is India. Indian steel production is a key factor in the outlook for metallurgical coal prices,

given both its huge potential for steel production growth and its lack of high quality coking coal reserves. Based upon historical analysis of developing countries during their periods of rapid steel demand growth, CRU assumes that the increase in steel demand is primarily met by increased domestic steel production, based on the BF/BOF route. The latest indicators for the construction sector, such as construction goods IP, suggest that activity will remain resilient in the near-term. We forecast construction output growth to accelerate to 5.2% in 2018, up from 2.4% this year; as a result, Indian hot metal production is forecast to rise over the next few years, which will support metallurgical coal imports.

While India is a large and growing producer of thermal coal, the country has very low and poor-quality/high-ash reserves of coking coal, which are assessed to be SSCC at best. While we expect that washed coking coal capacity will gradually rise in the next few years, India will nevertheless be required to increase metallurgical coal imports significantly in order to meet domestic requirements for higher steel production. Looking more closely, India has ~52 Mt/y of metallurgical coke production capacity – sufficient to meet the domestic requirement of ~43 Mt/y; and yet Indian coke imports are high, averaging 3.8 Mt/y between 2012- 2016. Indian merchant metallurgical coke producers have been reporting losses since 2012 and it seems there is no end in sight to this situation. Our analysis shows that many Indian merchant metallurgical coke producers have higher costs relative to Chinese metallurgical coke producers' delivered costs to India, as there is a large volume of capacity that does not have heat and by-product recovery.

2.2.2. Metallurgical coal downside – Scrap and its impact on raw material demand

Following the closure of Induction Furnaces (IF) in China, much of the scrap that was being consumed by IFs quickly became available to the integrated (BF/BOF) sector and scrap rates in this sector lifted accordingly. At the heart of the current dynamic is relatively strong demand for steel which supports strong steel prices. During this market price environment, mills are prepared to pay higher prices for scrap because of the immediate volume uplift it provides, and this is driving prices and recovery rates higher. In fact, some mills are reaching a technical limit on the consumption of scrap in the BOF and, increasingly, scrap is being put into the BF to maximise hot metal production.

Scrap is off-setting demand for hot metal and bulk raw materials – in that steel mills are choosing to use scrap to provide an immediate uplift to volumes. However, this is more a function of current conditions whereby mills want to take advantage of high steel prices today. Over the next three years, our forecast is that demand and steel prices will fall from current levels. At the same time, mills will return from maintenance outages and production capacity will lift, reducing the need for scrap, while bulk raw material prices are also forecast to fall. These factors will remove the price support we are currently seeing and scrap prices will fall both in absolute terms and relative to hot metal costs. As such, we don't believe there has been a paradigm shift in steelmaking and steel mills will return to a more normal operating mode in the near-term.

However, current operating practices have, perhaps, shone a light on how the Chinese industry will develop as scrap becomes more available; and the major wave of Chinese end-of-life construction scrap is forecast to arrive in the mid- to late-2020s.

2.3. Metallurgical coal supply

Global metallurgical coal supply increased from 992 Mt in 2010 to 1.16 Bt in 2016. China and Australia accounted for 62% and 16% of global metallurgical coal supply in 2016, respectively. HCC production in 2016 accounted for 54% of global metallurgical coal supply, with SSCC and PCI accounting for 32% and 14% respectively.

Figure 8 Largest countries by apparent production of metallurgical coal, 2016 (Mt)

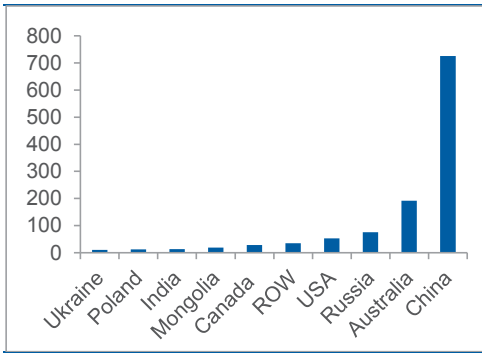
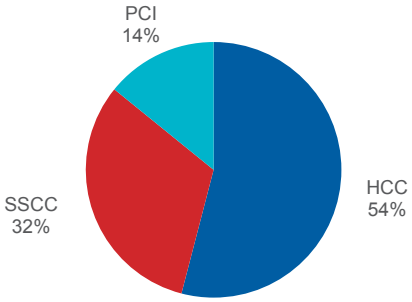


Figure 9 Metallurgical coal supply by product type, 2016 (%)



Apparent production: demand plus net exports

Supply of HCC, SSCC and PCI coal is forecast to exhibit CAGRs of 0.04%, -4.2% and 0.8% respectively between 2016 and 2019, as global supply of metallurgical coal is forecast to decrease from 1,163 Mt in 2016 to 1,123 Mt in 2019.

In the HCC market, CRU forecasts a net addition of 17 Mt of supply in 2019 compared to 2017. Growth in supply – predominantly from Australia (+6.6 Mt), Mozambique (+8 Mt), North America (+2.6 Mt) and Russia (+3.3 Mt) – will offset declines in production in China (-19 Mt), Mongolia (-1.6 Mt) and Ukraine and the Czech Republic (both -1 Mt).

In the SSCC market, the quantity of new supply coming online is small, and this is insufficient to offset the loss of supply from depleting and high cost mines. Despite an additional 2.1 Mt /y by 2019 of Australian production, 1 Mt /y from Russia and 0.6 Mt from Indonesia, global SSCC production is forecast to fall by 45 Mt from 2016 levels to 324 Mt in 2019. Driving this decrease will be China, where production is forecast to fall 45 Mt to 246 Mt; and this is further supported by a fall in production in India, Europe, North America and Africa.

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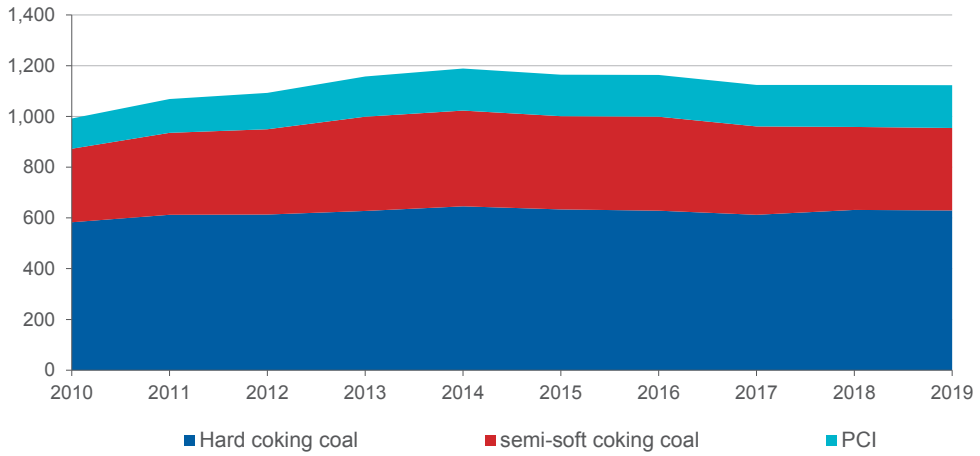
Global PCI meanwhile is forecast to reach 169 Mt in 2019, an increase of 4 Mt compared to 2017. The biggest contributors to this growth will be China, where production will increase by 4.5 Mt to 97.8 Mt over the same period. Indonesian production will increase by 1 Mt to 2.8 Mt in 2019. Elsewhere, continued pressure and sanctions on North Korea will erode PCI production, of which most is destined for China.

Figure 10 Global metallurgical coal production, Mt



2.3.1. Reserves, resources, projects and expansions

The outlook for additional supply includes greenfield mines that are currently operating but will increase output, such as Moatize and Grosvenor; mines that have restarted production in response to higher prices, such as Integra and Wolverine; and greenfield projects that are currently under development, e.g. Byerwen.

In Australia, CRU is forecasting 28.7 Mt of additional metallurgical coal supply in the 2016-2019 period. Some 30 Australian mines are forecast to increase output or start up in the period; the largest additions of these are shown on the following chart:

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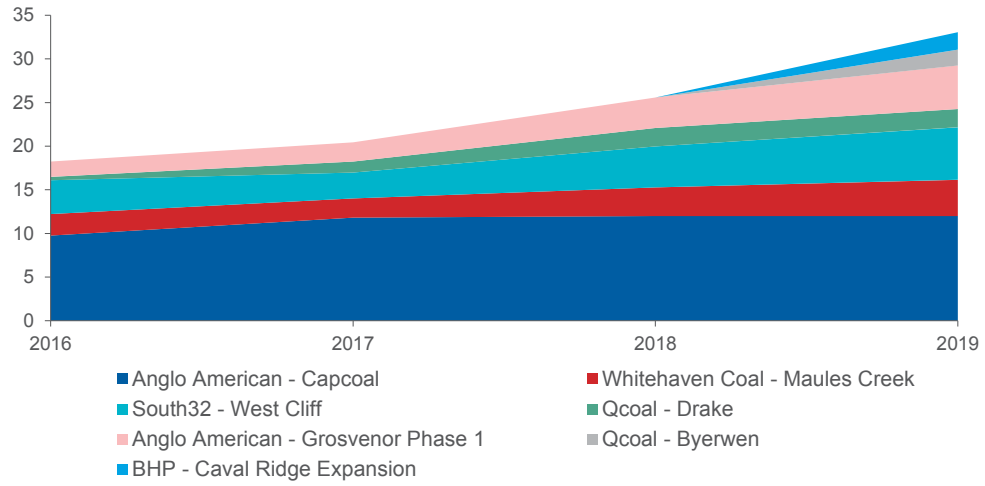
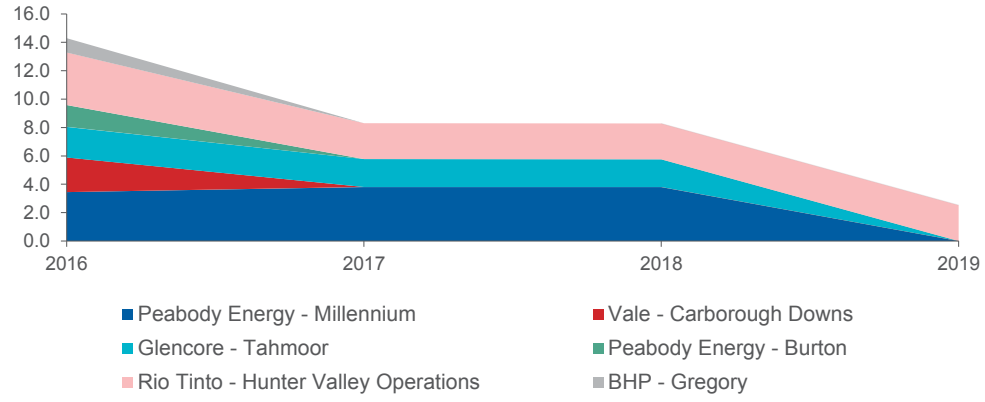
Figure 11 Supply additions in Australian mines, Mt



However, we also forecast a loss of 13 Mt of output due to the depletion of mines such as Tahmoor and Millennium. Overall, Australian metallurgical coal exports are expected to increase by 9.5 Mt from 2016 to 2019, reaching 198 Mt.

Figure 12 Australian supply depletion, Mt



In other regions, Mozambican metallurgical coal exports are forecast to rise from 3.7 Mt in 2016 to 11.7 Mt in 2019 due to the ramp-up of Moatize. As such, Vale's Moatize ramp-up will be the largest source of additional premium HCC supply over the forecast period. Russian exports are forecast to rise from 32.6 Mt (2016) to 34 Mt (2019), as a number of new projects increase seaborne shipments. Mongolian metallurgical coal exports are forecast to fluctuate between

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17.3-18.4 Mt in the 2017-2019 period due to Chinese import demand volatility. The below table provides a list of announced expansions and projects worldwide.

Table 3 List of announced expansions and projects worldwide, excl.-China

Country	Company	Project Name	Product	Added Capacity	First Production	Assessment
Canada	Kameron Collieries	Donkin	HCC, thermal	2.75	2017	Operational
Russia	Tigers Realm	Amaam North (Project F)	HCC	1.00	2017	Operational
USA	Ramaco	Elk Creek	HCC	2.60	2017	Operational
USA	Corsa Coal	Acosta	HCC	0.4	2017	Operational
Australia QLD	Qcoal	Byerwen	HCC, thermal	8	2018/19	Committed
Australia QLD	Cockatoo Coal	Baralaba North	PCI	2.5	2018	Committed
Mongolia	Mongolia Energy Corporation	Khushuut	SSCC, thermal	0.51	2015	Committed
Russia	Koks Group	Tikhova	HCC	2.30	2018	Committed
USA	Ramaco	Berwind	HCC	0.9	2017	Committed
USA	Quest Energy	Carnegie 2	HCC	0.2	2018	Committed
Australia NSW	Yancoal	SEt Open Cut Project	SSCC	1		Probable
Mongolia	Gobi Coal and Energy	Shinejinst	SSCC	2.91	2018	Probable
New Zealand	Bathurst Resources	Escarpment (Buller)	HCC	1		Probable
Australia NSW	Whitehaven	Vickery	SSCC	2.3		Possible
Indonesia	Cokal	PT TBAR	HCC, SSCC	6		Possible
Indonesia	Cokal	PT BBP	SSCC	2.1		Possible
Mozambique	Beacon Hill	Minas Moatize	HCC	0.8		Possible
Poland	Prairie Mining	Lubin	SSCC, thermal			Possible
Russia	MMK	Belon (expansion)	HCC	2.50		Possible
Russia	NLMK	Zhernovskoye-1	HCC	3.60	2018	Possible
Russia	NLMK	Usinsky-3	HCC	2.70	2018	Possible
USA	Warrior Met Coal	Blue Creek Project	HCC	2.7-3.6		Possible

CRU. HCC=hard coking coal, SSCC=semi-soft coking coal, PCI=pulverised coal injection

CRU believes that there is 50 Mt worth of coking coal projects that are due to come online between now and 2019, of which ~13.8 Mt will be from Australia. Russia is the next largest country in terms of additions with 7.7 Mt, followed by Indonesia and the USA with 8.1 Mt and 7.7 Mt respectively.

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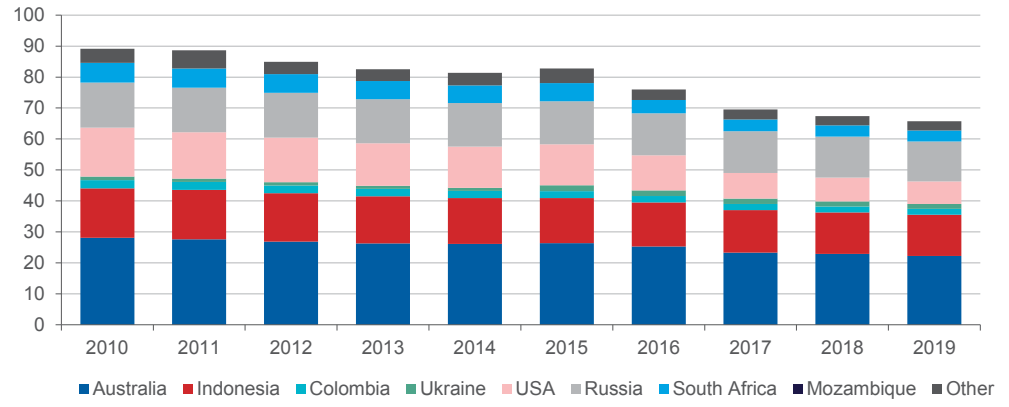
Figure 13 Global metallurgical coal reserves, ex-China, bn t



In China, the colossal scale of coal output demonstrates that the country is extremely well-endowed with coal resources. However the fact that, in recent years, coastal mills in particular have been sourcing a significant amount of their HCC and good quality PCI from abroad, suggests that domestic supplies of certain coals are limited, whether from a resource availability or cost perspective. In fact, reserve data show that only 26% of China's coal resource is suitable for coke making and that, of this, around one-third constitutes "hard coking coal" under the typical Western classification.

2.3.2. Risks to supply growth

Weather-related production losses in Queensland

There is a risk of weather-related supply disruption in Queensland, Australia over the forecast period. The closure of mines, ports and rail lines, following the impact of Cyclone Debbie, led to a temporary stoppage of coal exports from Queensland from March 2017. As a result, HCC spot prices spiked to $270/t FOB Australia in April. Overall, weather-related issues are noted as one of the significant risks to supply growth over the forecast period: the *Australian Bureau of Meteorology* reported in November that there is a 50% chance of La Nina occurring during the Australian summer, thereby raising the possibility of a wetter-than-average season, particularly in Queensland.

Booming Mongolia coal exports

Mongolian coking coal exports are highly responsive to price. Our analysis suggests that these exports have increased historically when seaborne coking coal prices are high relative to domestic Chinese coking coal prices. Indeed, Mongolian coal has been a back-up option for certain Chinese steel-makers when seaborne supply has been constrained, including in April

and May 2017 in the wake of Cyclone Debbie. Furthermore, exports have also increased when there are domestic shortages of coking coal in China. Nevertheless, we believe that there will not be significant displacement of seaborne coking coal imports, given that the majority of steel-makers buying Mongolian coking coals do not buy from the seaborne market. At present, steel-makers in Hebei and Liaoning have a preference for higher quality seaborne coking coals, particularly those with a high CSR; therefore, we expect demand for Mongolian coking coals to fall while steel margins remain robust. Seaborne supply also continues to recover after the output loss caused by Cyclone Debbie earlier in the year and as marginal producers increase exports.

Chinese cost inflation

Our view, based on a combination of primary research and economic modelling, is that cost inflation will return to the Chinese industry as profitability improves, while the cost reductions that have occurred in recent years are not expected to be sustained. Salary cuts, in particular, have been a significant driver of cost deflation in recent years and, given that wages in the country are rising quickly, we believe that such low labour costs are not sustainable in the medium-term. The Chinese government is attempting to control supply in order to maintain a Bohai Rim Steam Price Index (BSPI) of between RMB500-570/t, which we believe is around the marginal cost level in China. We expect that targeted price levels will be modified, as industry costs change, in order to maintain sustainable levels of profitability for the domestic coal industry. Our medium-term outlook assumes that metallurgical coal prices will fluctuate around the 90th percentile of the Chinese metallurgical coal cost curve. Therefore, a faster rate of cost inflation would lift prices relative to our base case in the medium-term.

2.4. Price outlook

Chinese supply-side policies have been, and will remain, a key determinant of seaborne metallurgical coal prices in the medium-term. The Chinese government has implemented a number of policies in the last couple of years to address the structural oversupply in the domestic coal industry, while also attempting to improve the long-term competitiveness of the sector and overall standards of safety. In that regard, older and higher-cost mining capacity is being replaced with greenfield operations located in new mining areas. Through the successful implementation of a number of policies, the Chinese government has shown with a fair amount of clarity that it will intervene when necessary to manage the domestic coal industry. The government's key aims are as follows:

1. *Sustained levels of profitability* – at the start of 2016, the vast majority of Chinese coal mines were losing cash, and the situation was made further untenable due to the high debt gearing in the industry. The '276 working days' policy, which restricted supply and caused prices to

surge, demonstrated the government's ability and desire to improve the profitability of coal mining groups.

2. *Mine safety* – health and safety at mine sites has improved markedly over the last few years, as the number of accidents and fatalities at Chinese coal mines has dropped sharply; however, safety records remain poor by global standards. Widespread safety checks in 2017 and the programme to shut down less efficient and more labour intensive operations demonstrates the government's desire to improve mine safety.
3. *Increased competitiveness* – the government is strictly implementing plans to permanently close smaller and less competitive mines, which will offset some of the capacity coming online from larger, more efficient greenfield mines.

Given the extremely high levels of debt in the coal sector (the debt of the top 7 coal producers in Shanxi has reached RMB1.3 trillion, surpassing the GDP of the entire province), the Chinese government will need to continue to manage supply in the medium-term, such that mining operations are able to generate sufficient levels of cash to support restructuring of the sector.

Much like the global coal industry, Chinese producers responded to the prolonged market slump during the 2012-2016 period by minimising costs through mass labour lay-offs, salary reductions, and delayed investment in parts, spares and consumables. However, a vast majority of the cost-cutting that occurred was unsustainable and, since the price has rallied in 2017, costs have risen – albeit from an artificially low base; unit costs at operations producing largely coking coal have increased by an estimated ~30-70% in local currency-terms from the low point just prior to the implementation of the '276 working days' policy in April 2016.

All of the above points, taken collectively, mean that the health of the Chinese industry is now important to global metallurgical coal prices. CRU believes that average costs at operating Chinese coal mines are likely to increase (albeit marginally) in the medium-term. Rising wages and increasingly-challenging geological conditions are the two main factors that underpin this view.

The other key assumptions that determine our price forecast are as follows:

- *Seaborne supply*: additional supply is forecast to come online in Australia, Russia, Indonesia, USA, Mozambique and Canada. New supply will offset mine depletion, while high-cost supply in the USA, Indonesia, Mozambique and Australia will be forced to close.
- *Chinese imports*: Chinese import demand is forecast to swing in and out of the market in the medium-term due to the implementation of supply policies.
- *Seaborne imports outside of China*: seaborne import demand is forecast to increase in India, Japan, Europe, Latin America and Southeast Asia in the medium-term, which is expected to more than offset the decline in Chinese import demand.

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Through the combination of all these factors, CRU forecasts that the spot metallurgical hard coking coal price will be $140/t, real 2016, in 2019.

Table 4 Metallurgical coal contract prices, calendar year, 2014-2019, FOB Australia, $/t

	2014	2015	2016	2017	2018	2019
Nominal contract prices, FOB Australia						
- Hard coking coal	126	102	114	183	183	147
- Semi-soft coking coal	92	78	85	131	119	118
- PCI	104	84	88	139	128	122
Real (2016) contract prices, FOB Australia						
- Hard coking coal	128	103	114	180	178	140
- Semi-soft coking coal	95	79	85	129	115	112
- PCI	106	85	88	137	124	116

Key developments since previous forecasts were published (Nov 2017):

1. Coking coal spot prices jumped in the final few weeks of 2017, driven by disruption at Dalrymple Bay Coal Terminal (DBCT) and strong spot demand from steelmakers in India, Europe and Japan. The premium, low-vol hard coking coal spot price rose by $23/t in the final two weeks of December to $255/t, FOB Australia.

2. The market has cooled in the first few weeks of January. Throughput at DBCT has improved in January, following an 11% y/y decline in December. Furthermore, seaborne buying interest has dampened and the premium, low-vol hard coking coal price has retreated to ~$230/t, FOB Australia.

3. Hard coking coal prices in Shanxi province increased by RMB100-145 /t m/m by mid-January, however, CRU estimates that domestic premium hard coking coal prices are $15-20/t cheaper than seaborne prices. The increasing differential has resulted in Chinese steelmakers turning away from the seaborne spot market in January.

4. BHP announced that it had reduced its met. coal production guidance for FY2018 to 41-43 Mt (N.B. equity tonnes), down from 44-46 Mt previously, due to challenging roof conditions at Broadmeadow, which are expected to continue in the March 2018 quarter, as well as geotechnical issues caused by wet weather at Blackwater.

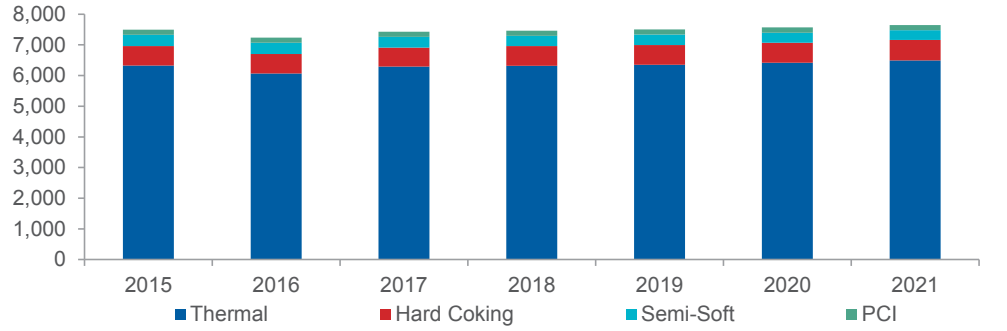
3. Market outlook – Thermal coal

As Bounty has a secondary product of thermal coal (TC) coming online in approximately 2020, CRU has provided a brief overview of the thermal market below. The product itself is of excellent quality and is highly marketable.

3.1.1. Market size

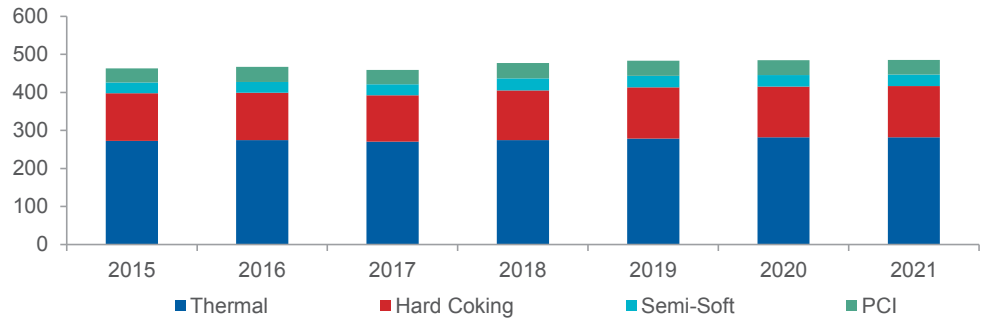
The clear majority of the world's coal – 84% in 2016 – is classified as thermal, rather than metallurgical. This means that it has unsuitable/insufficient qualities to be of use to the steel-making industry, and instead is used for power generation and, to a much lesser extent, cement production and other uses.

Figure 14 Global coal market size by production, Mt



Given its excellent resources of high-quality coal, this comparison is slightly closer to parity for Australia. The region is a major producer, generating 6.5% of the world's coal in 2016: 16.5% of the world's metallurgical coal, but just 4.5% of its TC.

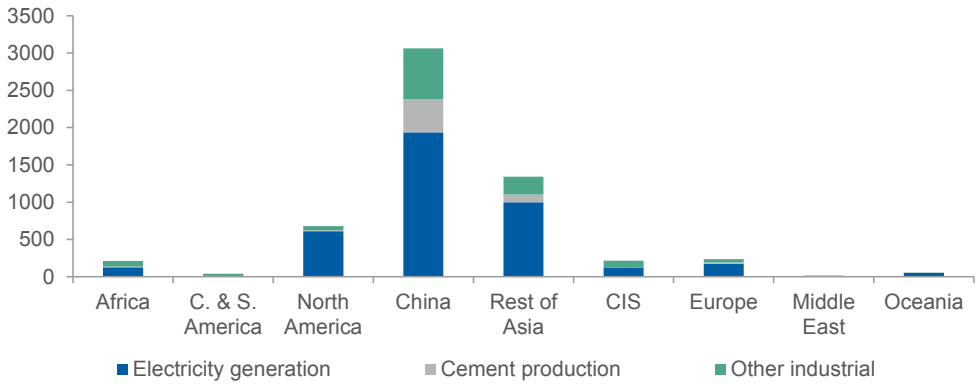
Figure 15 Australian coal market size by production, Mt



3.1.2. Historical and short-term view

Global TC demand grew at a CAGR of 2.8% between 2006 and 2016, as consumption grew from 4.4 bln tonnes to 5.9 bln, predominantly due to electricity generation (68%; cement production 9%, other industrial uses 23%). Having averaged 4.3% y/y growth 2007-2014, global demand fell by 3% y/y in both 2015 and 2016. This decrease in demand was chiefly driven by China, where total demand fell by 3.4% y/y in both years. Asia was by far the biggest market for all these end uses, with China and India combined commanding over half of demand for TC in electricity generation. China also consumed, on average, over 70% of all TC used in cement and 55% in other industrial uses over the historical period.

Figure 16: TC global consumption by end use, 2016, Mt



After global demand contractions in 2015 and 2016, CRU anticipates a rebound in 2017 of 1.8% year on year, and a 2017-2019 CAGR of 0.4%. This is driven by a 2% CAGR in cement production and 1% in electricity generation demand, but pared back by a 2.6% reduction in other industrial use demand.

Few parts of the world see a shrinking demand for TC in the short term. By far the world's greatest consumer, Asia is also perhaps the most interesting growth story, as consumption rises by 44 Mt to 4.6 Bln t, despite a forecast 93 Mt decrease in the world's largest single end use market of China. Electricity demand has historically been correlated to intensive industries such as steelmaking and manufacturing, which consumes over 70% of China's total power output; however, this relationship is slowly changing, as the GDP growth rate in the country shifts to an economy based on services and consumerism. Meanwhile elsewhere in Asia, the Indian government has mandated power generation as a key component of its economic development and initiated the development of *Ultra Mega Power Projects* (UMPPs) to increase the country's new power-generating capacity: Indian TC demand will continue to grow at a rapid CAGR of 6.25%, from 808 Mt in 2017 to 912 Mt in 2019. South Korea has begun to enact plans to reduce

air pollution, which involves the gradual shutdown of 10 of the country's oldest coal-fired power plants; however, this loss will be largely offset by growth in cement production. Indonesian demand has been increasing over the last few years and is expected to continue growing rapidly, due to industrialisation and government pushes for a higher electrification rate. Pakistan is expected to have the strongest growth over this period, as demand grows at a CAGR of 34% from 10 Mt currently to 18 Mt in 2019.

In Europe, the story is tied to the changing energy profile, as renewable and alternative sources of energy increase in popularity; as such, demand is forecast to decline at a CAGR of 2.2%. Demand in the UK is forecast to exhibit the worst decrease of any country over the short-term forecast period, with a CAGR of -25.7%. All other global markets – America, Africa, the CIS and the Middle East – show a very slight (0-1% CAGR) growth story out to 2019.

3.1.3. Key market trends

In the medium-term, Central and South America will exhibit the strongest growth from a low base, while the largest absolute increase in consumption will again be in Asia. Leading this increase is India, which has a large amount of coal-fired power capacity, currently under various stages of construction, expected to come online by 2021. Super-critical boilers tend to operate using coals of specific qualities, creating demand for higher-quality imported coal. Contributing to a lesser extent, Vietnamese and Indonesian combined demand is forecast to increase consumption by 30 Mt. Vietnam is forecast to be the largest seaborne thermal coal market in South East Asia by 2021, despite coal-fired power generation currently being the third largest source of power supply in the country. The Vietnamese government is pushing coal as the main driver of power generation growth, due to its reliability and cost competitiveness; accordingly, Vietnam is in the process of doubling the generation capacity of coal-fired power plants and this will bring total installed capacity to 37 GW by 2021.

Offsetting the growth in other parts of Asia, Chinese TC demand will abate significantly. End-use demand is set to consolidate and will be predominantly driven by the power, cement and fertilizers sectors. The utilisation rate of coal-fired power plants hit a record low in 2016 (49%) due to a glut of capacity and competition from other fuel sources, in particular nuclear and renewable generation. This competition is forecast to intensify in the medium-term and the nation's coal share of power generation is expected to fall.

Of all the major commodities, it *could* be argued that thermal coal currently faces the greatest downside, structural risk to demand in the next 10-20 years. The link between greenhouse gas (GHG) emissions and climate change has been discussed for many decades, but only in recent years have steps towards meaningful action been taken and agreed upon by the governments of major countries. Nevertheless, due to current observable patterns – such as population growth, industrial usage growth and increasing global electrification (in particular, recent developments

in the electric vehicle sector) – CRU forecasts long-term (out to 2035) global TC demand growth at a CAGR of 0.5%.

At a national level, there are numerous negative stories for TC demand growth. CRU believes that energy and electricity demand has peaked in the USA and will decline gradually in the long-term, due to continued increases in fuel efficiency that has reduced the emissions intensity of GDP in recent years. China will continue to reduce its reliance on thermal coal and demand is forecast to fall to 2.6 bn t by 2035. Although China's overall energy demand is set to peak in the early-2030s, electricity generation continues to grow. The contributing factors to a decline in Chinese TC demand will be improving efficiency of coal plants, an increase in the share of electricity generation from renewable and nuclear power, and improvements in energy efficiency for heavy industries such as steel. Similarly, CRU forecasts that Japan and South Korea will show small decreases in demand: we believe energy demand and electricity generation has peaked in these mature economies. Japanese TC demand increased significantly from 2012 after its nuclear reactors were switched off, following the 2011 Tohoku Earthquake; however, nuclear power generation restarted in August 2015 following strong advocacy from the government, albeit under stricter safety regulations. Under the country's revised Basic Energy Plan, the long-term nuclear share of the energy mix has been lowered from 26% to 20-22% by 2030, paving the way for heavier reliance on fossil fuels, in particular coal-fired power generation. As such, CRU does not expect nuclear power generation to grow rapidly, but its re-emergence will take Japanese coal imports off recent highs.

Whereas for Asia as a whole, TC demand is forecast to grow at a CAGR of 0.6%, meaning consumption will rise from 4.7 Bln t in 2024 to 5 Bln t in 2035. Indian thermal coal demand is forecast to grow at a CAGR of 2.5% as consumption increases to 1.6 Bln t per annum in 2035 (cf. 774 Mt in 2024). India will be the most significant energy growth market in the years ahead; however, energy intensity of GDP is forecast to be lower than that previously seen in China, as growth with be less centred on heavy industry. Power plant and coal mine capacity plans show that the majority of India's electricity requirements will be generated by coal.

There is a clear divergence between steady declines to demand in developed countries, and strong increases in emerging economies, particularly in Asia. For governments in the latter countries, the primary objective concerning power is to increase electricity supply to their people; and for this, coal generation is the most economic and technologically-simple solution currently known.

4. Value in Use for Cook Colliery's products

This section makes use of CRU's value in use ("VIU") model to assess the price premia and/or discounts that Cook Colliery's products are expected to receive in the market, as a result of the beneficial or detrimental qualities that the coal will afford its end user relative to benchmarks. CRU has received indicative specifications from Bounty regarding the two products – an HCC and a TC – that are intended to be produced at the Cook Colliery mine. It has also received estimated production quantities for each product from Bounty: 1Mt of HCC and 0.2Mt of TC in 2018, and 1.5Mt HCC and 0.3Mt TC in 2019.

4.1.1. Hard Coking Coal

Metallurgical coal makes up the majority of Cook Colliery mine's production and revenue generation. The factors that CRU looks at when calculating value-in-use for HCC are as follows:

- Coke strength after reaction (CSR)
- Fixed carbon
- Ash
- Volatile matter (VM)
- Fluidity
- Inherent moisture
- Sulphur

Using the indicative specifications for Cook Colliery's HCC, as provided by Bounty, we were able to compare the expected performance of this coal against CRU's Australian HCC Spot FOB benchmark[3]. The value-in-use comparators in the specifications are given below:

Table 5 Comparison of value-adjusting specifications, Cook Colliery HCC vs CRU benchmark

	Benchmark premium HCC	Cook Colliery HCC
CSR	74	50
Fixed carbon	67.3%	64.8%
Ash	10.5%	7.50%
VM	20.7%	26.0%
Fluidity	400	1000
Inherent moisture	1.5%	1.7%
Sulphur	0.60%	0.40%

Based on CRU's HCC price forecast, as well as the discounts and premia that variations from the benchmark achieve in the present market, CRU was able to calculate a value-in-use figure for Cook Colliery's HCC today. These price adjustments have also been forecast through to

[3] Prices for Australian spot hard coking coal are FOB Australia, $/ t, including moisture content, for premium hard coking coal with low volatile matter of 20-21%.

Coal Market Overview

2019, using trends in the demand patterns for metallurgical coal, as well as views on the quality of supply coming to market through the forecast period. This has allowed us to calculate the expected prices that Cook Colliery's HCC will achieve in 2018 and 2019.

Figure 17 Cook Colliery hard coking coal value in use, 2018, US$ per tonne (real 2016)

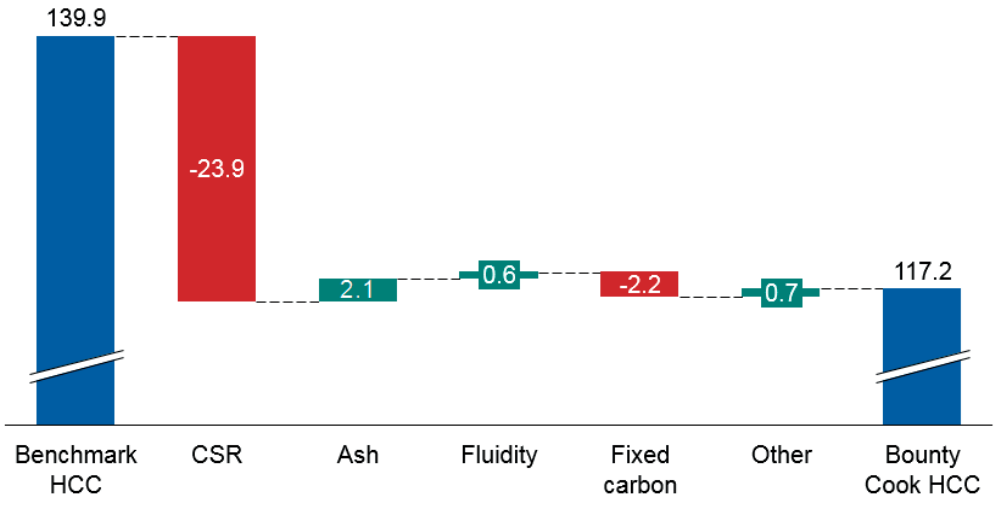
Cook Colliery's HCC is expected to be discounted to premium HCC by 28.4% in 2018.

The results of our analysis show that by far the greatest adjustment applied to Cook Colliery's HCC is the CSR discount. CSR is a laboratory-simulated measure of the performance that the coal will achieve inside the blast furnace, and it is one of the key considerations in trading metallurgical coal. Cook Colliery's HCC has an indicative CSR value of 50 versus the benchmark 74; and this lower value is heavily represented in the value-in-use discount applied to it, reducing the overall value by 29.8% in 2018. This discount is also forecast to slowly but steadily increase over time relative to the other adjustments, due to higher capacity utilisation in the Chinese iron-making sector creating a drive for higher productivity, and so higher quality raw materials. However, this is offset by compression of the discounts due to lower prices going forwards, and so while a greater proportion of the VIU, the CSR adjustment is just 17.1% in 2019. The remaining adjustments are largely balancing, with a slightly lower than average fixed carbon component partially offsetting improvements driven by low ash and high fluidity.

Year-on-year changes are primarily driven by the underlying HCC benchmark price forecast and compression as the benchmark falls; the overall VIU discount falls to 16.2% in 2019.

Coal Market Overview

Figure 18 Cook Colliery hard coking coal value in use, 2019, US$ per tonne (real 2016)



4.1.2. Thermal Coal

Cook Colliery mine produces a small amount of a secondary thermal product, for ultimate sale into the power-generation and cement production industries. Whilst thermal coal is necessarily a lower value product than metallurgical coal – since the latter has the superior reaction and heating qualities required to fuel an iron-making blast furnace – the thermal product that Cook Colliery anticipates is very high quality and will command a significant premium to even the highest-grade thermal benchmark, the Newcastle 6000 Kcal/kg.

Table 6 Comparison of value-adjusting specifications, Cook Colliery TC vs CRU benchmark

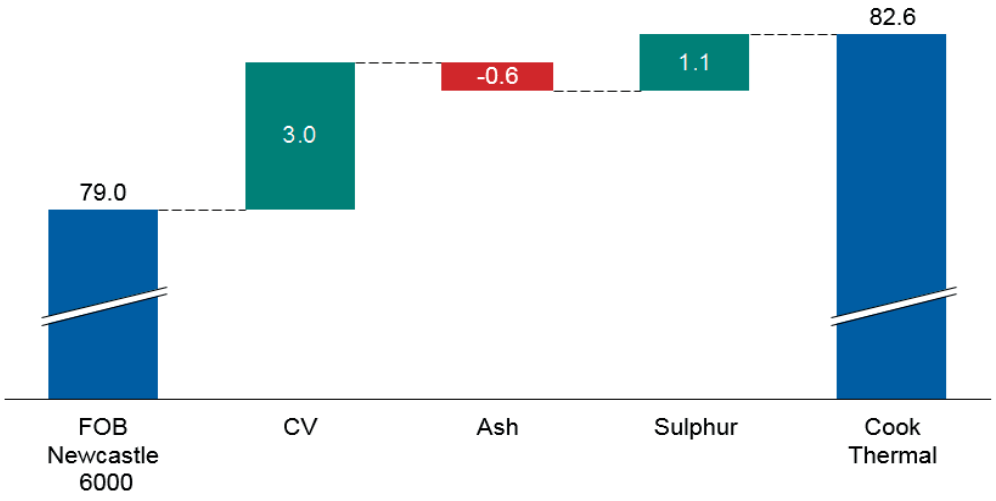
	Unit	Benchmark TC[1]	Cook Colliery TC
CV (net as received)	(Kcal/kg)	6000	6230
Sulphur	%	0.75	0.4
Ash	%	13	14.5

(1) CRU Australian Thermal Coal Bituminous Spot FOB

The main value driver for thermal coal is always its energy content, typically measured as a calorific value. Cook Colliery's thermal coal, which surpasses the bituminous coal benchmark by 230 Kcal/kg NAR, or 4%, would be easy to place onto the market and command a significant premium. Ash has also become an important concern for many countries, as they seek to reduce polluting emissions through 'greener' coal. Many countries have placed regulatory restrictions on the ash levels of coal imports, and as such, regardless of thermal quality, coal with ash levels >20% are extremely difficult to place onto the seaborne market.

Coal Market Overview

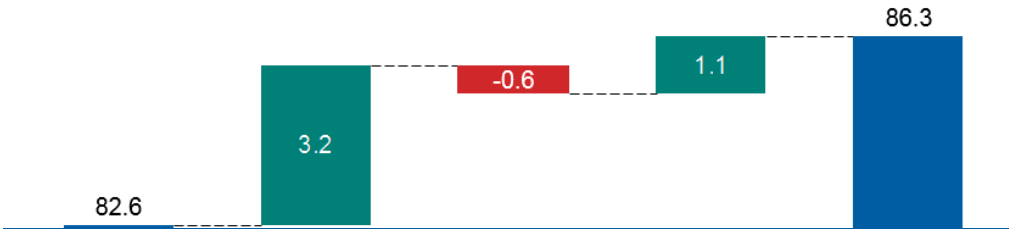
Figure 19 Cook Colliery thermal coal value in use, 2018, US$ per tonne (real 2016)



However, at 14.5% ash, Cook Colliery mine's thermal product is unlikely to be affected by these considerations, and instead suffers only a mild discount, which is more than compensated for by Cook Colliery's low sulphur content.

The picture for 2019 is little changed, with the benchmark bituminous thermal coal rising slightly in real terms by $3.60 per tonne, and the VIU adjustments holding steady.

Figure 20 Cook Colliery thermal coal value in use, 2019, US$ per tonne (real 2016)



ANNEXURE C SOLICITOR'S TENEMENT REPORT

ANNEXURE C SOLICITOR'S TENEMENT REPORT

Lawyers | McCullough Robertson

27 April 2018

The Directors
Bounty Mining Limited
Suit 301, Level 3
66 Hunter Street
SYDNEY NSW 2000

Dear Directors

Independent solicitor's report - Cook, Minyango and Wongai Projects

1 Background

1.1 This independent solicitor's report is prepared for inclusion in a prospectus for the issue of up to 51,428,571 shares in Bounty Mining Limited ACN 107 411 067 (**Bounty**) at an issue price of 35 cents each in order to raise $18,000,000 (**Prospectus**).

1.2 This report relates to:

(a) Bounty Cook Pty Ltd's ACN 444 762 924 (**Bounty Cook**) (a 100% owned subsidiary of Bounty) interest as a sublessee in the sublease over each of the **Cook MLs**, the registered holder of which is Cook Resource Mining Pty Ltd (**Cook Resources**), being the following mining leases (**MLs**):

(i) ML 1768;

(ii) ML 1769;

(iii) ML 1779;

(iv) ML 1799; and

(v) ML 7357;

(b) Bounty Minyango Pty Limited's ACN 107 411 067 (**Bounty Minyango**) 100% equitable interest in the **Minyango Permits**, the registered holder of which is Blackwater Coal Pty Ltd (in Liquidation) (**Blackwater Coal**), being the following tenements:

(i) Exploration Permit for Coal (**EPC**) 699;

(ii) EPC 997;

(iii) Mineral Development Licence (**MDL**) 375;

BRISBANE Level 11, 66 Eagle Street Brisbane QLD 4000 GPO Box 1855 Brisbane QLD 4001 **T** +61 7 3233 8888 **F** +61 7 3229 9949
SYDNEY Level 32, 19 Martin Place Sydney NSW 2000 GPO Box 462 Sydney NSW 2001 **T** +61 2 8241 5600 **F** +61 2 8241 5699
MELBOURNE Level 27, 101 Collins Street Melbourne VIC 3000 GPO Box 2924 Melbourne VIC 3001 **T** +61 3 9067 3100 **F** +61 3 9067 3199
NEWCASTLE Level 2, 16 Telford Street Newcastle NSW 2300 PO Box 394 Newcastle NSW 2300 **T** +61 2 4914 6900 **F** +61 2 4914 6999
W mccullough.com.au **E** info@mccullough.com.au ABN 42 721 345 951

(iv) ML 80173;

(v) MDL Application 424; and MDL Application 465; and

(c) Bounty Mining Investments Pty Ltd's ACN 165 575 815 (**Bounty Investments**) part interest in the **Wongai** exploration permit, being EPC 2334.

1.3 The Cook MLs, the Minyango Permits and EPC 2334 are collectively referred to as the **Tenements**.

2 Purpose of report

2.1 We have been engaged by Bounty to prepare this report for inclusion in the Prospectus.

2.2 Bounty may rely on this report for that purpose. This report has not been prepared for the purpose of analysing particular issues or matters which may be relevant to any other interested parties. We do not accept any liability in connection with this report to anyone other than Bounty.

3 Searches and information received

3.1 For the purpose of this report, we have obtained and reviewed the following information:

(a) material in the data room established and populated by Bounty which we accessed between 6 February 2018 and 23 March 2018;

(b) public resource authority reports obtained from the Department of Natural Resources, Mines and Energy (**DNRME**) on 26 March 2018;

(c) information from the DNRME MinesOnline Mapping system obtained on various dates;

(d) environmental authority (**EA**) information obtained from the Department of Environment and Science (**DES**) on various dates including 31 August 2017, 15 February 2018, and 12 April 2018 (we note some information that we requested is still outstanding);

(e) tenement information obtained from DNRME on 12 February 2018 (we note some information that was requested is still outstanding);

(f) tenement searches obtained from the Department of Aboriginal and Torres Strait Islander Partnerships on 9 February 2018;

(g) search results provided by the National Native Title Tribunal on 9 February 2018;

(h) provided by Caledon Coal Pty Ltd ACN 120 967 839 (In Liquidation) (**Caledon**) on 15 August 2017, 3 August 2017 and 4 September 2017:

(i) native title and cultural heritage agreements for MDL 424;

(ii) land access agreements; and

(iii) overlapping tenement agreements.

3.2 We have also made enquiries with DNRME and DES regarding the compliance status of the Tenements. However, as at the date of this report, some of this information remains outstanding.

3.3 There may be other material contracts that have not been disclosed to us.

4 Scope of report

4.1 This report relates only to matters raised in the material identified at paragraph 3.1 above, and is divided into the following sections:

(a) general tenement information;

(b) overlapping tenements;

(c) native title;

(d) Aboriginal cultural heritage;

(e) European heritage;

(f) environmental issues under the *Environmental Protection Act 1994* (Qld) (**EP Act**);

(g) matters of national environmental significance under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**);

(h) land access; and

(i) the *Regional Planning Interests Act 2014* (Qld) (**RPI Act**).

5 Assumptions and qualifications

5.1 We have not considered any matters other than those raised in the material identified at paragraph 3.1.

5.2 In this report:

(a) we have made no independent enquiries into the accuracy or completeness of any of the material provided to us;

(b) we have assumed and relied on the accuracy of the information provided to us by the PPB Advisory (as liquidators for Caledon Coal Pty Ltd (in Liquidation), CC Pty Limited (in Liquidation) (**CCPL**), Blackwater Coal and Bowen Basin Pastoral Company Pty Ltd (in Liquidation)) and their advisers, and have assumed that the information is complete and is not misleading or deceptive by omission or otherwise;

(c) we have assumed and relied on the accuracy and completeness of all public searches and other information obtained from public searches;

(d) we have assumed that the continued holding of the Tenements is subject to compliance with the terms and conditions of the relevant legislation and any applicable agreements;

(e) where compliance with the requirements necessary to maintain a tenement in good standing is not disclosed on the searches obtained, we express no opinion on such compliance;

(f) references to any area of land are taken from information we have received and the accuracy of any land area has not been verified by survey;

(g) we comment only on the laws of the State of Queensland and of the Commonwealth of Australia as at the date of this document, and have assumed that the report will be construed in accordance with those laws; and

(h) the opinions and information are strictly limited to the matters stated in the Report and do not apply by implication to any other matters.

5.3 This report has been limited to the results of searches and information which could be obtained in the relevant time frame. We note that records disclosed by publicly available searches may not be complete or up to date and we have not, in each instance, made independent investigations or enquiries in relation to such searches.

5.4 We cannot comment on whether any changes have occurred in respect of the Tenements between the date on which the searches were conducted or the information obtained and the date of this Report.

5.5 Where we have made an assumption in this report, this does not imply that we have made any enquiry to verify that assumption, or are aware of any circumstance that would affect the correctness of that assumption.

6 Tenements

Legislative regime

6.1 The *Mineral Resources Act 1989* (Qld) (**MRA**) and the *Mineral and Energy Resources (Common Provisions) Act 2014* (Qld) (**MERCP Act**) together establish a tenure regime that governs the exploration for and production of minerals in Queensland.

6.2 Rights to explore for and produce coal are under various forms of tenure, namely EPCs, MDLs and MLs. These forms of tenure are granted by DNRME under the MRA.

Public resource authority reports and summary of Tenements

6.3 A summary of the Tenements is provided in the Schedule to this report. This information provides a summary of the results of the public searches obtained on 9 February 2018 and 26 March 2018 along with other information obtained from material disclosed during the Caledon and Glencore transactions (defined below).

Cook MLs

Title and interest held

6.4 The public resource authority reports indicate that:

(a) Cook Resources is the registered tenement holder of the Cook MLs;

(b) a sublease is in place over each of the Cook MLs; and

(c) CCPL is currently the registered holder of the sublease.

6.5 Bounty and Bounty Cook entered into the following two agreements to acquire various interests in the Cook MLs:

(a) an agreement with CCPL and Blackwater Coal to acquire their subleased interests, plant and equipment dated 28 August 2017 (**Caledon Transaction**); and

(b) an agreement with Cook Resources to acquire the underlying tenements and assets dated 20 November 2017 (**Glencore Transaction**).

6.6 The Caledon Transaction documents and Glencore Transaction documents are currently with the Queensland Office of State Revenue for stamping. An assessment notice has been issued for the acquisition of the Tenements and other assets sold under both the Caledon Transaction and Glencore Transaction. Once duty is paid and the documents returned, the necessary transfer forms to give Bounty Minyango and Bounty Cook legal title can be lodged.

Term

6.7 An ML can be granted for any period, and can be renewed towards the end of the term.

6.8 The current expiry date for each of the Cook MLs and the date range within which a renewal application can be lodged are summarised in the table below.

Tenement	Expiry date	Date renewal can be lodged
ML 1768	30 September 2028	30 September 2027 to 30 March 2028
ML 1769	30 September 2028	30 September 2027 to 30 March 2028
ML 1779	30 April 2021	30 April 2020 to 30 October 2020
ML 1799	30 April 2021	30 April 2020 to 30 October 2020
ML 7357	30 April 2021	30 April 2020 to 30 October 2020

Rent

6.9 The holder of a tenement is required to pay annual rent for the tenement.

6.10 The amount of rent payable for each year is calculated by multiplying the number of sub-blocks (for EPCs) or hectares (for MDLs and MLs) the subject of the tenement by the amount prescribed under a regulation for the year.

6.11 The rent payable, due dates and compliance with the payment of rent for each of the Cook MLs are summarised in the table below. The compliance status was confirmed by DNRME on 21 March 2018.

Tenement	Rent payable	Due date	Compliance
ML 1768	$15,591.80	31 August 2018	Up to date
ML 1769	$15,591.80	31 August 2018	Up to date
ML 1779	$886,144	31 August 2018	Up to date
ML 1799	$104,146	31 August 2018	Up to date
ML 7357	$361.20	31 August 2018	Up to date

The Directors
Bounty Mining Limited

Lawyers | McCullough Robertson

Dealings and other notations

6.12 Dealings recorded on the public resource authority reports obtained on 26 March 2018 are summarised in the table below.

Tenement(s)	Dealing
All Cook MLs	As noted above, parts of each of the Cook MLs are subject to a sublease to CCPL dated on or about 17 November 2006. Legal title to the benefit of the sublease is yet to be transferred to Bounty Cook (subject to stamping).
ML 1768 and ML 1769	In 2005, applications were made pursuant to section 237 of the MRA to carry out drilling on land not included in the surface area of ML 1768 and ML 1769. The applications related to Lot 1 on HT644 and Lot 24 on CP855505. The applications were granted and authorised the drilling activities to be carried out until 25 April 2006 on ML 1768 and 25 July 2005 on ML 1769.
ML 1779 and ML 1799	(a) Numerous applications were made between 2005 and 2015 pursuant to section 237 of the MRA to carry out drilling on land not included in the surface area of ML 1779 or ML 1799. (b) A Co-use Deed with Ergon Energy and CCPL was registered on 28 November 2014. (c) An initial powerline agreement with Ergon Energy and CCPL was registered on 22 May 2014. (d) Various amendments have been made since the grant of ML 1779 and ML 1799 to the surface area rights for these tenements.

Minyango Permits

Title and interest held

6.13 Public resource authority reports obtained on 26 March 2018 confirm that Blackwater Coal is the registered tenement holder of the Minyango Permits. Under the Caledon Transaction, Bounty Minyango agreed to acquire and Blackwater Coal agreed to sell the Minyango Permits. Consent of the caveator (QCoal Pty Ltd) has been obtained. Bounty Minyango must pay the assessed stamp duty before transfer forms can be lodged in order to record Bounty Minyango's interest as owner of the Minyango Permits on title.

6.14 On 24 January 2018 Bounty Minyango was given indicative approval from the Minister to receive the transfer of ML 80173, MDL 375, EPC 699 and EPC 997 subject to:

(a) obtaining caveator consent – MDL 375, EPC 699 and EPC 977 (which has been obtained on 7 March 2018);

(b) payment of stamp duty; and

(c) payment of the following security amounts:

(i) $500 for MDL 375; and

(ii) $4,986.97 for ML 80173.

6.15 As MDLAs cannot be transferred, Blackwater Coal has agreed under a side letter entered into by the parties to the Caledon Transaction on 4 December 2017, to hold MDLA 424 and MDLA 465 on trust for Bounty Minyango until 28 August 2018. If the MDLAs have not been granted by that date, Bounty Minyango waives any right to receive them and Blackwater Coal may withdraw the applications.

Term

6.16 The current expiry date for each of the Minyango Permits and the date range within which a renewal application can be lodged are summarised in the table below.

Tenement	Expiry date	Date renewal can be lodged
EPC 699	29 August 2020	28 February 2020 to 29 May 2020
EPC 997	19 December 2021	19 June 2021 to 19 September 2021
MDL 375	31 January 2018 (renewal lodged)	Renewal application has been lodged but has not yet been decided
ML 80173	31 December 2040	31 December 2039 to 30 June 2040

Rent

6.17 The rent payable, due dates and compliance with the payment of rent for each of the Minyango Permits are summarised in the table below. The compliance status was confirmed by DNRME on 12 February 2018.

Tenement	Rent payable	Due date	Compliance
EPC 699	$3,913	30 August 2018	Up to date
EPC 997	$2,181.20	20 December 2018	Up to date
MDL 375	$14,266.25	31 August 2018	Up to date
ML 80173	$200,225.20	31 August 2018	Up to date

Work program and expenditure

6.18 It is a requirement of all exploration tenements in Queensland that the holder comply with minimum work program and expenditure requirements. Copies of the relevant material to confirm these requirements, and whether they have been met, have been requested but have not been provided. We cannot confirm any cost or compliance implications for EPC 699, EPC 997 or MDL 375.

6.19 However, on 30 August 2017, DNRME advised the following:

(a) In relation to EPC 699, while Blackwater Coal had not complied with the work program for the previous term, the permit had been renewed, a new approved work program was in place and compliance with the new work program will be assessed on 29 August 2018.

(b) In relation to EPC 997, while Blackwater Coal had not complied with the work program for the previous term due to drilling not being completed, the minimum expenditure commitments had been met, the term had been renewed. A new approved work program was in place and compliance with the work program will be assessed on 19 December 2019.

(c) In relation to for MDL 375, Blackwater Coal has complied with all requirements for the approved work program and minimum expenditure requirements.

(d) In relation to ML 80173, at that time Blackwater Coal had not complied with the approved initial development plan. We do not know whether or not DNRME intends to take any compliance action with respect to this non-compliance. The tenement holder is required to submit a proposed later development plan as soon as practicable after the holder proposes or becomes aware of a significant change to the nature and extent of an authorised activity (section 318EB of the MRA).

6.20 DNRME further advised on 12 February 2018 that MDLA 465 will not be granted before MDLA 424 and the following remains outstanding with respect to the Minyango Permits:

(a) a seismic survey which was due on 31 May 2012 for EPC 699;

(b) annual report and expenditure reporting which was due on 19 January 2018 for EPC 997;

(c) the background land details for MDL 375 require updating; and

(d) the applicant for MDLA 424 has been requested to provide a new description of MDLA 424 with an updated background land schedule which excludes the town of Blackwater Coal.

6.21 Failing to complete the above obligations can impact future renewals. Compliance should be confirmed.

Relinquishment

6.22 EPC holders are ordinarily required to relinquish specified areas of the EPC throughout the term of the tenement and generally on each renewal. This requirement may be waived or varied by the Minister.

6.23 Based on the public resource authority reports obtained on 26 March 2018, there are no requirements to relinquish any part of EPC 699 or EPC 997 during the current term.

6.24 In the event that either of EPC 699 or EPC 997 are renewed for a further term, relinquishment will be required pursuant to section 139(1)(c) of the MRA unless a variation is approved by the Minister.

Dealings

6.25 Dealings recorded on the public resource authority reports obtained on 26 March 2018 are summarised in the table below.

Tenement(s)	Dealing
EPC 699	(a) Application to add excluded land by Blackwater Coal Pty Ltd lodged 24 November 2009 and granted 15 February 2011; (b) 0.35% Royalty Deed payable by Blackwater Coal Pty Ltd (assigned to Bounty Minyango) to QCoal Pty Ltd dated 10 March 2008; (c) Consent caveat registered by QCoal Pty Ltd pursuant to the 0.35% Royalty Deed (dealing completed 10 March 2008); (d) Royalty Deed payable between Blackwater Coal Pty Ltd and QCoal Pty Ltd dated 15 August 2006 (assigned to Bounty Minyango); (e) Consent caveat registered by QCoal Pty Ltd pursuant to the 1.4% Royalty Deed (dealing completed 11 October 2006);

	(f) Open Cut Deposits Deed between Blackwater Coal Pty Ltd QCoal Pty Ltd dated 15 August 2006 (assigned to Bounty Minyango); (g) Consent caveat registered by QCoal Pty Ltd pursuant to the Open Cut Deposit Deed (dealing completed 11 October 2006); and (h) Partial abandonment of area lodged on 12 August 2005.
EPC 997	(a) A special variation to reduce the expenditure for conditioned period 2 by 50% was approved 9 November 2016; (b) 3 sub-blocks relinquished by Blackwater Coal Pty Ltd on 19 December 2008; (c) 0.35% Royalty Deed payable by Blackwater Coal (assigned to Bounty Minyango) to QCoal Pty Ltd dated 10 March 2008; (d) 1.4% Royalty Deed payable by Blackwater Coal (assigned to Bounty Minyango) to QCoal Pty Ltd dated 22 February 2008; and (e) Consent caveat registered by QCoal Pty Ltd pursuant to the 1.4% Royalty Deed lodged 22 February 2008
MDL 375	(a) Conditional surrender of MDL in favour of MDL 424 requested on 16 February 2015; (b) 0.35% Royalty Deed payable by Blackwater Coal (assigned to Bounty Minyango) to QCoal Pty Ltd lodged 28 April 2008; (c) Consent caveat registered by QCoal Pty Ltd pursuant to the 0.35% Royalty Deed dated 10 March 2008; (d) 1.4% Royalty Deed payable by Blackwater Coal (assigned to Bounty Minyango) to QCoal Pty Ltd lodged 11 March 2008; (e) Consent caveat registered by QCoal pursuant to the 1.4% Royalty Deed lodged 11 March 2008; (f) Open Cut Deposits Deed with QCoal Pty Ltd lodged 22 February 2008 (assigned to Bounty Minyango); (g) Consent caveat registered by QCoal Pty Ltd pursuant to the Open Cut Deposit Deed lodged 11 March 2008; and (h) General work program imposing general conditions lodged 17 January 2008.
EPC 699, EPC 997 and MDL 375	EPC 699, EPC 997 and MDL 375 are subject to conditional surrender in favour of MDL 424 and MDL 465. In the event that MDLA 424 and MDLA 465 are granted, EPC 699, EPC 997 and MDL 375 will be cancelled and effectively be replaced by MDL 424 and MDL 465.
MDLA 424	N/A
MDLA 465	N/A

Wongai

Title and interest held

6.26 The public resource authority report obtained on 26 March 2018 confirms that Bounty Investments (22.5%) and Aust-Pac Capital Pty Ltd (**Aust-Pac**) (77.5%) are the registered tenement holders of EPC 2334.

Term

6.27 The public resource authority report obtained on 26 March 2018 indicates that the current expiry date EPC 2334 is 13 December 2021.

6.28 An application for renewal of EPC 2334 may be lodged between 13 June 2021 and 13 September 2021.

Rent

6.29 The rent payable for EPC 2334 is $7,790.

6.30 On 21 March 2018, DNRME confirmed that the annual rental payments for EPC 2334 are up to date.

Work program and expenditure

6.31 We have requested copies of the instruments of grant and renewal, including the current work program and minimum expenditure requirements. However, as at the date of this letter, we are yet to receive them.

Relinquishment

6.32 Based on the public resource authority report obtained on 26 March 2018:

(a) EPC 2334 is currently granted over 50 sub-blocks of land; and

(b) EPC 2334 is subject to the following relinquishment requirements:

(i) 20 sub-blocks must be relinquished by 13 December 2019; and

(ii) 15 sub-blocks must be relinquished by 13 December 2021.

6.33 A variation may be sought from the Minister pursuant to section 141C of the MRA. Otherwise, parts of the tenure may be secured by applying for and obtaining an MDL or ML over parts of EPC 2334.

Dealings

6.34 The public resource authority report obtained on 26 March 2018 indicates that a mortgage and a caveat are registered over EPC 2334 in favour of Bounty Investments.

6.35 The caveat prohibits the transfer, mortgage, or sublease of EPC 2334 other than a mortgage in favour of Bounty Investments or Bounty Operations Pty Ltd.

7 Land access

Legislative regime

MERCP Act

7.1 Under the MERCP Act, in order to access private land (i.e. freehold land or an interest in land less than fee simple held from the State under another Act) underlying an MDL or an EPC, the holder is required to provide a notice of intention to enter the land (**Entry Notice**) and, depending on the level of impact of the exploration activity, enter into a conduct and compensation agreement (**CCA**) with each owner and occupier of the land.

7.2 The Land Access Code, made under the MERCP Act, also imposes certain mandatory conditions concerning the conduct of authorised activities permitted under EPCs and MDLs on private land.

7.3 The requirement to enter into a CCA relates to any activities which are likely to have more than a minimal impact on the land or the owner or occupier's business operations. These are known as advanced activities. Most ground-disturbing works will fall into this category, including clearing access tracks or drill pads, drilling, bulk sampling and geophysical surveys.

7.4 If the activities will involve no or minimal impact to the land or the owner or occupier's business, the tenement holder is still required to provide an Entry Notice to the owner and occupier, unless the owner and occupier have otherwise agreed to waive that requirement.

MRA

7.5 An ML cannot be granted or renewed until compensation is determined between the holder of the mining lease and any relevant landowners, either by agreement or by determination of the Land Court. It is a condition of all MLs that the holders comply with the terms of any agreement or determination.

7.6 Compensation may be determined by reference to, among other things, deprivation of possession of land surface area, diminution of land value or improvements, severance of land, and all loss or expense to the landowner arising from the grant or renewal of the tenement.

Restricted land

7.7 The consent of restricted land owners is required for the surface area of land to be included in the grant of a mining lease. There is no obligation for the owner or occupier to agree to the inclusion of restricted land in the ML, and there is no Court process available to mandate that the land be included in the grant, giving landholders an effective right of veto to applications for surface rights.

7.8 Tenement holders must not enter restricted land without the written consent of each owner and occupier of that land.

7.9 Restricted land (with respect to EPCs, MDLs and MLs) is defined in the MERCP Act in two categories, being:

(a) Category A – land within 200 metres of:

(i) a permanent building used mainly as a residence, a childcare centre, hospital or library, for business purposes, for community, sporting or recreational purposes, or as a place of worship; or

(ii) an area used for a school, aquaculture, intensive animal feedlotting, pig keeping or poultry farm; and

(b) Category B – land within 50 metres of:

(i) a principal stockyard;

(ii) a bore or artesian well;

(iii) a dam;

(iv) another artificial water storage connected to a water supply; or

(v) a cemetery or burial place.

Cook - ML 1768 and ML 1769

7.10 Public authority reports indicate that a 1992 compensation agreement exists with Graeme McKenzie in respect of Lot 24 on CP855505. We have not seen a copy of this agreement. Compensation must be determined or agreed with the owner of Lot 24 on CP855505 prior to the renewal of ML 1768 or ML 1769.

7.11 MinesOnline Mapping considered on 14 February 2018 indicates that there are no surface rights over that part of ML 1768 and ML 1769 which overlaps Lot 1 on SP285350. In the event that additional surface rights are sought for these tenements over Lot 1 on SP285350, compensation will be required to be agreed or determined.

Cook - ML 1779

7.12 MinesOnline Mapping reviewed on 14 February 2018 suggests that surface rights are only held in relation to a small portion of ML 1779. Public searches indicate that there is a compensation agreement for the grant of surface rights over Lot 2 on HT344 with Bevan McKenzie. We have not seen a properly executed version of this compensation agreement.

7.13 In any event, the public resource authority report indicates that compensation was finalised for the grant of the surface rights of ML 1779 over Lot 2 on HT344 around October 2013.

7.14 Compliance with the terms of the compensation agreement is required as a condition of the ML.

7.15 Bounty Cook has agreed with CCPL to take the assignment of this compensation agreement and is progressing discussions with Bevan McKenzie.

7.16 Cook Resources and CCPL are party to an access licence agreement with BMA dated 1 July 2015 (**Access Licence**). The Access Licence provides for BMA's consent (as the relevant owner of the land for the purposes of the MRA) for the construction, use and maintenance of a road over Lot 5 on SP1798577 for access to ML 1779 and ML 1799.

7.17 Bounty Cook is progressing discussions with CCPL and BMA to take the assignment of the Access Licence.

7.18 We have seen compensation agreements with Bevan McKenzie and Colin and Joy Fernie for exploration activities on land outside of the surface area of ML 1779. However, the term of these agreements is linked to the approval to carry out the exploration activities on land not within the surface area of ML 1779, the last of which expired in September 2016. As a result, these compensation agreements have expired.

7.19 The public resource authority report for ML 1779 obtained on 26 March 2018 indicates that a compensation agreement is in place with Graeme McKenzie in relation to Lot 24 on CP855505. However, we have not seen a copy of this agreement.

7.20 Compensation will be required to be agreed or determined if further exploration activities are to be carried out in areas not included in the surface area of ML 1779, or if new areas are proposed to be added to the surface area of the tenement.

Cook – ML 1799 and ML 7357

7.21 We have been provided with a copy of:

(a) a compensation agreement dated 21 October 2013 with Bruce Black and Ardurad Pty Ltd in relation to the grant of surface rights for ML 1799 over Lot 1 on CP897249; and

(b) a letter agreement with Bruce Black and Ardurad Pty Ltd dated 29 April 2014 in relation to the construction of surface infrastructure on ML 1799.

7.22 CCPL has assigned these compensation agreements to Bounty Cook.

7.23 There is a compensation agreement for the grant of surface rights over 'Blackwater Rolleston Road' with the State of Queensland.

7.24 Compliance with the terms of the compensation agreement is required as a condition of the ML.

7.25 Bounty Cook has agreed with CCPL to take the assignment of this compensation agreement and is progressing discussions with the State of Queensland.

7.26 As noted above, Cook Resources and CCPL are parties to the Access Licence in relation to ML 1779 and ML 1799. Bounty Cook is progressing discussions with CCPL and BMA to take the assignment of the Access Licence.

Minyango – EPC 699, EPC 997 and MDL 375

7.27 We are not aware of any Entry Notices given or any CCAs in place for activities carried out under EPC 699, EPC 997 or MDL 375.

7.28 An Entry Notice will be required to be given to the owners and occupiers of the underlying land prior to entry to the area of these tenements.

7.29 If further advanced activities are to be carried out on EPC 699, EPC 997 or MDL 375, Bounty Minyango will need to enter into CCAs with the underlying landowners and occupiers.

Minyango – ML 80173

7.30 We have been provided with copies of compensation agreements with:

(a) South Blackwater Coal (as lessee) for part of Lot 42 on HT270;

(b) CQCA (comprising of BHP Coal Pty Ltd, Umal Consolidated Pty Ltd, BHP Queensland Coal Investments Pty Ltd, Mitsubishi Development Pty Ltd, QCT Investment Pty Ltd, QCT Mining Pty Ltd and QCT Resources Pty Ltd) for Lots 72 and 73 on SP259121;

(c) Central Highlands Regional Council for Lot 54 on HT407;

(d) SunWater Limited for Lot 56 on HT380 and Lot 57 on HT379;

(e) the State of Queensland (regarding the Blackwater-Rolleston Road);

(f) the State of Queensland (represented by DTMR) and Aurizon Network (Rail Relocation Deed) for Lot 35 on CP HT240; and

(g) Graeme McKenzie for Lot 3 on RP620665.

7.31 Bounty Minyango is making arrangements for the assignment of these compensation agreements from Blackwater Coal and is progressing discussions with the relevant counter parties.

7.32 Blackwater Coal is the owner of underlying Lots 1 and 4 on RP620665 for the purposes of the MRA. As the holder of ML 80137, no compensation agreements were previously required in respect of this land. As

the land has not been transferred to Bounty Minyango, a compensation agreement has been entered into between Bounty Minyango and Blackwater Coal as the owner of Lots 1 and 4 on RP620665.

Blackwater Lawn Cemetery

7.33 The Blackwater Lawn Cemetery sits on Lot 66 on HT 447 within the boundary of ML 80173, and is currently used as a cemetery. This is restricted land.

7.34 No surface rights exist for ML 80173 in relation to the area of the Blackwater Lawn Cemetery. Consent will be required from Central Highlands Regional Council to enter within 50 metres of the Blackwater Lawn Cemetery.

7.35 It is an offence to improperly interfere with human remains, graves, and memorials, which includes damage caused by the effects of underground mining.

Wongai – EPC 2334

7.36 We have not been provided with copies of any CCAs or Entry Notices with respect to activities carried out under EPC 2334.

8 Overlapping tenements

Legislative regime

8.1 The rights and interests of tenement holders may be affected by overlapping mineral, petroleum, exploration and production tenements.

8.2 The interaction of overlapping coal and coal seam gas tenements is generally governed by the provisions of the MERCP Act which commenced on 27 September 2016.

8.3 Under the MERCP Act, resource authority holders for an overlapping area must give each other all information reasonably necessary to allow them to optimise the development and use of coal and coal seam gas resources in the overlapping area.

8.4 The information must be exchanged within 20 business days after the overlapping area comes into existence and at least once during each year that the resource authorities for the overlapping area are in force.

8.5 The information exchange requirement applies to overlaps that were in existence at the time the MERCP Act commenced, where the overlap is taken to come into existence on 27 September 2016.

Cook MLs

8.6 Intersection reports obtained from the DNRME's MinesOnline Mapping on 11 February 2018 indicate that there are no resource tenements overlapping the Cook MLs.

Minyango Permits

8.7 Intersection reports obtained from the DNRME's MinesOnline Mapping on 11 February 2018 indicate that all of the Minyango Permits are overlapped substantially by authority to prospect (**ATP**) 1025, held by Bow CSG Pty Ltd and granted on 24 February 2009.

8.8 A letter agreement between Blackwater Coal and Bow CSG Pty Ltd dated 21 May 2015 (**Bow Letter Agreement**) provides for the interaction between the coal and gas parties in the overlap area (including with respect to future tenements granted in this area).

8.9 Among other things, the Bow Letter Agreement:

(a) provides for reciprocal consent to the grant of future mining leases and petroleum leases in the overlap area;

(b) anticipates the execution of a coordination arrangement on the granting of a petroleum lease in the overlap area;

(c) requires that exploration activities must not adversely affect the activities of the other party, and provides for consultation processes prior to the commencement of exploration activities; and

(d) provides for the offer by the coal party of incidental coal seam gas to the gas party.

8.10 Clause 25 of the Bow Letter Agreement provides that the transfer of the Minyango Permits must include a condition that, before the transfer is completed, the transferee agrees to be bound by the terms of the Bow Letter Agreement.

8.11 A deed of assignment and assumption, assigning the Bow Letter Agreement to Bounty Minyango has been executed by Bounty Minyango, and Blackwater Coal. The document now must be executed by Bow CSG Pty Ltd to be effective.

8.12 Blackwater Coal and Bow CSG Pty Ltd should have taken part in information exchange for the abovementioned overlaps with ATP 1025. However, we have not seen any evidence that this requirement has been complied with by either Blackwater Coal or Bow CSG Pty Ltd.

Wongai

8.13 Intersection reports obtained from the DNRME's MinesOnline Mapping on 11 February 2018 indicate that there are no resource tenements overlapping EPC 2334.

9 Native title

Legislative regime

9.1 The *Native Title Act 1993* (Cth) (**NT Act**) recognises the traditional rights and interests of Aboriginal and Torres Strait Islander peoples in Australia.

9.2 The NT Act provides:

(a) for the determination of the nature and extent of native title rights and interests;

(b) for the extinguishment of native title by certain acts, and compensation in respect of any extinguishment;

(c) for the validation of certain historical acts which would otherwise be invalid because of their effect on native title;

(d) that acts that may affect native title rights (such as the grant of a mining tenement) carried out after certain key dates (mostly 23 December 1996, but in some cases 1 January 1994) must comply with certain requirements of the NT Act to be valid (**Future Act Requirements**); and

(e) compensation for extinguishment or impairment of native title rights and interests.

9.3 Native title processes will not be required where native title has been 'extinguished' over the land the subject of the tenement (for example, by an earlier vesting of freehold title in the land).

9.4 If native title has not been extinguished, the proposed grant of a tenement will trigger the need for compliance with the Future Act Requirements.

Expedited Procedure

9.5 The NT Act establishes the '**Expedited Procedure**' process for particular Future Acts that are:

(a) not likely to 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 or waters concerned;

(b) not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are the holders of the native title in relation to the land or waters concerned; and

(c) not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land or waters concerned.

9.6 In Queensland, Future Acts subject to the Expedited Procedure are typically exploration permits and some MDLs.

9.7 Where a tenement is granted subject to the Expedited Procedure, it will be granted with the 'Native Title Protection Conditions' (**NTPCs**) attached as conditions of grant.

9.8 The NTPCs contain specific requirements around notification of exploration activities and timeframes for responses by the native title parties.

9.9 In addition to allowing the grant of the tenement pursuant to the Expedited Procedure, the NTPCs also establish a regime for the holder of the tenement to manage its legislative Aboriginal cultural heritage obligations. Cultural heritage requirements are discussed further below.

Right to Negotiate

9.10 In the case of certain tenements (for example, MLs and some MDLs), rather than the Expedited Procedure, the '**Right to Negotiate**' will apply to the grant of the tenement.

9.11 Following the notification of the proposed grant of the tenement, the Right to Negotiate process requires the applicant to negotiate in good faith with any relevant native title parties regarding the grant of the tenement. Where agreement is reached, the parties will enter into a 'Section 31 Deed' with the State, and an Ancillary Agreement which will generally contain the agreed commercial provisions (such as compensation). Together, these agreements provide the consent necessary for the grant of the application.

9.12 In the absence of an agreement with the relevant native title parties which consents to the grant of the tenement, an application can be lodged with the National Native Title Tribunal to determine whether the tenement should proceed to grant.

The Directors
Bounty Mining Limited

McCullough Robertson Lawyers

Indigenous Land Use Agreements

9.13 An Indigenous Land Use Agreement (**ILUA**) is a particular form of voluntary agreement under the NT Act, which can also be used to address the Future Act Requirements.

9.14 Relevant for a resource project, an ILUA may be used to contemplate the appropriate native title consents to a range of Future Acts such as future production permits, permits for the construction and operation of infrastructure, or other approvals associated with a project.

9.15 There are particular notice and registration requirements under the NT Act that must be complied with for an ILUA to be valid and enforceable. There are no set time frames for the negotiation of an ILUA and there is no mechanism for referral of the matter if the parties are unable to reach agreement.

9.16 Once an ILUA is registered with the National Native Title Tribunal, any Future Acts consented to in the agreement can be validly done.

Native title search results

9.17 We have considered the MinesOnline Mapping tool provided by the DNRME and have undertaken a search of the register maintained by the National Native Title Tribunal (**NNTT**) in relation to each of the Tenements.

9.18 The results received on 9 February 2018 are summarised in the table below.

Tenement	Native title extinguished?	Native title claims and determinations
Cook		
ML 1768	No – Pre-existing rights based act	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
ML 1769	No – Pre-existing rights based act	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
ML 1779	No – Pre-existing rights based act	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
ML 1799	No – Pre-existing rights based act	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
ML 7357	No – Pre-existing rights based act	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
Minyango		
EPC 699	No – expedited procedure – no registered claimant NTPCs now apply	Gaangalu Nation People registered native title claim (QUD400/2012) – 99.74% Two non-claimant determinations that native title does not exist:

		(a) Blackwater Accommodation Village Pty Ltd (QUD250/2010) – 0.17%; and (b) Qantac Pty Ltd (QUD188/2012) – 0.09%
EPC 997	No – expedited procedure – NTPCs apply	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
MDL 375	No – 'Swiss cheese' tenement Predominantly exclusive land – all land subject to native title (<10%) is excluded from the permit area	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
ML 80173	No – granted pursuant to the Right to Negotiate process where there was no registered native title claimant at the relevant time of notification	Gaangalu Nation People registered native title claim (QUD400/2012) – 100%
Wongai		
EPC 2334	No – expedited procedure – 'an agreement is reached under a section 31 deed'	Cape York United Number 1 registered native title claim (QUD673/2014) – 100%

Cook MLs

9.19 The Cook MLs were each granted prior to the commencement of the NT Act, and are treated as validated for the purposes of the NT Act.

9.20 As a result, native title will not need to be addressed for any renewal of the Cook MLs on the same terms as the original grant.

9.21 However, if the purpose or terms of any of the Cook MLs are proposed to be changed, native title will need to be considered and the Future Act Requirements of the NT Act may apply.

9.22 Further, if an application is made to include land not currently included in the surface area of any of the Cook MLs, native title will need to be considered and the Future Act Requirements of the NT Act may apply.

Minyango – EPC 699 and EPC 997

9.23 Public searches mentioned above and obtained on 9 February 2017 indicate that the NTPCs apply to both EPC 699 and EPC 997.

9.24 Compliance with the NTPCs is required.

9.25 Future tenement applications over any parts of EPC 699 or EPC 997 over which native title has not been extinguished will trigger a statutory native title process, such as the Right to Negotiate or entry into an Indigenous Land Use Agreement (**ILUA**).

Minyango – MDL 375

9.26 Public searches obtained on 9 February 2018 suggest that MDL 375 was granted as a 'swiss cheese' tenement – that is, any areas within the external boundaries where native title has not been extinguished are excluded from the MDL 375.

9.27 To ensure compliance, activities within MDL 375 should only be undertaken on land parcels where native title has been extinguished (for example, any freehold land parcel).

9.28 Future tenement applications over any parts of MDL 375 over which native title has not been extinguished will trigger a statutory native title process, such as the Right to Negotiate or entry into an ILUA.

Minyango – MDLA 424 and MDLA 465

9.29 Blackwater Coal has applied for two MDLs (MDLA 424 and MDLA 465) over the area currently covered by EPC 699, EPC 997 and MDL 365 in order to retain tenure and secure the area of these tenements from relinquishment.

9.30 MDLAs cannot be transferred to another tenement holder until they are granted tenements. Instead, Bounty Minyango holds a contractual right to the area currently the subject of MDLA 424 and MDLA 465 and Blackwater Coal holds the MDLAs on trust for Bounty Minyango.

9.31 There is a Cultural Heritage Investigation and Management Agreement (**CHIMA**) with the Gaangalu Nation People dated 2015 which serves as the Ancillary Agreement to a Section 31 Deed with the Gaangalu Nation People consenting to the grant of MDLA 424.

9.32 Given the broad scope of the CHIMA with respect to the definition of 'Project' and 'Project Area', the CHIMA may be assigned pursuant to clause 19 to Bounty Minyango to cover any future tenement in the area of MDLA 424.

9.33 Bounty Minyango has made arrangements for the assignment and assumption of the CHIMA.

9.34 The Section 31 Deed relates only to MDLA 424. In the event that MDLA 424 is granted and is transferred to Bounty Minyango pursuant to the Caledon Transaction the Section 31 Deed will need to be assigned to Bounty Minyango.

Minyango – ML 80173

9.35 As mentioned in the table above, public searches indicate that ML 80173 was granted pursuant to the Right to Negotiate process where there was no registered native title claimant. As a result, no native title agreements were entered into with respect to the grant of ML 80173.

9.36 The Gaangalu Nation People now have a registered native claim over the tenement. Despite this, the tenement may be renewed on the same terms without a further native title process. If the holder wishes to change the purpose or terms of ML 80173, a native title process will be required.

Wongai – EPC 2334

9.37 Public searches obtained on 9 February 2018 indicate that a Section 31 Deed was reached in relation to the grant of EPC 2334. We have not seen a copy of the Section 31 Deed.

9.38 Separately, we have been provided with a copy of an ILUA dated 23 November 2011 between Aust-Pac and the following:

(a) the Kalpowar People (QUD6155/1998);

(b) the Aba Dhalpirrjawarra People, the Aba Yeerkoya People, the Bagaarrmuguwarra People and the Muundhiwarra People;

(c) the Kalpower Aboriginal Land trust; and

(d) Kalpowar Land Act Reserves Limited,

(**Kalpowar ILUA**).

Bounty Investments is a party to the ILUA by virtue of a deed of assumption and amendment dated 27 November 2014.

9.39 Public searches indicate that the Kalpowar ILUA was registered on the Register of ILUAs on 26 February 2013.

9.40 The Kalpowar ILUA provides for the consent of the parties to the 'Project Interests' and the undertaking of the Wongai coal mine 'Project' to the extent that they are Future Acts for the purposes of the NT Act.

9.41 'Project Interests' is broadly defined to include the grant and renewal of any mineral resources tenure including MLs, EPCs, MDLs and prospecting permits, and any other rights and interests, approvals or Future Acts necessary or desirable for or incidental to the conduct of the Wongai coal mine.

9.42 The native title consent provided under the ILUA expressly excludes any Future Acts involving the washing, processing or crushing of coal.

9.43 If a mining lease or other approval is applied for in future which falls outside the scope of that ILUA (for example, one that contemplates washing, processing and crushing coal), this will trigger a new statutory native title process, such as the Right to Negotiate or entry into a new ILUA.

9.44 There are a number of elements to the compensation contemplated in the Kalpowar ILUA, including:

(a) the following payments:

(i) $25,000 on completion of a prefeasibility study;

(ii) $50,000 on completion of the bankable feasibility study;

(iii) $200,000 on commencement of construction and $300,000 6 months following the completion of construction;

(iv) $3,000,000 within 28 days of the first shipment of coal;

(v) $3,000,000 within 12 months of the first shipment of coal;

(vi) an annual payment of $2,000,000 with the first payment to be made within 28 days of the first shipment of coal; and

(vii) a royalty following commencement of commercial production; and

(b) prior to the first shipment of coal, grant to the Traditional Owner parties and particular neighbouring Aboriginal groups a 12.5% beneficial interest in the Project equivalent to 12.5% of the existing ordinary shares in Aust-Pac and 12.5% of the issued units in the Wongai Unit Trust (with that 12.5% of each to be maintained at all times).

9.45 Compliance with the terms of the ILUA is required.

10 Aboriginal cultural heritage

Legislative regime

10.1 The ACH Act recognises, protects, and conserves Aboriginal cultural heritage. In part, it achieves this protection by providing that any person who undertakes an activity has a 'Duty of Care' to take all reasonable and practicable measures to ensure that the activity does not harm Aboriginal cultural heritage.

10.2 Under the ACH Act, the Duty of Care can be discharged in a number of ways, including:

(a) at a minimum, adhering to the Duty of Care Guidelines (which form part of the ACH Act);

(b) entering into a voluntary Cultural Heritage Management Agreement with an 'Aboriginal Party' for the given area (section 23(3)(a)(iii) ACH Act); or

(c) entering into a CHMP pursuant to Part 7 of the ACH Act; and

(d) where they apply, compliance with the NTPCs.

10.3 Penalties apply for failing to comply with the Duty of Care of up to $126,150 for an individual and $1,261,500 for a corporation.

Search results

10.4 Search results obtained from the Department of Aboriginal & Torres Strait Islander Partnerships (**DATSIP**) on 9 February 2018 are summarised in the table below.

Tenement	Current Aboriginal Party	Recorded cultural heritage sites on DATSIP register
Cook		
ML 1768	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
ML 1769	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
ML 1779	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
ML 1799	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
ML 7357	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
Minyango		
EPC 699	Gaangalu Nation People (QUD400/2012)	1 recorded site – story place
EPC 997	Gaangalu Nation People	2 recorded sites – cultural site and

	(QUD400/2012)	contact site
MDL 375	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
MDLA 424	Gaangalu Nation People (QUD400/2012)	3 recorded sites – 1 story place and 2 contact sites
MDLA 465	Gaangalu Nation People (QUD400/2012)	Nil recorded sites
ML 80173	Gaangalu Nation People (QUD400/2012)	1 recorded site – story place
Wongai		
EPC 2334	Cape York United Number 1 Claim (QUD673/2014)	34 recorded sites

10.5 Importantly, the cultural heritage Duty of Care is owed with respect to all sites of cultural heritage significance, not just those that are recorded on the DATSIP register.

10.6 Where DATSIP search results indicate that there are no recorded sites located within a tenement, this does not necessarily mean that none exist. It may be an indication that there have been limited cultural heritage surveys carried out in that area, or that the survey results have not been registered with DATSIP. Equally, where recorded sites exist on the register, the searches do not necessarily provide the full extent of the sites that might exist.

10.7 Particular care should be taken when carrying out activities within the vicinity of recorded or known cultural heritage sites to avoid any harm to the cultural heritage sites and ensure compliance with the Duty of Care, NTPCs (where applicable) and any agreements in place with the Aboriginal Party for the area.

Cultural heritage management

Cook MLs

10.8 Public searches indicate that a Cultural Heritage Management Plan (**CHMP**) (CLH015001) is in place between CCPL and the Gaangalu Nation People which was approved on 30 June 2015 (**Cook CHMP**).

10.9 The Cook CHMP applies to all activities carried out within the subleased areas of the Cook MLs.

10.10 Of note, clause 9.1 of the Cook CHMP prescribes a particular process that must be following before CCPL can carry out any 'Project Works' which involve ground disturbance.

10.11 The Cook CHMP has been assigned to Bounty Cook.

Minyango – ML 80173

10.12 The following cultural heritage agreements exist with respect to the Minyango Permits:

(a) CHMP CLH011030 between Blackwater Coal and Kangoulu People approved on 3 February 2012 (**Minyango CHMP**); and

(b) Cultural Heritage Investigation and Management Agreement (**CHIMA**) between Blackwater Coal and the Gaangalu Nation People dated 2015.

10.13 The Minyango CHMP applies to all activities relevant to the development of coal within the area of ML 80173.

10.14 Bounty Minyango and Blackwater Coal have entered into a deed of assignment and assumption in relation to the Minyango CHMP with the Kangoulu People and the Kangoulu People have been notified.

10.15 The CHIMA was entered into as part of the negotiations with the Gaangalu Nation People regarding MDLA 424. As a result, the CHIMA applies to all activities relevant to the development of coal within the area of MDL 424 (excluding the area of the township of Blackwater Coal).

10.16 The CHIMA contemplates that the holder of ML 80173 will implement the processes in the Minyango CHMP, rather than the CHIMA, to comply with the 'Duty of Care' for as long as the Minyango CHMP remains operative. However, in the event that the Minyango CHMP is terminated (e.g. if the Gaangalu Nation People's native title claim is determined), the terms of the CHIMA will also apply to activities in the area of ML 80173.

10.17 Bounty Minyango and Blackwater Coal have entered into a deed of assignment and assumption in relation to the Gaangalu Nation People CHIMA and the Gaangalu Nation People have been notified.

Minyango – EPC 699, EPC 997 and MDL 375

10.18 The CHIMA applies to all activities relevant to the development of coal within the area of MDL 424, including the overlap with EPC 699, EPC 997 and MDL 375.

10.19 However, parts of EPC 699 and EPC 997 are not covered by the CHIMA. As noted above at 9.23, EPC 699 and EPC 997 are subject to the NTPCs.

10.20 For activities carried out on the remainder of EPC 699 or EPC 997 not covered by the CHIMA, compliance with the NTPCs will constitute compliance with Aboriginal cultural heritage 'Duty of Care'.

Wongai – EPC 2334

10.21 Schedule 6 of the Kalpowar ILUA manages cultural heritage for the Wongai project.

10.22 Pursuant to section 23(3)(a)(iii) of the ACH Act, acting under a native title agreement (such as the Kalpowar ILUA) is taken to constitute compliance with the cultural heritage Duty of Care.

11 European heritage

11.1 The *Queensland Heritage Act 1992* (Qld) establishes a regime to protect and conserve Queensland's cultural heritage. This does not include Aboriginal cultural heritage.

11.2 We have reviewed the Queensland heritage register maintained by DES. We have not identified any recorded Queensland heritage places in the vicinity of the Tenements.

12 Environmental issues – State

Legislative regime

12.1 The *Environmental Protection Act 1994* (Qld) (**EP Act**) is the central piece of environmental legislation in Queensland. It regulates activities that are likely to have impacts on the environment, categorised as 'environmentally relevant activities' (**ERAs**). Carrying out mining activities is an ERA which is regulated under the EP Act.

12.2 Relevantly, the EP Act:

(a) requires that all mining activities be carried out in compliance with the conditions of an Environmental Authority (**EA**) and an associated plan of operations (**POps**);[1]

(b) establishes a number of offences, including to prohibit activities that:

(i) cause unlawful environmental harm;

(ii) breach the general environmental duty, which prevents the carrying out of any activity that causes, or is likely to cause, environmental harm unless all reasonable and practicable measures to prevent or minimise that harm have been taken;[2]

(iii) breach conditions of an EA, The penalty for wilful contravention of an EA is $3,942,187.50 for a corporation; and

(iv) result in the deposition of a prescribed contaminants in an unlawful way;[3]

(c) requires as a condition on almost all EAs for mining activities that a financial assurance (**FA**), which may be in the form of cash or a bank guarantee, be deposited with the Queensland Government in the amount determined by the DES to reflect the likely rehabilitation cost for the site (less any discounts as applied by DES);[4]

(d) deems that executive officers (which is broadly defined) of a company commit an offence in circumstances where the company has committed an offence;[5] and

(e) allows, under recently passed 'chain of responsibility' amendments, remediation and rehabilitation costs to be passed to 'related persons' of an operating company that fails to meet the costs.[6]

Registered suitable operator

12.3 A registered suitable operator is a person or corporation who has been registered by DES as being suitable to carry out an ERA under the EP Act.

12.4 Searches undertaken on 12 February 2018 indicate that each of the following entities are registered suitable operators pursuant to the EP Act:

(a) Bounty Cook Pty Limited;

(b) Bounty Minyango Pty Limited;

(c) Bounty Mining Investments Pty Ltd; and

(d) Bounty Operations Pty Ltd.

[1] EP Act Chapter 3.
[2] EP Act section 319.
[3] EP Act section 443ZG.
[4] EP Act section 292.
[5] EP Act section 493.
[6] EP Act section 363AB and 363AC.

EAs for the Tenements

12.5 On 12 February 2018, DES' public EA register indicated that the following EAs are in place for the Tenements:

(a) Cook MLs – EPML00922913;

(b) Minyango Permits:

(i) EPC 699 – EPSX00149813;

(ii) EPC 997 – EPSX00182913;

(iii) MDL 375 – EPSX00153813; and

(iv) ML 80173 – EPML00657913; and

(c) Wongai EPC 2334 – EPVX01644813.

12.6 Bounty Investments has a registered interest in Wongai EPC 2334 – EPVX01644813. While Bounty Cook and Bounty Minyango will each have their respective interests in the relevant EAs recorded on title when registration occurs as set out in 6.13 above.

Rehabilitation and financial assurance

12.7 This report considers the law as it stands and does not consider any implications of the changes proposed under the *Mineral Resources (Financial Provisioning) Bill 2018* (Qld).

Cook MLs

12.8 Under clause 2.4(a) of the sublease, Cook Resources must provide the financial assurance covering the rehabilitation costs of the Cook MLs.

12.9 On 15 February 2018, DES provided a copy of the latest financial assurance decision notice which provides that the current financial assurance for the Cook MLs is $9,191,944 for the period 1 July 2017 to 31 December 2018. On 26 March 2018, DES confirmed that this amount is held as financial assurance for the Cook MLs in the form of a bank guarantee.

12.10 A report by SLR Consulting dated 1 June 2016 estimated the total rehabilitation cost of the Cook Colliery at approximately $28.5 million. This assumed that there would be no further subsidence than that observed in the site inspection.

12.11 The SLR report indicates that the variance in rehabilitation cost calculations is largely attributable to the increased cost of rehabilitating the coal handling and processing plant.

12.12 The financial assurance provided may be reviewed by DES at any time, and must be reviewed on submission of a revised Plan of Operations.

Minyango – ML 80173

12.13 On 26 March 2018, DES confirmed that the following amounts are held as financial assurance for the Minyango Permits:

(a) EPSX00149813 (EPC699 tenement related) - $2500 cash;

(b) EPSX00182913 (EPC997 tenement related) - $2500 cash;

(c) EPSX00153813 (MDL375 tenement related) - $10,000 cash;

(d) EPML00657913 (ML80173 tenement related) – no FA held;

(e) EPSX00323013 (MDLA 424 tenement related) - $2,500 cash; and

(f) EPSC00719513 (MDLA 465 tenement related) – no FA held.

12.14 On 20 February 2018, DES confirmed that no records are held for any FA in relation to ML 80173. Once a plan of operations is submitted, financial assurance will be determined and will need to be submitted before activities may commence.

Environmental compliance

12.15 During the Caledon Transaction, a pre-enforcement letter issued by DES in September 2016 was disclosed to Bounty Mining. The pre-enforcement letter related to non-compliances with release limits for mine affected water from the V Notch Weir (washery site). Based on the correspondence provided, the non-compliances resulted in a formal warning issued by DES in October 2016.

12.16 On 31 August 2017, the following records held by DES in respect of the Cook MLs (EPML00922913) were disclosed:

(a) A Transitional Environmental Program for water discharge at the Cook Colliery, which applied from 2011 to September 2013.

(b) Documents relevant to an environmental investigation conducted by DES in 2016 regarding the rehabilitation and decommissioning of drill holes on Glencore's tenements. The investigation did not relate to non-compliances on the Cook MLs. However, Glencore was required to provide an environmental report on the decommissioning of drill holes on each of its tenements, including the Cook MLs.

(c) The environmental report was accepted by DES in June 2017, and the investigation closed.

12.17 Updated searches were submitted to DES on 1 February 2018 and 7 February 2018, however, as at the date of this report the results have not been received.

ESAs

Minyango

12.18 The EA for EPC 699 (EPSX00149813) places controls on exploration activities within the tenement. The EA requires compliance with the *Code of Environmental Compliance for Mining Lease Projects* (EM588) (**Code**).

12.19 The Code prohibits any activities in or within 2km of a Category A or 1km of a Category B ESA. The Code also requires that prior to carrying out activities in a Category C ESA, the EA holder must consult with DES. If it is determined through the consultation that additional conditions are necessary, the holder must comply with those conditions.

12.20 Public searches obtained on 12 February 2018 indicate that there are areas mapped as Category B ESAs within EPC 699 (endangered regional ecosystems and a conservation park) and MDL 375 (endangered regional ecosystems).

12.21 We have not seen a copy of the EA for MDL 375 and it is not available online.

Wongai

12.22 The Wongai EA (EPVX01644813) places controls on exploration activities within EPC 2334. The EA requires compliance with the *Code of Environmental Compliance for Exploration and Mineral Development Projects* (EM586) (**Exploration Code**).

12.23 The Exploration Code prohibits any activities within a Category A or Category B environmentally sensitive area (**ESA**) and exploration activities involving machinery within 1km of a Category A ESA and 500m of a Category B ESA. Further, the Exploration Code requires that prior to carrying out activities in a Category C ESA, the EA holder must consult with DES. If it is determined through the consultation that additional conditions are necessary, the holder must comply with those conditions.

12.24 Public searches obtained on 12 February 2018 indicate that there are a number of Category B and Category C ESAs within the area of EPC 2334 including:

(a) a large area covered by a nature refuge;

(b) endangered regional ecosystems;

(c) marine plants;

(d) fish habitat areas;

(e) a coastal management district; and

(f) important wetlands.

12.25 The tenement holder must ensure that its activities comply with the requirements of the EA with respect to activities carried out within and in the vicinity of ESAs.

Cook

12.26 Public searches obtained on 12 February 2018 indicate that there are areas of Category B ESA within ML 1799. However, the EA for ML 1799 does not place any conditions on activities within or near ESAs.

Regional Planning Interests

Legislative regime

12.27 The *Regional Planning Interests Act 2014* (Qld) (**RPI Act**) regulates activities in areas of regional interest. Under the RPI Act there are four areas of regional interest:

(a) Priority Agricultural Area;

(b) Priority Living Area (**PLA**);

(c) Strategic Environmental Area; and

(d) Strategic Cropping Area (**SCA**).

12.28 Where a resource or regulated activity is proposed to be carried out in an area that has been designated an area of regional interest, a Regional Interest Development Approval (**RIDA**) may be required. The RPI Act includes some exemptions from this requirement including:

(a) where the land is not owned by the resource company, there is a voluntary agreement in place with the landholder and the activity is not likely to have a significant impact on the SCA;

(b) for activities of less than 12 months duration (such as some exploration activities); and

(c) for certain fully approved resource activities that were already being carried out without the need for any further authority or approval relating to the location, nature or extent of the expected surface impacts of the activity.

12.29 There are circumstances where it is not open to the decision maker to approve a RIDA application within the SCA – for instance where the activity has a material impact on strategic cropping land on the property. Confirmation on whether a RIDA is required cannot be given without a thorough understanding of the proposed activities, and their impact on SCA. As a result, there is a risk, should a RIDA be required for certain activities, that the activities may be prohibited.

12.30 Depending on the complexity of the issues, and the availability of solutions prescribed by regulation, the process to obtain a RIDA can take 12 months, and is open to third party appeal.

Minyango – ML 80173

12.31 ML 80173 is located within the Blackwater township PLA.

12.32 Resource activities (that is, anything authorised under a resource authority) cannot be conducted in this area unless a relevant exemption applies under the RPI Act, or a RIDA is obtained.

12.33 The site plan annexed to the EA contemplates underground mining, as well as the placement of mine infrastructure and drift portals, within the priority living area at the north of the tenement.

12.34 No relevant exemptions apply under the RPI Act in respect of these activities. Unless activities are relocated outside of the priority living area, a RIDA must be obtained.

12.35 To obtain a RIDA, the applicant must demonstrate that the location, nature, and conduct of the resource activity is consistent with the planned future for the priority living area in the local planning scheme, and that the activities are unlikely to adversely impact on development certainty in the area and will provide community benefits. The holder should liaise with Central Highlands Regional Council to understand how best to minimise community impacts and maximise benefits at a local level.

12.36 The RIDA application process is lengthy, and involves public notification and appeal avenues after grant.

Minyango – EPC 699

12.37 DNRME's MinesOnline Mapping confirms that EPC 699 falls within areas mapped as SCA and the Blackwater township PLA.

12.38 The grant of EPC 699 pre-dates the commencement of the PLA. Under the RPI Act, activities in the overlap between EPC 699 and the PLA may continue to be carried out if:

(a) the application for the EPC adequately detailed the location, nature and/or extent of the expected surface impacts of activities on it; and

(b) no further authority or approval is required in respect of the location, nature or extent of expected surface impacts.

12.39 The lack of current land access agreements (and requirement to obtain consent for future surface impacts) is likely to mean that the 'pre-existing activities' exemption does not apply, and that a RIDA will be required for any future exploration on EPC 699.

Minyango – EPC 997 and MDL 375

12.40 DNRME's MinesOnline Mapping confirms that EPC 997 and MDL 375 fall within the Blackwater township PLA.

12.41 As stated above in respect of EPC 699, the lack of current land access agreements is likely to mean that the 'pre-existing activities' exemption does not apply, and that a RIDA will be required for any future activities on EPC 997 and MDL 375.

13 Environmental issues – Commonwealth

EPBC Act approval

13.1 Commonwealth government approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**) will be required where proposed activities constitute a 'controlled action'. This turns on whether or not the activities are likely to have a significant impact on matters of nation environmental significance (**MNES**).

13.2 Online searches obtained from the Commonwealth Department of Environment and Energy on 12 February 2018 indicate that the following MNES may exist in the general area of the Tenements:

(a) over the Cook MLs and Minyango Permits:

(i) 5 listed threatened ecological communities;

(ii) 23 listed threatened species; and

(iii) 12 listed migratory species; and

(b) Wongai EPC 2334:

(i) 1 listed threatened ecological community;

(ii) 39 listed threatened species; and

(iii) 45 listed migratory species.

13.3 To our knowledge, there has been no assessment as to whether development within the area of the Cook MLs or the Minyango Permits may trigger the need for EPBC Act approval.

13.4 However, public searches indicate that in 2011, the Wongai Underground Coal Mine Project was referred to the Department of Environment and Energy for a controlled action decision under the EPBC Act. On 22 September 2011, a decision was made under section 75 and 87 of the EPBC Act that the Wongai Underground Coal Mine Project proposed over EPC 2334 was a controlled action requiring assessment and approval under the EPBC Act by way of environmental impact statement before it can proceed. The relevant triggers for the project noted on the referral decision notice include:

(a) listed threatened species and communities (sections 18 and 18A);

(b) listed migratory species (sections 20 and 20);

(c) world heritage properties (sections 12 and 15A);

(d) National heritage places (section 15B and 15C);

(e) the environment of the Commonwealth marine area (s23 and 24A); and

(f) the Great Barrier Reef Marine Park (section 24B and 24C).

13.5 A further decision was made on 17 October 2013 which confirmed that the Wongai Underground Coal Mine Project was a controlled action to which sections 24D and 24E of the EPBC Act are also controlling provisions as a result of the likely impacts of the development on water resources.

13.6 The consequence of these decisions is that the proposed action to construct and operate a new underground coal mine in the area currently the subject of EPC 2334 must be approved pursuant to the EPBC Act before it can proceed.

13.7 The environmental impact statement has been prepared as is available on the Department of Environment and Energy's website. The final decision of the Minister about whether or not to approve the taking of the action for the purposes of each controlling provision under the EPBC Act is not yet available.

Great Barrier Reef Marine Park

13.8 Pursuant to the *Great Barrier Reef Marine Park Act 1975* (Cth), the Great Barrier Reef Marine Park Zoning Plan 2003 and associated Regulations, a permit will be required if the proposed activities for the Wongai project involve:

(a) operations for the recovery of minerals in the Great Barrier Reef Marine Park;

(b) shipping from a non-designated area in the Great Barrier Reef Marine Park; or

(c) the discharge of waste into the Great Barrier Reef Marine Park.

13.9 A search of the Great Barrier Reef Marine Park Authority website indicates that Aust-Pac applied for a permit under for a 'facility operation' on 25 August 2011. No further details are available publicly regarding this application (registration number G34709.1) and its current status is unclear.

14 Future development – Minyango and Wongai

14.1 There are a number of approvals required to take the Wongai EPC 2334 to production including:

(a) a mining lease;

(b) a site-specific environmental authority (including significant environmental assessment work, a thorough investigation of any groundwater impacts, an environmental impact statement and public notification);

(c) approval under the EPBC Act (based on publicly available documents from the Commonwealth Department of Environment and Energy, the project was determined to be a controlled action requiring approval and that an EIS has been prepared); and

(d) permits under the *Great Barrier Reef Marine Park Act 1975* (Cth), the Great Barrier Reef Marine Park Zoning Plan 2003 and associated Regulations (as mentioned above at paragraph 13.8 above).

The Directors
Bounty Mining Limited

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14.2 Similarly, a number of approvals are required to take the Minyango exploration tenements to production including:

(a) a mining lease;

(b) a site-specific environmental authority; and

(c) potentially referral and approval under the EPBC Act.

14.3 The process to obtain the necessary approvals involves public consultation with the possibility of third party appeal through Court. There is no guarantee that the necessary approvals will be obtained. For example, opposition to coal projects and to projects within the Great Barrier Reef Marine Park may attract third party appeal.

Yours sincerely

McCullough Robertson

McCullough Robertson

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Lawyers McCullough Robertson

Schedule

Tenement information

Cook

ML 1768	
Detail	
Grant date	▪ 25 September 1975
Expiry date	▪ 30 September 2028
Holder	▪ Cook Resource Mining Pty Ltd
Area	▪ 259 hectares
Surface area	▪ 44.67 hectares
Annual rent	▪ $15,591.80
Overlapping tenements	▪ No overlapping tenements
Regional interests	▪ None
Native title category	▪ Pre-1996 grant
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHMP CLH015001 between CCPL and Gaangalu Nation People approved on 30 June 2015
Dealings or agreements recorded on title	▪ Sublease to CC Pty Limited (registration of Bounty Cook's interest subject to stamping)

ML 1769	
Detail	
Grant date	▪ 25 September 1975
Expiry date	▪ 30 September 2028
Holder	▪ Cook Resource Mining Pty Ltd
Area	▪ 258.7 hectares
Surface area	▪ 63.29 hectares
Annual rent	▪ $15,591.80
Overlapping tenements	▪ No overlapping tenements
Regional interests	▪ None
Native title category	▪ Pre-1996 grant
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHMP CLH015001 between CCPL and Gaangalu Nation People approved on 30 June 2015
Dealings or agreements recorded on title	▪ Sublease to CC Pty Limited (registration of Bounty Cook's interest subject to stamping)

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Schedule – Tenement Information

ML 1779	
Detail	
Grant date	▪ 5 April 1979
Expiry date	▪ 30 April 2021
Holder	▪ Cook Resource Mining Pty Ltd
Area	▪ 14,720 hectares
Surface area	▪ 74.12 hectares
Annual rent	▪ $886,144.00
Overlapping tenements	▪ No overlapping tenements
Regional interests	▪ None
Native title category	▪ Pre-1996 grant
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHMP CLH015001 between CCPL and Gaangalu Nation People approved on 30 June 2015
Dealings or agreements recorded on title	▪ Sublease to CC Pty Limited (registration of Bounty Cook's interest subject to stamping) ▪ Co-use Deed with Ergon Energy and CCPL ▪ Initial powerline agreement with Ergon Energy and CCPL

ML 1799	
Detail	
Grant date	▪ 5 April 1979
Expiry date	▪ 30 April 2021
Current registered holder	▪ Cook Resource Mining Pty Ltd
Area	▪ 1,730 hectares
Surface area	▪ 710.599 hectares
Annual rent	▪ $104,146.00
Overlapping tenements	▪ EPC 1797 – Cook Resource Mining Pty Ltd (granted 2 March 2010)
Regional interests	▪ None
Native title category	▪ Pre-1996 grant
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHMP CLH015001 between CCPL and Gaangalu Nation People approved on 30 June 2015
Dealings or agreements recorded on title	▪ Sublease to CC Pty Limited (registration of Bounty Cook's interest subject to stamping) ▪ Co-use Deed with Ergon Energy and CCPL ▪ Initial powerline agreement with Ergon Energy and CCPL

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Schedule – Tenement Information

ML 7357	
Detail	
Grant date	▪ 6 June 1991
Expiry date	▪ 30 April 2021
Holder	▪ Cook Resource Mining Pty Ltd
Area	▪ 5.815 hectares
Surface area	▪ Nil
Annual rent	▪ $361.20
Overlapping tenements	▪ No overlapping tenements
Regional interests	▪ None
Native title category	▪ Pre-1996 grant
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHMP CLH015001 between CCPL and Gaangalu Nation People approved on 30 June 2015
Dealings or agreements recorded on title	▪ Sublease to CC Pty Limited (registration of Bounty Cook's interest subject to stamping)

Minyango

ML 80173	
Detail	
Grant date	▪ 1 December 2015
Expiry date	▪ 31 December 2040
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 3,326 hectares
Surface area	▪ 3313 hectares
Annual rent	▪ $200,255.20
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009)
Regional interests	▪ Priority living area (Blackwater township)
Native title category	▪ Right to negotiate – no registered native title claimant at notification date
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ 1 recorded site on DATSIP register
Cultural heritage agreement	▪ CHMP CLH011030 between Blackwater Coal and Kangoulu People approved on 3 February 2012 ▪ CHIMA between Blackwater Coal and the Gaangalu Nation People dated 2015
Dealings or agreements recorded on title	▪ Nil recorded

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Schedule – Tenement Information

EPC 699	
Detail	
Grant date	▪ 30 August 2005
Expiry date	▪ 29 August 2020
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 14 sub-blocks
Annual rent	▪ $3,913.00
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009) ▪ ML 1759 - BHP Billiton Limited (granted 2 December 1965)
Regional interests	▪ Priority living area (Blackwater township) ▪ Strategic cropping land (wholly overlapped by priority living area)
Native title category	▪ Expedited procedure – NTPCs apply
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ 1 recorded site on DATSIP register
Cultural heritage agreement	▪ CHIMA between Blackwater Coal and the Gaangalu Nation People dated 2015 ▪ NTPCs
Dealings or agreements recorded on title	▪ EPC 699 is subject to conditional surrender in favour of MDL 424 ▪ EPC 699 is subject to three (3) registered caveats in favour of QCoal Pty Ltd ▪ Open cut deposits deed with QCoal Pty Ltd

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EPC 997	
Detail	
Grant date	▪ 20 December 2006
Expiry date	▪ 19 December 2021
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 26 sub-blocks
Annual rent	▪ $2,181.20
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009) ▪ ML 1762 - BHP Billiton Limited (granted 1 May 1969)
Regional interests	▪ Priority living area (Blackwater township)
Native title category	▪ Expedited procedure – NTPCs apply
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ 2 recorded sites on DATSIP register
Cultural heritage agreement	▪ CHIMA between Blackwater Coal and the Gaangalu Nation People dated 2015 ▪ NTPCs
Dealings or agreements recorded on title	▪ EPC 997 is subject to conditional surrender in favour of MDL 424 ▪ EPC 997 is subject to 1 registered caveat in favour of QCoal Pty Ltd ▪ Royalty deed with QCoal Pty Ltd

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Schedule – Tenement Information

MDL 375	
Detail	
Grant date	▪ 17 January 2008
Expiry date	▪ 30 January 2018
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 505 hectares
Annual rent	▪ $14,266.25
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009)
Regional interests	▪ Priority living area (Blackwater township)
Native title category	▪ Predominantly exclusive land – all land subject to native title is excluded from the permit area
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ CHIMA between Blackwater Coal and the Gaangalu Nation People dated 2015
Dealings or agreements recorded on title	▪ MDL 375 is subject to conditional surrender in favour of MDL 424 ▪ MDL 375 is subject to three (3) caveats registered in favour of QCoal Pty Ltd ▪ Royalty deed with QCoal Pty Ltd

MDLA 424	
Detail	
Grant date	▪ Application lodged 10 September 2009
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 8,868.2483 hectares (however, MDLA is to be amended to exclude the township of Blackwater)
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009)
Land access	▪ We are not aware of any agreements with landowners in respect of proposed activities on MDL 424
Environmental compliance	▪ No records of enforcement action were provided by DEHP
Regional interests	▪ Priority living area (Blackwater township) ▪ Strategic cropping land (wholly overlapped by priority living area)
Native title category	▪ Right to negotiate – section 31 deed and ancillary agreement
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ 3 recorded sites on DATSIP register
Cultural heritage agreement	▪ CHIMA between Blackwater Coal and the Gaangalu Nation People dated 2015
Dealings or agreements recorded on title	▪ Nil recorded

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Schedule – Tenement Information

MDLA 465	
Detail	
Grant date	▪ Application lodged 14 December 2011
Holder	▪ Blackwater Coal Pty Limited
Area	▪ 628.2492 hectares
Overlapping tenements	▪ ATP 1025 – Bow CSG Pty Ltd (granted 24 February 2009)
Regional interests	▪ None
Native title category	▪ Expedited procedure – not yet notified
Native title party and Aboriginal Party	▪ Gaangalu Nation People (QUD400/2012)
Cultural heritage	▪ Gaangalu Nation People (QUD400/2012) ▪ No recorded sites on DATSIP register
Cultural heritage agreement	▪ No agreements in data room or on DATSIP register
Dealings or agreements recorded on title	▪ Nil recorded

Wongai

EPC 2334	
Detail	
Grant date	▪ 14 December 2011
Expiry date	▪ 13 December 2021
Holder	▪ Aust-Pac Capital Pty Ltd ▪ Bounty Mining Investments Pty Ltd
Area	▪ 50 sub-blocks
Annual rent	▪ $7790.00
Work program	▪ Outstanding as at the date of this report
Minimum expenditure	▪ Outstanding as at the date of this report
Overlapping tenements	▪ None
Regional interests	▪ None
Native title category	▪ 'An agreement is reached under a Section 31 deed'
Native title party and Aboriginal Party	▪ Cape York United Number 1 Claim (QUD673/2014
Cultural heritage	▪ Cape York United Number 1 Claim (QUD673/2014) ▪ 34 recorded sites on DATSIP register
Cultural heritage agreement	▪ None recorded on DATSIP register ▪ ILUA contemplates the existence of a CHMP
Dealings or agreements recorded on title	▪ EPC 2334 is subject to 2 registered mortgages in favour of Bounty Operations Pty Ltd ▪ EPC 2334 is subject to 1 registered caveat in favour of Bounty Mining Investments Pty Ltd

Bounty Mining Limited
ABN 19 107 411 067

For all enquiries:

Bounty Mining Limited on 02 9231 5852

Offer closes at 5.00pm (AEST) on Wednesday, 30 May 2018.

Priority Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Bounty Mining Limited Prospectus dated 1 May 2018 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Number of Shares in Bounty Mining Limited at $0.35 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit | Street Number | Street Name or PO Box/Other information

City/Suburb/Town | State | Postcode

E Enter your contact details

Contact Name | Telephone Number - Business Hours

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the issuer sponsored subregister.

G Payment details - Please transfer application monies to the below bank account

Account name:	Bounty Mining Limited - Holding Account
Bank:	Commonwealth Bank Australia
BSB:	062-000
Account number:	17018369
SWIFT Code:	CTBAAU2S
Beneficiary bank address:	48 Martin Place, Sydney NSW 2000
Reference:	Investor Name

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Bounty Mining Limited.

See overleaf for completion guidelines ➔

How to complete this Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 6,000 Shares ($2,100).

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of $0.35.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F **CHESS**
Bounty Mining Limited will apply to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Bounty Mining Limited and allocated a Securityholder Reference Number (SRN).

G **Payment**
Make your EFT payment to the bank account details on Page 1. (Receipts will not be forwarded. Funds cannot be directly debited from your bank account.)

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Bounty Mining Limited is upon and subject to the terms of the Prospectus and the Constitution of Bounty Mining Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Bounty Mining Limited by no later than 5.00pm (AEST) on Wednesday, 30 May 2018. You should allow sufficient time for this to occur. Return the Application Form to Bounty Mining Limited at the below address:

Suite 301, Level 3
66 Hunter Street
SYDNEY NSW 2000

Neither CIS nor Bounty Mining Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Bounty Mining Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Broker Code

Adviser Code

Bounty Mining Limited
ABN 19 107 411 067

Offer closes at 5.00pm (AEST) on Wednesday, 30 May 2018.

Broker Firm Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Bounty Mining Limited Prospectus dated 1 May 2018 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Number of Shares in Bounty Mining Limited at $0.35 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the issuer sponsored subregister.

G Lodgement Instructions

Cheques or bank transfers should be drawn up according to the instructions provided by your Broker.

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Bounty Mining Limited.

See overleaf for completion guidelines ➔

How to complete this Broker Firm Offer Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 6,000 Shares ($2,100).

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of $0.35.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

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G **Payment**
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Bounty Mining Limited is upon and subject to the terms of the Prospectus and the Constitution of Bounty Mining Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The Broker Firm Offer opens on 17 May 2018 and is expected to close on 30 May 2018. Bounty Mining Limited and the Lead Manager reserve the right to vary the timetable without prior notice, including by closing the Offer before the scheduled Closing Date or by extending the Closing Date.

If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry.

Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Broker Firm Offer.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)

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Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Bounty Mining Limited

ACN 107 411 067