

20 April 2020

ALLEGIANCE COMPLETES THE ACQUISITION OF THE LORENCITO COAL LEASES WHICH NEIGHBOUR THE NEW ELK COAL MINE (Re-issued with CP Statement and JORC table)

HIGHLIGHTS

- Allegiance has entered into coal lease agreements to mine and sell all the coal comprised in the Lorencito property (**Lorencito Property**) which neighbours the New Elk hard coking coal mine (**New Elk Mine**), located in southeast Colorado, U.S.
 - The Lorencito Property contains the same coal bearing units that exist in the New Elk Mine including many of the same coal seams, but of particular interest to Allegiance is the Primero seam with quality parameters that align with high-vol 'A' hard coking coal specifications.
 - The Lorencito Property is permitted for coal production but the permit will require an extension to enable the Primero seam to be mined.
 - The Primero seam outcrops at surface providing low cost access to coal.
 - Allegiance intends to fast-track the Primero seam as the New Elk Mine's production ramp-up.
-

Allegiance Coal Limited (**Allegiance** or the **Company**) refers to its prior announcement of 15 April 2020 and, noting that the announcement contained exploration results in the section dealing with coal quality, re-issues the announcement to include a Competent Persons Statement and JORC table. The Company refers to its prior announcements of 5 December 2019 and 9 December 2019 relating completion of a non-binding memorandum of understanding to acquire the Lorencito Property. Allegiance is now pleased to announce the completion of the acquisition of the Lorencito coal leases (**Lorencito Coal leases**), and an additional 87.6Mt of hard coking coal increasing the New Elk Mine coal resource tonnes from 656Mt to 744Mt (tonnes are metric tonnes).



Image: the thick Primero hard coking coal seam outcropping at surface under a thick cover of sandstone

Cautionary Statement

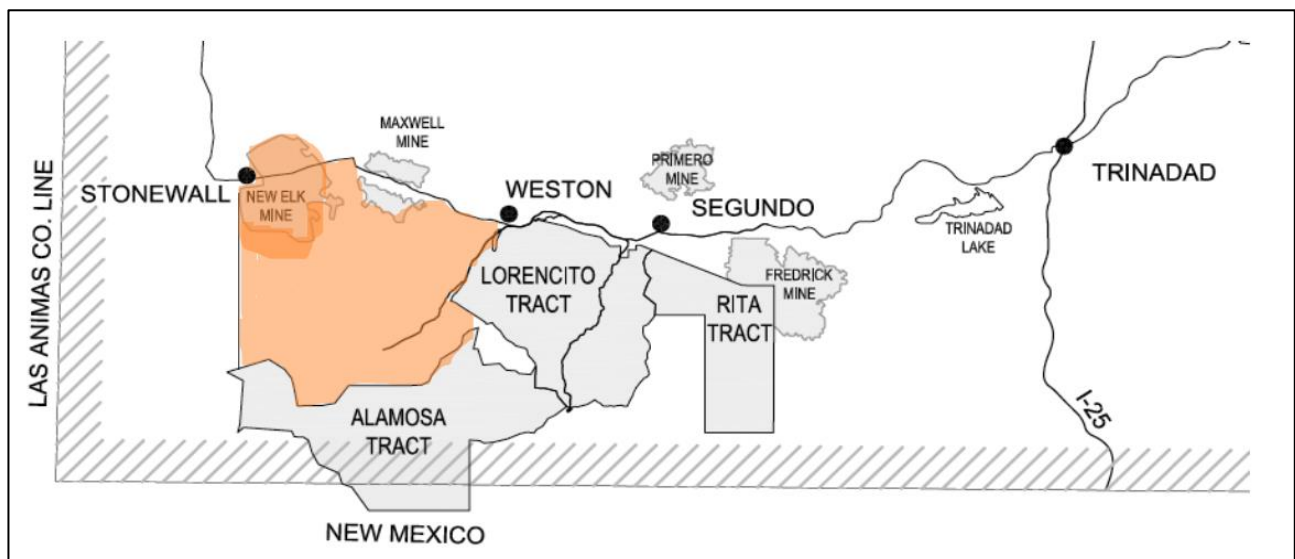
Other than the mineral resource estimates in relation to the Green, Blue and Allen seams set out in the Company's 28 November 2019 Announcement, investors should note that the mineral resource estimates for the New Elk Mine and the Lorencito Property in this announcement are foreign estimates under ASX Listing Rule 5.12 and are not reported in accordance with JORC Code (2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves") (**JORC Code**) and, a competent person has not done sufficient work to classify the foreign estimates as a mineral resource under the JORC Code and it is uncertain that following further exploration or evaluation work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code.

In accordance with ASX Listing Rule 5.13:

- Allegiance refers to its announcements of 5 December 2019 and 9 December 2019 regarding the resource estimates for the Lorencito Property. Allegiance confirms that it is not in possession of any new information or data relating to those estimates that materially impacts on the reliability of the estimates or Allegiance's ability to verify the estimates as mineral resources in accordance with the JORC Code. The supporting information provided in the previous announcements continue to apply and has not materially changed;
- Allegiance refers to its announcements of 15 July 2019 and 28 November 2019 regarding the resource estimates for the New Elk Mine insofar as they relate to the estimates other than the Green, Blue and Allen seams. Allegiance confirms that it is not in possession of any new information or data relating those estimates that materially impacts on the reliability of those estimates or Allegiance's ability to verify those estimates as mineral resources in accordance with the JORC Code. The supporting information provided in the previous announcements continue to apply and has not materially changed.

Permitted for production

The Lorencito Property, referred to in the map below as the Lorencito Tract, borders the eastern boundary of the New Elk Mine (shaded orange), and is adjacent to the road and railway bed for easy transfer of mined coal from the Lorencito Property back to the wash plant located at the New Elk Mine.



The Lorencito Property, like the New Elk Mine, is permitted for production although Allegiance will have to obtain an extension to the current Lorencito Property mine permit to develop an underground mine within the target, premium quality, hard coking coal Primero seam.

New Elk Mine and Lorencito Property coal resources and reserves

Combined, the New Elk Mine and the Lorencito Property comprise 744Mt of coal resources of which 45.1Mt have been converted from just three of nine coal seams representing just 31% of total coal resources, into coal reserves.

In its 15 July 2019 announcement, the Company listed the New Elk Mine coal resources previously prepared in accordance with National Instrument 43-101 'Standards of Disclosure for Mineral Projects' (NI 43-101) (Report). The Report declared a mineral resource estimate of 656Mt of coal resources at a minimum seam height of three foot. That mineral resource estimate is shared across 8 coal seams summarised in the table below.

Coal seams	Seam height	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Green	3 to 7 foot	29.94	24.95	0.09	53.98
Loco	3 to 4 foot	13.06	27.22	24.13	64.41
Blue	3 to 5 foot	47.36	34.56	0.82	82.74
BCU	3 to 6 foot	11.61	33.38	27.22	72.21
Red	3 to 4 foot	21.14	9.34	0.00	30.48
Maxwell	3 to 9 foot	65.41	65.05	15.79	146.24
Apache	3 to 5 foot	45.63	51.53	13.97	111.13
Allen	3 to 5 foot	38.83	43.45	12.79	95.07
Total		271.97	289.48	94.80	656.26

In its 28 November 2019 announcement, the Company delivered the results of a feasibility study of the New Elk Mine, including a statement of resources and reserves in accordance with the JORC Code and NI 43-101 in relation to the Green, Blue and Allen seams only, summarised in the two tables that follow.

Resources	Seam height	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Green seam	3.0 foot	19.1	17.7	5.6	42.4
Blue seam	3.0 foot	89.6	31.4	9.1	130.2
Allen seam	3.0 foot	68.9	25.4	0.7	95.1
Total	3.0 foot	177.6	74.4	15.6	267.6

Reserves	Seam height	Proven Mt	Probable Mt	Saleable Mt
Green seam	4.0 foot	0.8	-	0.8
Blue seam	4.0 foot	17.7	4.5	22.2
Allen seam	4.0 foot	16.7	5.5	22.1
Total	4.0 foot	35.2	9.9	45.1

As disclosed in the Company's announcements of 5 and 9 December 2019, the Lorencito Property has been the subject of several drill programmes totalling 217 holes, geological and scoping studies, the most recent we are aware of was by Mine Engineers, Inc. from Wyoming, dated November 2008 (Study). The Study developed a geological model based on existing coal exploration and coal bed natural gas wells covering eight coal seams, including the Primero seam.



The calculated in-place coal resources for the Primero seam is 87.6Mt, summarised in the table below by reference to coal seam thickness. As is evident, the vast majority of the in-place coal exceeds 4 foot thickness.

In place coal seam thickness (feet)	Demonstrated in place coal resources (metric tonnes)
3.0 to 4.0	24.5
4.0 to 5.0	33.8
5.0 to 6.0	23.0
6.0 +	6.3
Total	87.6

In its resource estimation, the Study relied on resource estimates from a report dated 1997 prepared by Reserve Services of Laramie, Wyoming, US, prepared in conformity with guidelines of the U.S Bureau of Mines and U.S Geological Survey “Coal Resource Classification System” (USGS Circular No. 891, 1983) (**Source Report**).

The Source Report categorised the resources in accordance with USGS Circular No. 891, 1983, as ‘Demonstrated in place coal resources’, and then went on to apply parameters to categorise the ‘in place’ resources as Measured and Indicated. Under USGS Circular No. 891, 1983, Demonstrated in place coal is the sum of Measured and Indicated resources. The Study relied upon the Source Report to establish the same categorisation of ‘in place coal’ but did not proceed to break that down into further categories.

Premium quality hard coking coal

The Primero coal seam is a US high volatile hard coking that aligns with the coal specifications for US high-vol A hard coking coal, a coal highly sought after by the world steel mills for its fluidity.

The property that sets coking coals apart from other coals is its caking ability. Coke is produced by heating a blend of coking coals in a coke oven in a reducing atmosphere. As the temperature of the coal increases, it becomes plastic, fusing together before resolidifying into coke particles. This is known as the caking process.

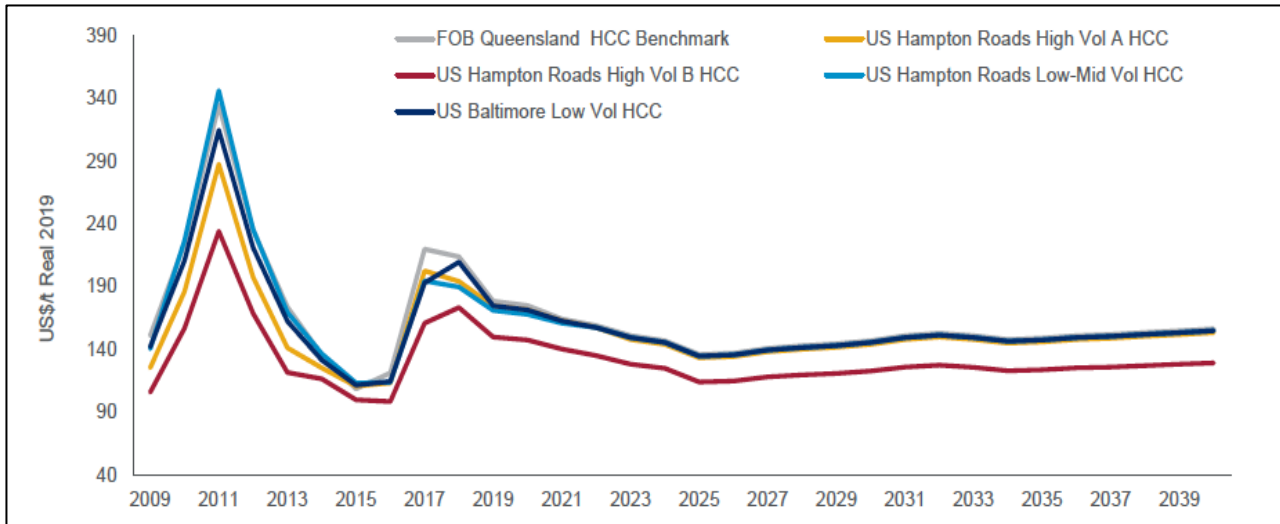
The quality of the resultant coke is determined by coke plant operating conditions and the qualities of the coking coals used in the blend. Coal fluidity is one such important quality and US high volatile hard coking coals typically have exceptional fluidity compared to low and mid volatile hard coking coals.

The table below highlights key differences between Australian, Canadian and US hard coking coals by reference to CSR and fluidity. Australian low-vol and Canadian mid-vol hard coking coals deliver higher coke strength while US high-vol coking coals deliver higher fluidity.

	Volatile Matter	CSR*	Fluidity (ddpm)**
Australia Hard Coking Coals			
Premium low-vol	21	71	500
HCC 64 mid-vol	21	62	100
Canadian Hard Coking Coals			
Mid-vol	25	70	100
US Hard Coking Coals			
Low-vol	19	58	
High-vol A	32	>50	30,000
High-vol B	34	>45	25,000

* coke strength after reaction ** dial divisions per minute

US high-vol hard coking coal is a premium priced coal that typically trades at a small discount, and sometimes at a premium, to premium low-vol benchmark hard coking coal.



Source: Wood Mackenzie October 2019

The table above published by Wood Mackenzie summarises the historical prices for a variety of hard coking coals over the last decade along with forecast pricing for the next two decades, and highlights the closeness in recent times and looking forward, between premium low-vol benchmark hard coking coal and US high-vol A hard coking coal.

As part of the due diligence to acquire the Lorencito Coal Leases, Allegiance commissioned an initial coal quality assessment of the Primero seam by Kobie Koornhof & Associates (KK).

KK notes that the Primero meets high-vol A parameters in the important areas of volatile matter, sulphur, rheology and strength indices while the reflectance is below what is expected. However, KK suggests this may be off-set by the very attractive dilatation.

The table below from KK's report compares the Primero seam favourably to typical high-vol A specifications.

Selected coking coal quality parameters (adb)		Units	Typical HV A Specs	Primero Specs
Proximate	Ash	%	6 – 8	8 – 9
	Volatile matter	%	31 – 34	30 – 34
	Sulphur	%	0.75 – 1.05	0.55 – 0.66
Rheology	Free swell index		7 – 9	7 – 9
	Maximum fluidity	ddpm	30,000	25,000 – 30,000
	Dilatation	%	220 – 350	270
Ash chemistry	Phosphorus	%	0.004 – 0.009	0.03
	Base acid ratio	%	0.14 – 0.17	0.21
Petrography	RoMax	%	0.90 – 1.0	0.92 – 0.99
	Strength index		>3.5	>3.5
	Stability factor		>50	45 – 50
	Vitrinite	%	60 – 70	75 – 85
Coke strength	CSR		>50	50 – 54
Ash fusion	Temperature	°F	2,550 – 2,680	2,470 – 2,580

Schedule for advancing the Primero seam to production

The table below summarises the work programme to bring the Primero seam into production by Q4 2021.

	2020			2021			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Review geological model							
Drill programme							
Coal quality tests & steel mills samples							
Mining permit extension							
JORC compliant feasibility study							
Site development							
Commence production in the Primero seam							

Key Terms of the Planned Acquisition

The rights to the coal are owned by several US entities jointly namely; MGP Mineral Enterprises LLLP, a Colorado limited liability limited partnership; C & N M Ranch, LP, a Texas limited partnership; Hill Ranch, Ltd, a Texas limited partnership; Richard Bowie Hill, Trustee of the Richard Bowie Hill Inter Vivos Trust; Hill-Toomey Farms, LLC a Texas limited liability company; and Balbianello Land Management, LLC, a Texas limited liability company (collectively the **Lessors**).

The lease provides for the following:

- The Lessors grant to Allegiance by way of lease, the exclusive right to Primero and shallower coal seams within the Lorencito Property, and facilitate the right to use surface area for coal access for underground mining, short term storage and conveyance of coal from the mine to the wash-plant at the New Elk Mine, subject only to the acquisition by Allegiance of the New Elk Mine.
- In consideration, Allegiance will pay or grant to the Lessors:
 - US\$260,000 in cash on the completion of the acquisition of the New Elk Mine;
 - US\$500,000 in cash upon completion of a feasibility study to the satisfaction of Allegiance;
 - US\$1,000,000 upon securing permits to mine coal in the Lorencito Property;
 - US\$2,000,000 upon the production of the first one million tonnes of clean coal;
 - A production royalty as set out in Schedule 1 to this announcement;
 - 2.5% of the equity in the company that will own the New Elk Mine, once the Lorencito Property is in production, and that equity interest will be non-dilutionary up to the capital cost required to reach 3Mt of annual saleable coal production.



For more information, please contact:

Mr Mark Gray

Chairman & Managing Director

Mobile : +61 412 899979

Email : mgray@allegiancecoal.com.au

Mr Jonathan Reynolds

Finance Director

Mobile : +61 408 229 953

Email: jreynolds@allegiancecoal.com.au

About Allegiance Coal

Allegiance Coal is a publicly listed (ASX:AHQ) Australian company based in Vancouver, BC Canada, and is focussed on developing and mining metallurgical coal projects in North America and Western Canada. The Company is developing the Tenas metallurgical coal project, located in northwest British Columbia, in partnership with Itochu Corporation. The Tenas Project has a completed definitive feasibility study and is now in the permitting process targeting H2 2022 for the commencement of production. On 22 January 2020, the Company announced the acquisition of the New Elk hard coking coal mine, a fully permitted and constructed mine located in southeast Colorado, US. The Company is targeting to return the New Elk mine to production in 2020.

Competent Person Statement

The information in this announcement that relates to Exploration Results, is based on information reviewed by Mr Dan Farmer, a registered professional engineer with the Association of Professional Engineers and Geoscientists of British Columbia. Mr Farmer is engaged by the Company on a full-time basis and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"). Mr Farmer has consented to the inclusion of the information in the form and context in which it appears above.



Schedule 1: Lorencito Property Production Royalty

Royalties (select to match coal price) US\$/t x FOB price	US\$/t
1 to 100	1.00
100 to 109.9	2.00
110 to 119.9	3.00
120 to 129.9	4.00
130 to 139.9	5.00
140 to 149.9	6.00
150 to 159.9	7.00
160 to 169.9	8.00
170 to 179.9	9.00
180 to 189.9	10.00
190 to 199.9	11.00
200 to 209.9	12.00
210 to 219.9	13.00
220 to 229.9	14.00
230 to 239.9	15.00
240 to 249.9	16.00
250 to 259.9	17.00
260 to 269.9	18.00
270 to 279.9	19.00
280 plus	20.00

Notes:

t = metric ton

Coal Price (FOB) = gross sales price in vessel at export terminal

APPENDIX - JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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 representativeness 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 (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g 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 (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Coal samples derived from solid rock core using detailed physical observation by drillers and/or geologists, engineers of rock core. All core holes, where conditions permitted, were logged geophysically with some or all of the following tools: deviation, gamma, density, caliper, neutron, dip. Geophysical logging operators routinely calibrated their tools between programs. Core holes were sampled, where core recovery permitted, as whole core collected for coal quality analysis and rock geochemistry. The results from the geophysical logging were used to determine the lithology of the strata in the hole. The cored intervals are compared to the geophysical log in order to determine sample intervals and core loss.
Drilling techniques	<ul style="list-style-type: none"> 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.). 	<ul style="list-style-type: none"> Drill holes used in geologic models were vertical continuous wireline core holes drilled from surface to various targeted coal seams, with a total of eight major coal horizons intercepts. Number of drill holes relied on was 217 derived from the Colorado Geological Survey (138 holes) and a report undertaken by Reserve Services (79 holes).
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> The cored intervals were compared to the geophysical log in order to determine sample intervals and core loss. Drill sample recovery of the coal seam is often documented on the core logs. If there is a core loss the driller and/or geologist typically noted how much was lost and at what interval the loss likely occurred. A relatively high percentage recovery (80 to 95 percent) of the samples has been noted during the geologic investigation of this project.
Logging	<ul style="list-style-type: none"> 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 photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All core was logged using similar logging criteria included lithology, weathering, core quality/hardness and observation of structural features. The logging with respect to the down hole logs is quantitative and core photographs are available in some instances. All boreholes, where conditions permitted, were geophysically logged with some or all of the following tools: deviation, gamma, density, caliper, neutron, dip. Geophysical logging operators routinely calibrated their tools between programs.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> General practice is for the coal cores to be placed in a wooden core box and transported either to a laboratory or a company access-controlled storage facility. The coal sample intervals are typically separated by a geologist or competent person based on predetermined

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • 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 representativeness 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. 	<p>project goals and/or mining scenarios. When available, geophysical logs are used to spilt separate coal samples from other carbonaceous containing strata.</p> <ul style="list-style-type: none"> • Once the coal samples are separated, they are then bagged, labelled and accompanied to the laboratory with a detailed laboratory instruction sheet. This instruction sheet outlines the desired analytical suite to be performed on each individual sample.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • 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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • Coal quality values were obtained utilizing ASTM laboratory standards and practices.
Verification of sampling and assaying	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Sampling procedures were not able to be verified. Copies of original laboratory analysis sheets were made available for the analyses provided.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • Several steps were utilized to check and verify locations of drill holes including recent aerial photography and topography for the tract. • Aerial topography shows most all the location pads for the coal bed natural gas drill holes and verification of these locations was easily completed. • Because the topography is steep and access roads are typically limited to ridge tops and valley bottoms, coal exploration holes that plotted on steep slopes away from ridge tops and valley floors were assumed to have incorrect locations. • Where the locations could be verified by maps from previous reports and studies, this data was assumed to be accurate.
Data spacing and distribution	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Points of observation are supported a one-half mile area of influence requirement for Indicated coal resources and a one-quarter mile influence for Measured coal resources per the criteria presented in USGS Circular 891 1983.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • All drill holes were vertical and the reported lithological thicknesses are, for all practical purposes, equivalent to true thicknesses due to the relatively flat-lying geologic structure of the region (approximately 3° dip to the northeast).

Criteria	JORC Code explanation	Commentary
	is considered to have introduced a sampling bias, this should be assessed and reported if material.	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Typically, coal cores are transported via pick-up truck from the drill site to the laboratory or a company access-controlled storage facility. Additional security methods are deemed unnecessary and not commonly employed.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Multiple reports from different authors have been undertaken where checks and comparisons between data has been undertaken to verify and validate data.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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 license to operate in the area. 	<ul style="list-style-type: none"> Mineral ownership is held in the form two leased areas. Mineral ownership in this area is separate from surface ownership. Surface rights for potential mining are yet to be negotiated.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Various coal companies/landowners have conducted exploration projects on the property over the years. This included the geophysical logging of the drill holes. Geologic information was also obtained from CBM holes advanced within the property.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> “Geologic Type” can be categorized as “low” geologic complexity. Minor faulting, seam “rolls” and igneous dike/sill intrusions have been noted in the area of the property but are not considered significant. The property is located within the Raton Basin which runs from Colorado to New Mexico and contains approximately 20,000 to 25,000 feet of sedimentary rock sequence. The geologic age of the lithologies associated with the minable coal bearing strata underlying the property is of Late Cretaceous to Paleocene. Structurally, the lithologies underlying the property dip to the northeast at approximately 3°.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drill hole information included driller’s lithologic logs, geologist logs, and geophysical logs.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical 	<ul style="list-style-type: none"> No cutoff grades are applied to the exploration data. Weighting of sample intervals is by sample length only.

Criteria	JORC Code explanation	Commentary
	<p>examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> All exploration drilling and sampling is vertically orientated and, given the 3° seam gradient or less, these intercepts effectively represent true thickness of the target coal seams. Sampling is obtained directly from the rock core taken from each drill hole and there is a clear contact point between the coal sampled and the sedimentary rock interface. Geophysical logs, when available, were used to further define coal sample collection points.
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Diagrams of the mineralized zones have been developed by previous exploration. Diagrams include location maps, drillhole plots and geology cross sections.
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Exploration data allows for the reporting of coal resources on the property.
Other substantive exploration data	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Historical exploration data from the neighbouring New Elk Mine, and several other historical mines adjacent to the property were relied upon.
Future work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions, or large-scale step-out drilling). 	<ul style="list-style-type: none"> A drill programme is planned for May to enhance historical drilling data and to undertake fresh coal washability and quality analysis. Once complete, a feasibility study is planned to declare coal resources and reserves compliant with the JORC Code 2012.