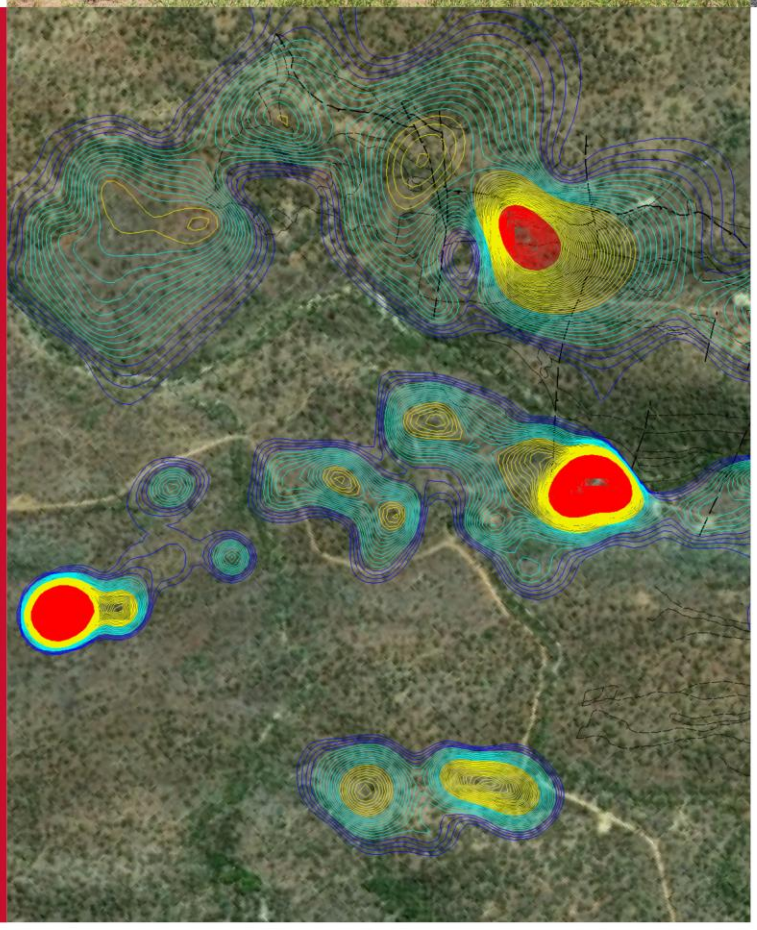






PT Kuansing Inti Makmur

Kuansing Inti Makmur Concession

Independent Reserve Report

February 2015

HDR | SALVA

PT Kuansing Inti Makmur

PT Kuansing Inti Makmur Concession

Independent Reserve Report

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Key abbreviations

°C	degrees Celsius
$ or USD	United States Dollar
Adb	Air dried basis, a basis on which coal quality is measured
AMSL	Above Mean Sea Level
AMDAL	Analisis Mengenai Dampak Lingkungan Hidup- Environmental Impact Assessment (EIA), which contains three sections, the ANDAL, the RKL and the RPL
ANDAL	Analisis Dampak Lingkungan Hidup, component of the AMDAL that reports the significant environmental impacts of the proposed mining activity
Ar	As received basis
AS	Australian Standards
ASR	Average stripping ratio
AusIMM	Australian Institute of Mining and Metallurgy
Batter	Slope of Advancing Mine Strip
bcm	bank cubic meter
Cc	Cubic Centimeter
BD	bulk density
CCoW	Coal Contract of Work
CHPP	Coal Handling and Processing Plant
CV	Calorific value
Capex	Capital Expenditure
Coal Resource	A Coal Resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction.
Coal Reserve	A Coal Reserve is the economically mineable part of a Measured or Indicated Coal Resource. Coal Reserve estimates including diluting materials and are adjusted for losses that may occur when the coal is mined. Appropriate assessments, which may include feasibility studies, have been carried out. These assessments should include proper consideration of all relevant 'modifying factors' such as mining methods, beneficiation, and economic, marketing, legal, environmental, social and governmental factors. These assessments should demonstrate that at the time of reporting, economic extraction could reasonably be justified. Coal Reserves are subdivided in order of increasing confidence into Probable Coal Reserves and Proved Coal Reserves.
DGMC	Directorate General of Minerals and Coal
FC	Fixed Carbon
gar	gross as received, a basis on which coal quality is measured
GEMS	PT Golden Energy Mines Tbk
gm	Gram
ha	Hectare(s)

HDR Salva	Salva Resources Pty Ltd
HGI	Hardgrove Grindability Index, an index on which grindability of coal is measured
IM	Inherent Moisture
IPPKH	'Izin Pinjam Pakai Kawasan Hutan' which translates to a borrow to use permit in a production forest
IUP	'Izin Usaha Pertambangan' which translates to 'Mining Business Licence'
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australian Institute of Geoscientists and Mineral Council of Australia
k	thousand
kcal/kg	Unit of energy (kilocalorie) per kilogram
kg	kilogram
km	Kilometers(s)
km2	Square kilometre(s)
kt	kilo tonne (one thousand tonne)
L	Litre
m	Meter
lcm	loose cubic metre
LOM	Life of Mine
lcm	lcm loose cubic metre
M	Million
Mbcm	Million bank cubic metres
Mbcmpa	Million bank cubic metres per annum
MEMR	Ministry of Energy and Mineral Resources within the central government
m RL	metres reduced level
m^3	cubic metre
m/s	metres per second
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
NAR	Net as received
Opex	operating expenditure
PKP2B	'Perjanjian Kerjasama Pengusahaan Pertambangan Batubara' – same as CCoW
PT KIM	PT Kuansing Inti Makmur
RD	Relative density
RKL	'Rencana Pengelolaan Lingkungan' - environmental management plan
ROM	Run of Mine
RKL	Relative Level - survey reference for height of landforms above a datum level
RPL	'Rencana Pemantauan Lingkungan' - environmental monitoring plan
SE	Specific Energy
SMGC	PT SMGC Consultants

SR	Strip ratio (of waste to ROM coal) expressed as bcm per tonne
t	Tonne
tkm	Tonne kilometer
tpa	Tonnes per annum
TM	Total Moisture (%)
TS	Total Sulphur (%)
VALMIN	2005 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VM	VM Volatile Matter (%)

Executive Summary

PT Kuansing Inti Makmur ("PT KIM") commissioned HDR Salva to prepare an independent update estimate of Open Cut Coal Reserves for the PT Kuansing Inti Makmur coal deposits ("KIM") due to changes in mine economics and updated mined out topography.

HDR Salva prepared the estimate of Coal Reserves as of 30 September 2014 in compliance with the requirements of the reporting guidelines of the 2012 Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia ("The JORC Code").

The current Coal Reserves estimate as of 30 September 2014 in accordance with the JORC 2012 code is being reported incorporating those updates in mine economics and mined out topography.

KIM (PT Kuansing Inti Makmur) Projects in Indonesia

The KIM Project is located in the Bungo Regency of Jambi Province on Sumatra Island, Indonesia. The KIM Project is located ~300 km to the South East of the Padang Port in West Sumatra. The KIM Project consists of 2 coal blocks namely, KIM East Block ("KIM East") and KIM West Block ("KIM West"). Conventional open-pit coal mining operations was commenced in the KIM East pit in 2007, which was followed by opening of the KIM West pit in 2010. Approximately 9 Mt of coal has already been mined from these pits until September 2014.

Geology

The KIM concession area is found on the northern edge of the South Sumatra Basin. This basin was formed by back-arc extension and is filled with Eocene to Pliocene aged terrestrial and marine sediments. Two phases of coal seam accumulation are found within this sequence, the first is an older Oligocene phase related to fluvio-deltaic sedimentation (Talang Akar Formation) during initial rifting and deposition of a transgressive sedimentary sequence. After the mid-Miocene plate collision and commencement of subduction off the west Sumatra coast, a regressive sedimentary sequence commenced from mid-Miocene to Pliocene times. This resulted in a resturn to a fluvio-deltaic environment, from the previously dominant deep marine sedimentation. This gave rise to the Muara Enim Formation, the dominant coal bearing unit within the South Sumtra Basin.

Coals found within the KIM concession are however of Oligocene age and hence form part of the older phase of coal accumulation within the South Sumara Basin. Seams within the concession are generally fairly shallow dipping (less than 10 degrees) to the north-northeast. The Oligocene coal bearing unit is unconformably overlain by ignimbrites of Miocene age, related to vulcanism within the basin, associated with to the onset of subduction.

Resource

HDR Salva has previously estimated total Coal Resources of 260 million tonnes (Mt) on an in situ air dried moisture basis, to a maximum depth of 250 m. The total tonnes are comprised of 115 Mt of Measured, 60 Mt of Indicated and 85 Mt of Inferred category Resources.

Coal Resource Estimate for KIM Coal concession as at 31 July 2014

Resources (Mt)				
Area	**Measured**	**Indicated**	**Inferred**	**Total**
KIM West	58	23	11	91
KIM East	57	37	74	168
Total	**115**	**60**	**85**	**260**

Coal Resources are reported inclusive of the Coal Reserves
(*Note; individual totals may differ due to rounding*)

Mining Method

Mining operation commenced in 2007 in KIM East and in 2010 in KIM West blocks. The mining operation in KIM blocks is an open pit mine using standard truck and excavator methods which are a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this Reserve Statement, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining. The mining method can be described as a multi seam, moderate dip, open cut coal mine using truck and shovel equipment in a combination of strip and haul back operations.

Mining Modification factors – Resource to Reserve

This Coal Reserve estimate also uses the most recent geological model and Coal Resources estimate prepared by HDR Salva as of 31 July 2014.

Potential open cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. The optimiser was run across a wide range of coal prices using a set of site specific costs (waste removal, land compensation, coal removal, haulage costs, etc.). These costs were adjusted to suit the conditions for this project.

An economic model was prepared for the mining operation based on the updated mine economics from each of the KIM coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

The coal quantities within the Mineable Pit Shells through the application of mining factors including loss & dilution parameters converted to a total of 50 Mt of ROM coal at an average stripping ratio of 7.9 bank cubic metre (bcm)/ run of mine (ROM) tonne.

An initial life of mine plan was completed based on the final pit design. This was done to ensure that the proposed mining method would be practical and achievable and that the proposed

dumping strategy would be able to contain the waste mined in the final pit design. The mining schedule targets production of 2 Mt by 2017 and ramping up to 3 Mt from 2018 onwards.

The coal price estimate was based on HDR Salva's view on the outlook for global thermal coal fundamentals and including the demand and supply outlook for the sector. Capital and operating costs were estimated by HDR Salva for the KIM project based on the existing contracts and HDR Salva in house knowledge database about Indonesian operations. These are considered to be reasonable and suitable for the purpose of this study. Capital requirement have been identified for the 90km dedicated haul road and land development for this project.

Coal Reserves

Coal Reserves were calculated by applying appropriate modifying factors including density adjustments and appropriate mining loss and dilution parameters and exclusion criteria to the Coal Resources. Surface water management, infrastructure and the location of the IUP boundary were considered when determining the surface constraints for the mining operation.

All the final pits used for the Reserve estimate were designed following the existing geotechnical recommendations for the KIM Expansion area. In opinion of HDR Salva, the current geotechnical study for KIM blocks adequately covers for the type of lithology and hydrogeological issues but a more detailed geotechnical study may be required to justify stability of the proposed high wall and low wall slopes in deeper pits.

The ROM coal quantities within the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves. Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

No Inferred Coal Resources are included in the reported Coal Reserves. The total ROM coal Reserve for PT Kuansing Inti Makmur coal deposit ("KIM") as of 30 September 2014 is 48.2 Mt comprising of 35.3 Mt Proved and 12.9 Mt Probable categories. No beneficiation of coal product is planned other than crushing to a nominal top size (50mm). ROM Coal Reserves for KIM coal deposit is presented along with the estimated quality in Table below.

Coal Reserves Estimate for KIM Coal concession as at 30 September 2014

Block	Reserve (Mt)			RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV arb Kcal/kg	TS adb %
	Proved	Probable	Total						
KIM West	23.4	7.2	30.6	1.40	22.28	11.52	16.81	4,992	1.07
KIM East	11.9	5.7	17.6	1.40	24.36	12.28	17.77	4,771	1.26
Total	**35.3**	**12.9**	**48.2**	**1.40**	**23.04**	**11.80**	**17.16**	**4,911**	**1.14**

**This table must be presented with the entire JORC Reserve Statement of PT Kuansing Inti Makmur*

The coal will be sold as a run of mine (ROM) product; hence Marketable Reserves will be equal to ROM Coal Reserves.

There are a number of planning & operational issues which may impact on the stated mining reserves. These include:

- detailed geotechnical studies to confirm the overall slope angles and other parameters in deeper pit area;

- detailed hydrogeological studies to know the water flow gradient and dewatering arrangement;
- more quality data as well as detailed drilling and updates to the geological model;
- land compensation issues; and
- changes in life of mine schedule, infrastructure constraints, coal transportation issues and due to changes in marketing and costing during the mining operation.

These issues may cause the pit shell and mining quantities to change in future JORC code compliant Reserve Statements.

HDR Salva is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this report.

This report may only be presented in its entirety. Parties wishing to publish or edit selected parts of the text, or use the Statement for public reporting, must obtain prior written approval from Salva and the signatories of this report.

1 Introduction

PT Kuansing Inti Makmur ("PT KIM") commissioned HDR Salva to prepare an independent update estimate of Open Cut Coal Reserves for the PT Kuansing Inti Makmur coal deposits ("KIM") due to changes in mine economics and updated mined out topography.

HDR Salva prepared the estimate of Coal Reserves as of 30 September 2014 in compliance with the requirements of the reporting guidelines of the 2012 Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia ("The JORC Code").

The current Coal Reserves estimate as of 30 September 2014 in accordance with the JORC 2012 code is being reported incorporating those updates in mine economics and mined out topography.

1.1 Coal Reserves

The Coal Reserves estimate for the KIM deposit has been prepared under the supervision of Mr. Sunil Kumar of HDR Salva. Mr. Kumar is a Member of The Australasian Institute of Mining and Metallurgy and is a full time employee of HDR Salva. He has sufficient experience in coal mining and reserves evaluation to qualify as a Competent Person as defined by the JORC Code (2012).

1.2 Approach

The principal data used in the preparation of this report included:

- A JORC Resource Report titled "JORC Resource Statement, KIM Project, 21st October 2013, Prepared for: United Fiber System Limited" by PT SMG Consultants;
- PT Ground Risk management (GRM), "Engineering Report for KIM Mine Geo-technical Work East and West Expansion areas, Sumatera, Indonesia"; 28 February 2011;
- HDR Salva "Independent Resource and Reserve Report, KIM Coal Concessions, 26 August 2014
- Capex and Opex data supplied by PT KIM and also derived from HDR Salva's cost database of typical Indonesian operations;
- Resource Management International Pty Ltd (RMI), "Independent Coal Price Forecast Report for HDR Salva", 10 September 2013;
- Coal price outlook by HDR Salva's in-house study (Salva Report) on Indonesian thermal coal;

The following approach was undertaken by HDR Salva to estimate Coal Reserves:

- Current Reserves estimate is based on the Resource Model as of 31 July 2014 prepared by the HDR Salva;
- Cross sections, plans and deposit characteristics such as structure, number and thickness of seams were examined in conjunction with the proposed equipment and mining method to decide on minimum mining thickness, coal losses and dilution factors. These factors were then used to convert the in situ geological model to a ROM model;
- Physical surface constraints were studied and consideration was made for surface water runoff and management, as well as the location of significant infrastructure and

communities inside the potential mining area. Appropriate mining limits were then determined based on this data;

- Updated indicative cost and revenue parameters were reviewed with PT KIM and checked for reasonableness by HDR Salva. Optimiser software was used to incorporate other criteria such as depth constraints, geotechnical criteria and minimum mining thickness. In this way a series of different pit shells were derived for varying cost and revenue inputs;
- Optimised Pit Shell selected where the incremental stripping ratio were less than or equal to break even strip ratio and minor adjustments made (as necessary) to form a practical pit design (Mineable Pit Shell). This pit shell formed the basis of the subsequent reserves estimate;
- The Measured and Indicated confidence limits were overlaid on the main pit shell and any Inferred tonnes were excluded from the estimate;
- Based on Resource confidence and present mine planning detail, the reserves were categorised into Proved and Probable categories;
- All of the modifying factors and checks adopted to ascertain the estimate have been provided in the respective section of this report.

1.3 Data sources

This review is based on the information provided by PT KIM, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. HDR Salva has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or tenement standing pertaining to the assets was, however, not investigated and HDR Salva was not required to do so.

In developing our assumptions for this Statement, HDR Salva has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this Report and all data included in the preparation of this Report has been detailed in the references section of this report. HDR Salva has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry as of September 2014.

1.4 Limitations

After due enquiry in accordance with the scope of work and subject to the limitations of the Report hereunder, HDR Salva confirms that:

- The input, handling, computation and output of the geological data and Coal Resource and Reserve information has been conducted in a professional and accurate manner, to the high standards commonly expected within the mining professions;
- The interpretation, estimation and reporting of the Coal Reserve Statement has been conducted in a professional and competent manner, to the high standards commonly expected within the Geosciences and mining professions, and in accordance with the principles and definitions of the JORC Code (2012);
- In conducting this assessment, HDR Salva has addressed and assessed all activities and technical matters that might reasonably be considered relevant and material to such an assessment conducted to internationally accepted standards. Based on observations

and a review of available documentation, HDR Salva has, after reasonable enquiry, been satisfied that there are no other relevant material issues outstanding;

- The conclusions presented in this report are professional opinions based solely upon HDR Salva's interpretations of the documentation received and other available information, as referenced in this Report. These conclusions are intended exclusively for the purposes stated herein;
- For these reasons, prospective investors must make their own assumptions and their own assessments of the subject matter of this Report.

Opinions presented in this report apply to the conditions and features as noted in the documentation, and those reasonably foreseeable. These opinions cannot necessarily apply to conditions and features that may arise after the date of this report, about which HDR Salva have had no prior knowledge nor had the opportunity to evaluate.

1.5 Disclaimer and Warranty

This Report was commissioned by PT KIM on a fee-for-service basis according to HDR Salva's schedule of rates. HDR Salva's fee is not contingent on the outcome of its Statement or the success or failure for the purpose for which the report was prepared. None of HDR Salva's consultants or their immediate families involved in the preparation of this Statement have (or had) a pecuniary or beneficial interest in PT KIM prior to or during the preparation of this Statement.

A draft version of this Statement was provided to the directors of PT KIM for comment in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, PT KIM has provided HDR Salva with an indemnity under which HDR Salva is to be compensated for any liability and/or any additional work or expenditure, which:

- Results from HDR Salva's reliance on information provided by PT KIM and/or Independent consultants that is materially inaccurate or incomplete, or
- Relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

The conclusions expressed in this Statement are appropriate as at 30 September 2014. The report is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this report are expressed in United States dollars ($) unless otherwise stated. HDR Salva services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

2 Competent Persons and Expert Statement

The information in the report, to which this Statement is attached, that relates to the Coal Reserves of PT Kuansing Inti Makmur coal deposit ("KIM") is based on information compiled and reviewed by Mr Sunil Kumar , who is a Member of the Australian Institute of Mining & Metallurgy and works full time for HDR Salva.

Mr Kumar, Principal Mining Engineer and a fulltime employee of HDR Salva, has sufficient experience that is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking 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" (the JORC Code).



Mr Sunil Kumar
Principal Consultant – Mining
HDR Salva

The above mentioned person have no interest whatsoever in the mining assets reviewed and will gain no reward for the provision of this Coal Reserve Statement.

3 Project Description

3.1 Property Description and Access

The KIM Project is located in the Bungo Regency of Jambi Province on Sumatra Island, Indonesia (Figure 3:1 and Figure 3:2). The KIM Project is located ~300 km to the South East of the Padang Port in West Sumatra. Access to the site is via a 2 hour plane flight from Jakarta to Padang followed by a either an 6 hour car journey or via a 1.5 hour plane flight from Jakarta to Jambi followed by a 7 hour car trip.

The tenure for the KIM Project (Figure 3:3) is covered by 8 Izin Usaha Pertambangan Produksi ("IUP Production") and covers a 2,610 ha area of coal concession. The KIM project consists of following 2 coal blocks:

- KIM East Block ("KIM East Block");
- KIM West Block ("KIM West Block").

Conventional open-pit coal mining operations was commenced in the KIM East pit in 2007, which was followed by opening of the KIM West pit in 2010. Approximately 9.2 Mt of coal has already been mined from these pits until date.

Figure 3:1 General Location Plan



Figure 3:2 General Location Plan – Satellite Image

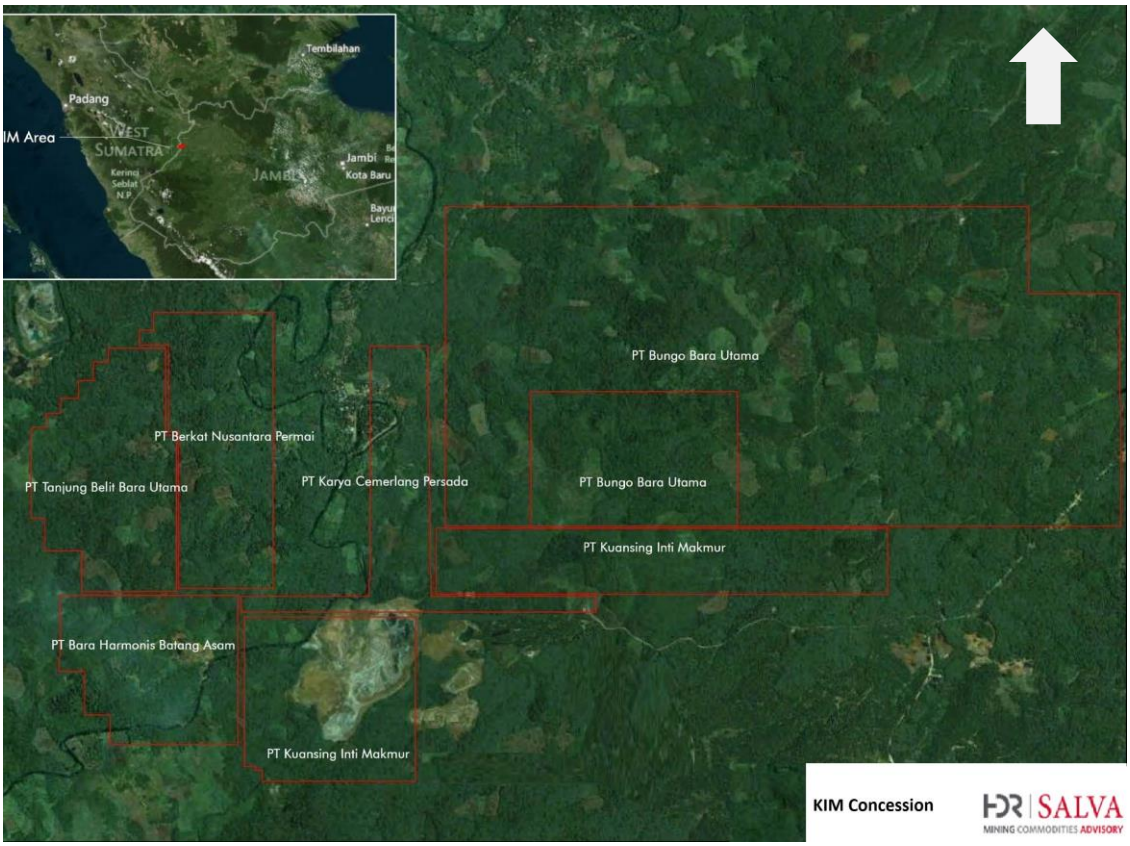
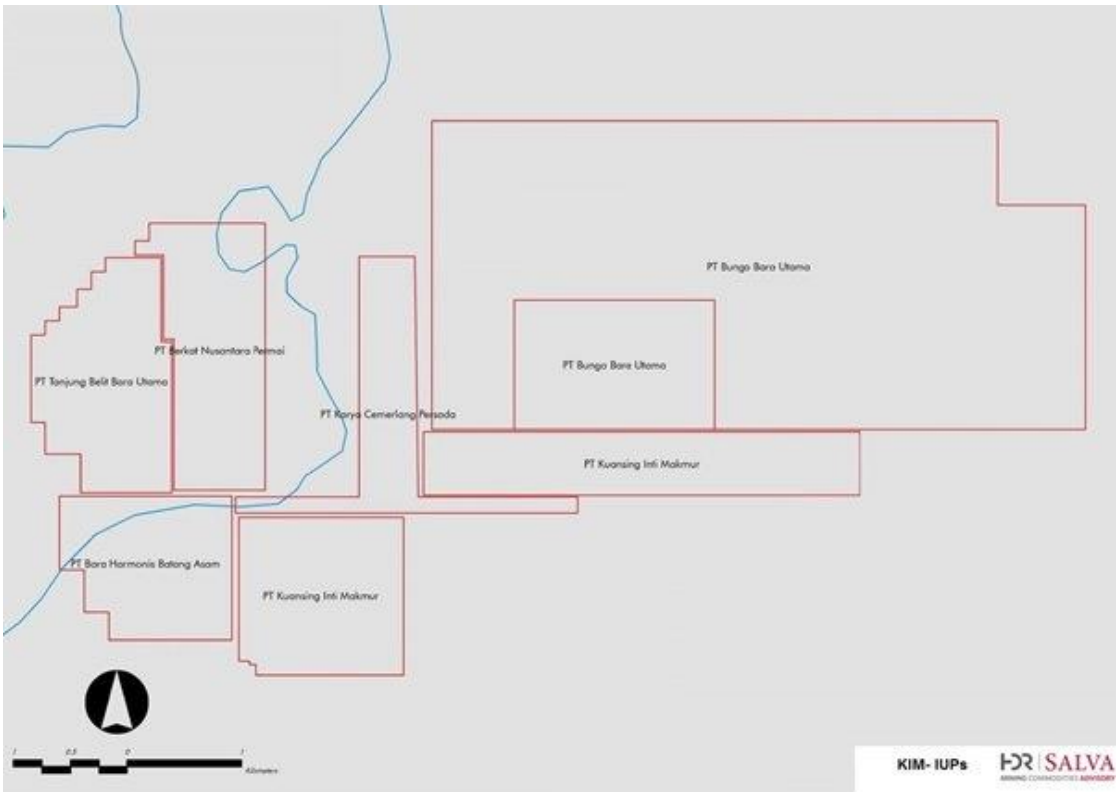


Figure 3:3 IUP Boundary and Location of Individual Coal Blocks



3.2 Ownership and Concession

Eight (8) of the IUPs with a total area of 2,610 ha are owned directly and in-directly by subsidiaries of PT KIM. The other 1 IUP (196 ha), PT Tanjung Batam Asam is not a subsidiary of PT KIM but it is covered by a right to mine agreement. Tenure at the KIM concession is held under the 'Izin Usaha Pertambangan' which translates to 'Mining Business License' (IUP) system of ownership. The ownership details of these IUPs are given in Table 3:1 below.

Table 3:1 KIM Concession Details

Company	IUP Number	Area (ha)	Granted	Expiry
PT Bungo Bara Utama	341/DESDMTAHUN 2009	1,301	9-Jul-09	20 years
PT Bungo Bara Utama	250/DESDM TAHUN 2010	199	23-Apr-10	8 years
PT Bara Barmonis Batang Asam	247/DESDM TAHUN 2010	172	23-Apr-10	6 years
PT Karya Cemerlang Persada	350/DESDM TAHUN 2009	143	22-Jul-09	10 years
PT Tanjung Belit Bara Utama	249/DESDM TAHUN 2010	196	23-Apr-10	8 years
PT Kuansing Inti Makmur	252/DESDM TAHUN 2010	199	23-Apr-10	8 years
PT Kuansing Inti Makmur	166/DESDM TAHUN 2012	199	5-Apr-12	10 years
PT Berkat usantara Permai	545/DESDM TAHUN 2010	199	15-Dec-10	10 years

All IUP's have a provision for 2 x 10 years extensions.

A possible issue with tenure for the project is that there are a number of gaps between the IUPs that cover the project area. The gaps are for a maximum of 150 m in width (Figure 3:3). HDR Salva has been informed that no other party holds tenure over the land in these gaps and that application is currently underway to change the coordinates of the current IUPs to ensure that there is no gap between them. This type of issue is not uncommon in Indonesia and there is no known reason why it could not be resolved. HDR Salva is not aware of any disruptions to operations at the KIM project that have occurred due to this issue. All of the land inside the KIM project area is designated 'Area Pengunaan Lain' (Other Purpose) by the Forestry Department, and thus no borrow to use permit (Izin Pinjam Pakai Kawasan Hutan) is required for mining operations in this area. PT KIM informed HDR Salva that permits are in place for the current operation. These permits will need to be maintained in order to continue mining operations within the KIM project. HDR Salva is not aware of any reason why it will not be possible to maintain these permits.

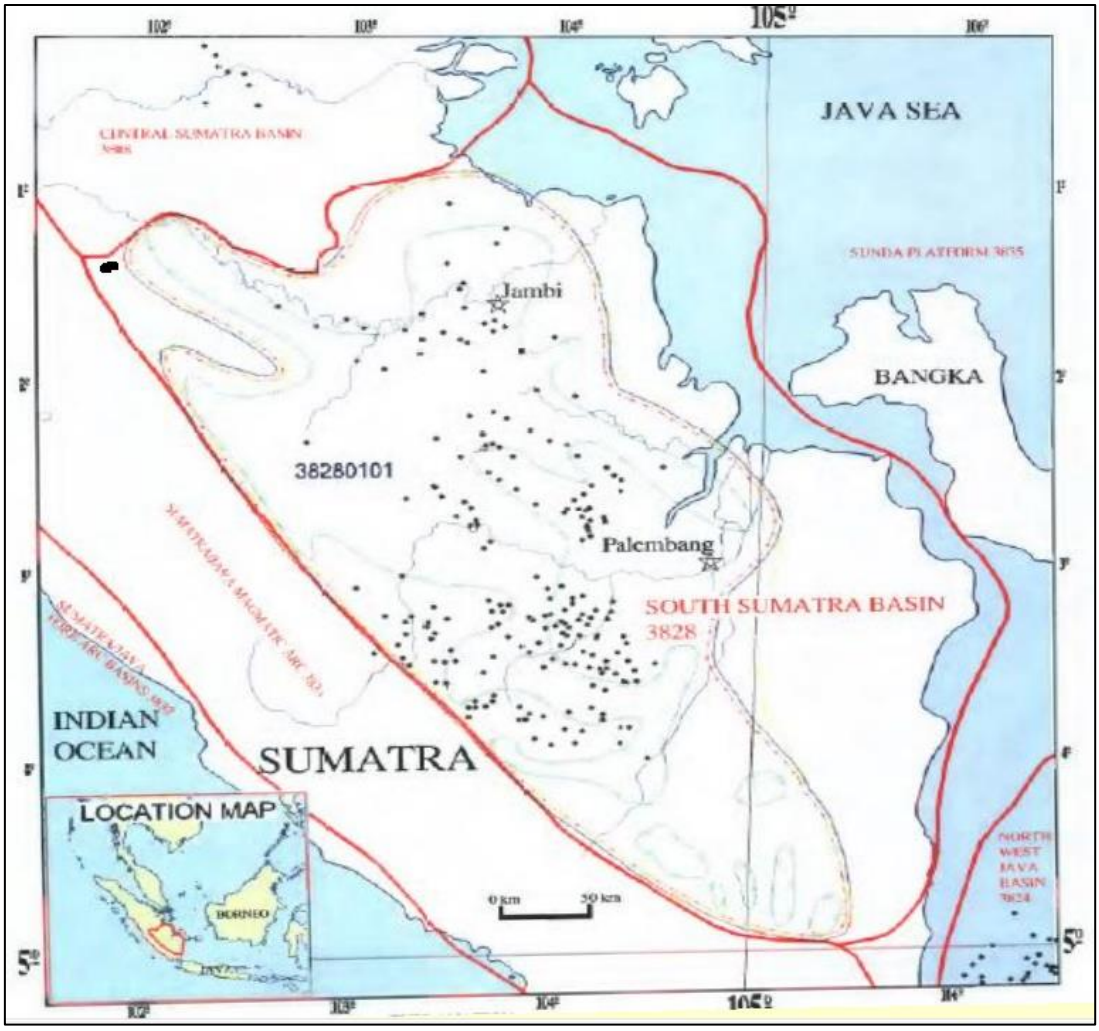
HDR Salva makes no warranty or representation to PT KIM or third parties (express or implied) in regard to the validity of the IUP and documentation and this Reserve Statement does not constitute a legal due diligence of the concession.

4 Geology & Resource Estimate

4.1 Coal Geology

The KIM concession area is found on the northern edge of the South Sumatra Basin (Figure 4:1).

Figure 4:1 Regional Geological Setting



The coal bearing sediments dip gently (less than 10 degrees) to the north-northeast. The area appears to be structurally relatively benign, with no evidence of significant displacement of the coal seams in the area.

4.2 Coal Resource

An independent estimate of Coal Resources within the KIM Concession was prepared by HDR Salva as of 31 July 2014. The Coal Resource estimates were prepared by Mr. Craig Williams, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Williams, Principal Consultant - Geology is a full time employee of HDR Salva and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (JORC Code, 2012).

4.3 Resource Classification

The coal resources present in the KIM concession have been estimated in accordance with the JORC Code, 2012. The JORC Code identifies three levels of confidence in the reporting of Resource categories. These categories are briefly explained below.

Measured – "*...That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors to support detailed mine planning and financial evaluation*";

Indicated – *"…That part of a Mineral Resources for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow for the application of Modifying Factors in sufficient detail to support mine planning and evaluation"; and*

Inferred – *"…That part of a Mineral Resources for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling."*

For the purpose of coal resource classification according to JORC Code (2012) guidelines, HDR Salva has only considered drillholes with core recovery above 90%as a valid point of coal quality observation.

In terms of Coal Resource classification, HDR Salva is also guided by the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2003) (The Coal Guidelines) specifically referred to under clause 37 of the JORC Code (2012). According to the Coal Guidelines, maximum spacing's between points of observation for both structural and coal quality points of observation for Measured, Indicated and Inferred resources are 500 m, 1000 m and 4000 m respectively.

Based on due consideration of the continuity of the coal seams as observed in the geological models for each of the five resource areas, the relative lack of evidence for significant faulting and the population statistics of the coal quality composites per seam, HDR Salva has sub-divided Coal Resources within the KIM concession into resource classification categories based on the following sample point spacing (expressed as a radius of influence around points of observation which is half of the spacing between points of observation):

- Measured 250 m radius of influence;
- Indicated 500 m radius of influence; and
- Inferred 2000 m radius of influence.

It is a requirement of the JORC Code (2012) that the likelihood of eventual economic extraction be considered prior to the classification of coal resources. Therefore, given the average coal quality attributes of the coal seams considered, which makes it amenable to be marketed as a thermal coal for power generation purposes, HDR Salva considers that it is reasonable to define all coal seams within the classification distances discussed above, to a depth of 250 m below the topographic surface, as potential open cut coal resources.

4.4 Statement of Coal Resources

Coal Resources which have been estimated, classified and reported according to the guidelines outlined in JORC Code (2012) and the Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves (2003) as at 31 July 2014 are detailed in Table 4:1 and Table 4:2 below.

Table 4:1 Coal Resources, KIM Project, 31 July 2014

Coal Resources (Mt)				
Block	**Measured**	**Indicated**	**Inferred**	**Total**
KIM East Block	57	37	74	168
KIM West Block	58	23	11	91
Total	**115**	**60**	**85**	**260**

Coal Resources are reported inclusive of the Coal Reserves

(*Note: individual totals may differ due to rounding*)

Table 4:2 Coal Resources – Quality Estimates

Block	Total Moisture (%) (arb)	Inherent Moisture (%) (adb)	Ash (%) (adb)	Volatile Matter (%) (adb)	Total Sulphur (%) (adb)	Calorific Value (Kcal/Kg) (adb)
KIM East Block	24.3	12.1	17.9	38.7	1.3	5,300
KIM West Block	22.3	12.2	16.5	38.0	1.1	5,413

5 Reserve Estimation

5.1 Estimation Methodology

HDR Salva prepared the Coal Resource estimate for KIM Concession coal deposit as at 31 July 2014 which is used as a basis for the current Coal Reserve estimate.

The Coal reserves estimates presented in this report are based on the outcome of pit optimisation results and the Techno-economics study carried out by HDR Salva. The mining schedule for the KIM concession blocks includes 2 operating open cut mines (KIM East and KIM West) which targets total coal requirement (client specified) of 3 Mtpa from both the pits.

The Competent Person for Reserves considers the proposed mine plan and mining schedule is techno-economically viable and achievable. This has been done by reviewing all the modifying factors, estimating reserves in the pit shell and doing a strategic production schedule and economic model which confirms a positive cash margin using the cost and revenue factors as described below in this report.

5.2 Modifying Factors

The following table outlines the factors used to run the mine optimisation and estimate the Coal Reserve Tonnage.

Table 5:1 Modifying & Mine Optimisation Factors

Factor	Chosen Criteria
Seam roof & floor coal loss of 0.05 m each	0.10m
Seam roof & floor dilution 0.02 m each	0.04m
Geological & Mining loss including loss in transportation and handling at port	5%
Minimum mining thickness minable coal seam	0.3m
Dilution default density	2.2bcm/t
Dilution default calorific value	500Kcal/kg
Dilution default ash	75%
Overall Highwall and Endwall slope	20 deg to 40 deg
Maximum Pit depth	Varies from 90-150m max.
Minimum Mining width at Pit bottom	50m
Exclusion of Mining lease (CCOW) and offset from Pit crest	50m
Mining , Coal handling and Transport Cost – supplied by client and validated by HDR Salva	√
Coal Selling Price for Break-even Stripping Ratio calculation	US$ 56.5/t
Government Documents / approvals - supplied by client	√
Environment Report supplied by client – PT KIM have indicated that they will carry out further environmental studies	√
Geotechnical Report - supplied by client	√
Hydrogeology Report - supplied by client	√

5.3 Notes on Modifying Factors

5.3.1 Mining Factors

General

The mining limits are determined by considering physical limitations, mining parameters, economic factors and general modifying factors as above (Table 5:1). The mining factors applied to the Coal Resource model for deriving mining quantities were selected based on the use of suitably sized excavators and trucks. The assumptions are that due to the moderate to steep dip of the coal, mining will need to occur in benches.

The mining factors (such as recovery and dilution) were defined based on the proposed open cut mining method and the coal seam characteristics. The exclusion criteria included the lease boundary and a minimum working section thickness.

Determination of Open Cut Limits

The geological models that were used as the basis for the estimation of the Reserves are the MineScape geological models prepared by HDR Salva to compute the JORC Resources.

Potential open cut reserves inside different blocks of the Project Area were identified with pit optimisation software utilising the Lerchs Grossman algorithm. By generating the financial value (positive or negative) for each mining block within a deposit and then applying the physical relationship between the blocks, the optimal economic pit can be determined.

This method is widely accepted in the mining industry and is a suitable method for determining economic mining limits in this type of deposit. The optimiser was run across a wide range of coal prices using a standard set of costs that was developed by HDR Salva and based on typical industry costs in similar operations. These costs were adjusted to suit the conditions for this project.

Unit Costs

The Contractor and Owner unit costs used in the Lerchs Grossman optimiser for various blocks are detailed in Table 5:2 and Table 5:3.

Table 5:2 Contractor Unit Rates (Real Terms)

Cost Item	Unit	Rate
Land Clearing	$/ha	1,400
Topsoil Removal	$/bcm	1.80
Waste Mining	$/bcm	1.80
Waste Haulage	$/bcm/km	0.25
Coal Mining	$/t	1.10
Haul to ROM Stockpile	$/t km	0.10
Haul to Customer – Road (262km)	$/t km	0.09

All quoted cost in local currency is adjusted for fuel price and exchange rate.

Table 5:3 Owner Unit Costs (Real Terms)

Cost Item	Unit	Rate
ROM Coal Handling	$/t	0.30
Mine Closure	$/ha	4,200
Environmental and Rehabilitation	$/t	0.06
Salary and Wages	$/t	0.25
Medical & Community Development	$/t	0.05
Corporate Overheads	$/t	0.50
Contingency	$/t	2.52

Royalty was estimated 13.5% based on the respective sale prices of the coal for each block. A 10% VAT and 15% operating contingency was also considered.

These costs were used to create a series of waste and coal cost grids which were used to generate the optimiser nested pit shells.

Base Pit for Optimiser

In addition to these constraints, the optimisers were mostly limited by a 3 dimensional shell which was built for each block following either a surface constraint or geological model extent. These constraints are detailed in Table 5:4. This pit shell effectively represented the maximum pit possible in the deposit that was reasonable for the estimation of Coal Reserves.

Table 5:4 Block wise Optimiser Base Pit limits

Block	North	South	East	West
KIM West	IUP and Geomodel	Subcrop & River	IUP and Geomodel	IUP and Geomodel
KIM East	Geomodel	IUP, subcrop & existing ex-pit waste dump	IUP and Geomodel	IUP and River

Past Mining in KIM East and KIM West

Mining is being carried out in KIM East and KIM west since 2007 and 2010 respectively. The last surveyed topo as at 31st August 2014 has been used as the surface for the optimisation for these blocks to exclude mined out tonnage from the current reserve estimate.

5.3.2 Optimisation Result

The optimiser produced a series of nested pit shells using same cost parameters with varying sale price of coal. The method starts with a very low discounted sale price following a high discount factor and moves toward higher sale prices by decreasing the discount on sale price. It estimates the net margin by subtracting the total cost from the revenue within a particular shell at a particular discount factor using the cost-revenue parameters and the physical quantities within the pit shell. As the method progresses, the incremental margin per ton of coal slowly drops down to zero at “zero” discount factor and then goes negative as the pit shells go deeper following higher sale prices. As a result the cumulative margin slowly rises up to a maximum level at “zero” discount factor and then starts dropping off. Thus the pit shell (OPT000) which represents the “zero” discount factor is called the optimum pit shell as any smaller or bigger shell will have a lower cumulative margin and value.

5.3.3 Selection of Pit Shell

PT KIM is proposing to mine 3Mtpa of coal from KIM coal concession blocks from 2018 onwards. An economic model was prepared for the mining operation from each of the KIM coal concessions to determine the project breakeven or incremental stripping ratio. The pit optimisation results were examined and pit shells selected where the incremental stripping ratios were less than or equal to break even strip ratio determined at a point where the costs for mining and handling the coal equalled the revenue generated by the coal.

Break Even Stripping Ratio

Table 5:5 summarises the calculation of the Break Even Stripping Ratio. The methodology adopted involves taking the cost to mine a tonnes of coal to the point of sale.

Table 5:5 Break-even Stripping Ratio (BESR)

Estimation of Break Even Stripping Ratio	KIM West & KIM East
Coal Price, US$/t	$56.52
Total of Road haulage & Royalty, US$/t	$26.41
Price at Mine Head, US$/t	$30.11
Other mine related cost incl. land clearing, topsoil & waste haulage, US$/t	$9.71
Coal Price ex mine, US$/t	$20.40
Cost of Coal mining , US$/t	$1.10
Cost of Waste mining, US$/bcm	$1.80
Break-even stripping ratio, bcm/t	10.7

The coal quantities within the Mineable Pit Shells through the application of mining factors including loss & dilution parameters converted to a total of 50 Mt of ROM coal at an average stripping ratio of 7.9 bank cubic metre (bcm)/ run of mine (ROM) tonne (Table 5:6).

Table 5:6 Total Mineable quantities, Waste Removal and ASR for each block

Mining Pit	Total Waste Mbcm	ROM Coal Mt	Average SR Bcm/t
KIM West	239	32	7.5
KIM East	158	18	8.6
Total	397	50	7.9

Total mineable quantities have been estimated based on the in-situ density of coal. The in-situ density of the coal has been estimated using the Preston-Sanders method to account for the difference between air-dried density and in-situ density. The formula and inputs were as follows:

$$RD2 = RD1 \times (100 - M1) / (100 + RD1 \times (M2 - M1) - M2)$$

Where

- RD2 = In-situ Relative Density (arb);
- RD1 = Relative density (adb);
- M1 = Inherent Moisture (adb); and
- M2 = Total Moisture (arb).

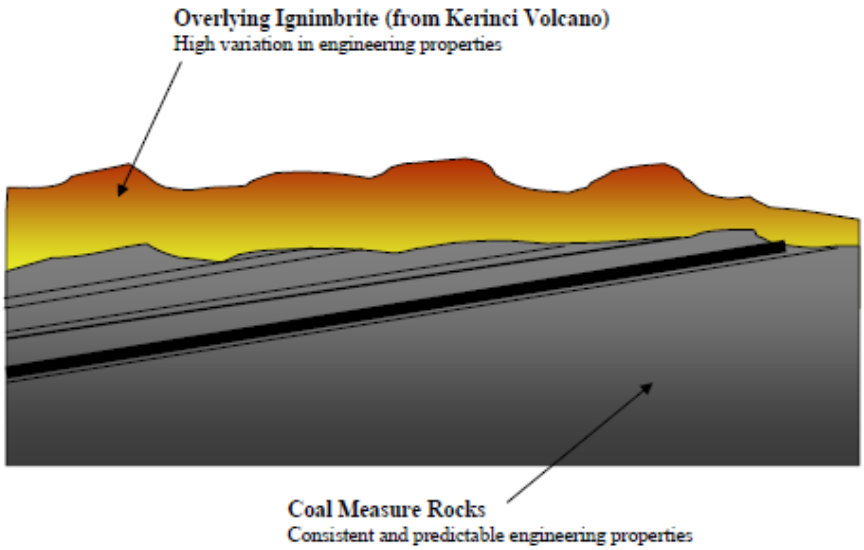
It should be noted that while the total moisture from laboratory measurements may not necessarily equal the in-situ moisture, this is considered to be a best estimate given the limited amount of data. HDR Salva has assumed that no moisture reduction takes place for the determination of product quality.

5.3.4 Geotechnical Factors

The KIM East and KIM West mining blocks occupy areas that comprise relatively flat topped plateaus at around RL 150 m that have been dissected to depths of 20 to 30 m by mainly south to north aligned creeks. The Batang Asam River runs from south to north in a highly meandering path between the two existing mine areas.

In general, the mining areas are being developed into coal measure rocks that are overlain by ignimbrite, as shown below in Figure 5:1.

Figure 5:1 Soil & Rock lithology – KIM Project

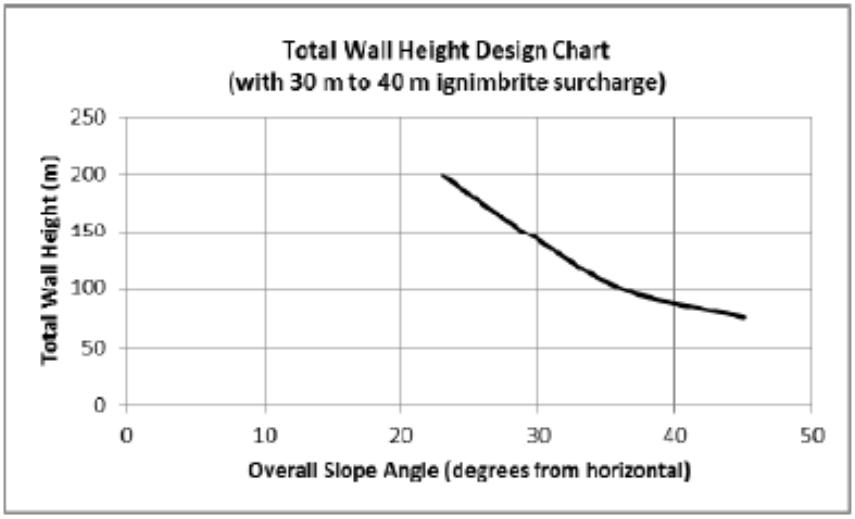


The thickness of the ignimbrite has quite a big variation in KIM East block varying from 5 m in the SW corner of the pit but it goes upto 55 m on the western side, 40 m on the eastern side and to around 22 m in the central north side.

There have been wall and inpit dump failures reported due to excessive tuff, undercut bedding and structure and internal dump developments in the existing mining areas in KIM pits.

The current geotechnical study for the KIM area recommends a high wall slope which is depicted by the figure 5:2 below. HDR Salva has taken a conservative view on the recommendations for defining the wall slopes for pit optimisation due to unknowns which may arise out of faults and other structures and hydrogeological issues.

Figure 5:2 Geotech Recommendations



HDR Salva recommends strongly undertaking detailed geotechnical study in view of the soft ignimbrite on the upper horizons up to 50m depth and a water course within 100m of the highwall. With the more insight available after detailed geo-tech studies for these areas, the mining sequence and mine design should be revised accordingly to prevent and minimise any geo-tech risks.

5.3.5 Surface Water Management

Pit water management is of critical importance for the effective operation of the mine. Dewatering operations observed during the site visit were considered to be of a high standard with well constructed pit sumps and efficient drainage from operating areas into the sump. The overall strategy for water management over the life of mine will be to:

- Minimise surface water entering the pit by:
  - Building dams and drains to divert water from external catchments away from pits; an
  - Profiling dumps so that water is diverted away from the pits.
- Removing water from excavations by:
  - Constructing a main sump at the deepest point of each pit and draining all in pit water to that sump; and
  - Installing sufficient pumps and pipes of suitable size to pump water from the pit. Two stage pumping will be required in deeper areas in the later years of the mine life.

5.3.6 Mining Method & Operations

Mining operation commenced in 2007 in KIM East and in 2010 in KIM West blocks. The mining operation in KIM blocks is an open pit mine using standard truck and excavator methods which are a common practice in Indonesia. Waste material is mined using hydraulic excavators and loaded into standard rear tipping off-highway trucks and hauled to dumps in close proximity to the pits or to in-pit dumps where possible. For the purpose of this Reserve Statement, it is proposed that contractors will continue to be used for mining and haulage operations over the life of mine, and the unit costs used for the Reserve estimate reflect this style of mining.

The mining method can be described as a multi seam, moderate dip, open cut coal mine using truck and shovel equipment in a combination of strip and haulback operations.

5.3.7 Processing Factors & Product Quality

The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.

5.3.8 Mine Logistics Factors

HDR Salva has carried out a high level review of logistic options to access the KIM Project economics. Based on assessment of available information, data gathered during the site visit and while visiting GEM office in Jakarta, following logistic chain for coal blocks comprising the KIM project is considered appropriate.

Coal Logistics

The mined out coal from KIM project is currently being sold to domestic customers. The mine to end user plant supply chain involves hauling of coal to the ROM stockpile, followed by transportation using public road to the domestic customers. Till recent past, the mined out coal from the KIM project had been sold to export customers as well. At present, domestic sales have better margin compared to exporting the product. However, an option to export coal to overseas customers still exists if margin improves in the future.

Mined out coal is halued to the ROM stockpile, located at an approximate distance of 10 km from the KIM pits, using rigid body coal haulage trucks. Although facilities for crushing and screening exists at ROM stockpile area, crushing is not required for sales to most domestic customers. Coal from the ROM stockpile is hauled (262km) along public roads to customers. It is anticipated that most of the coal will be sold to the Lontar Papyrus pulp and paper plant in the near term. However, in mid term, some of the coal produced from the KIM Project may go into to nearby power plants under construction including one at Jambi and Teluk Sirih.

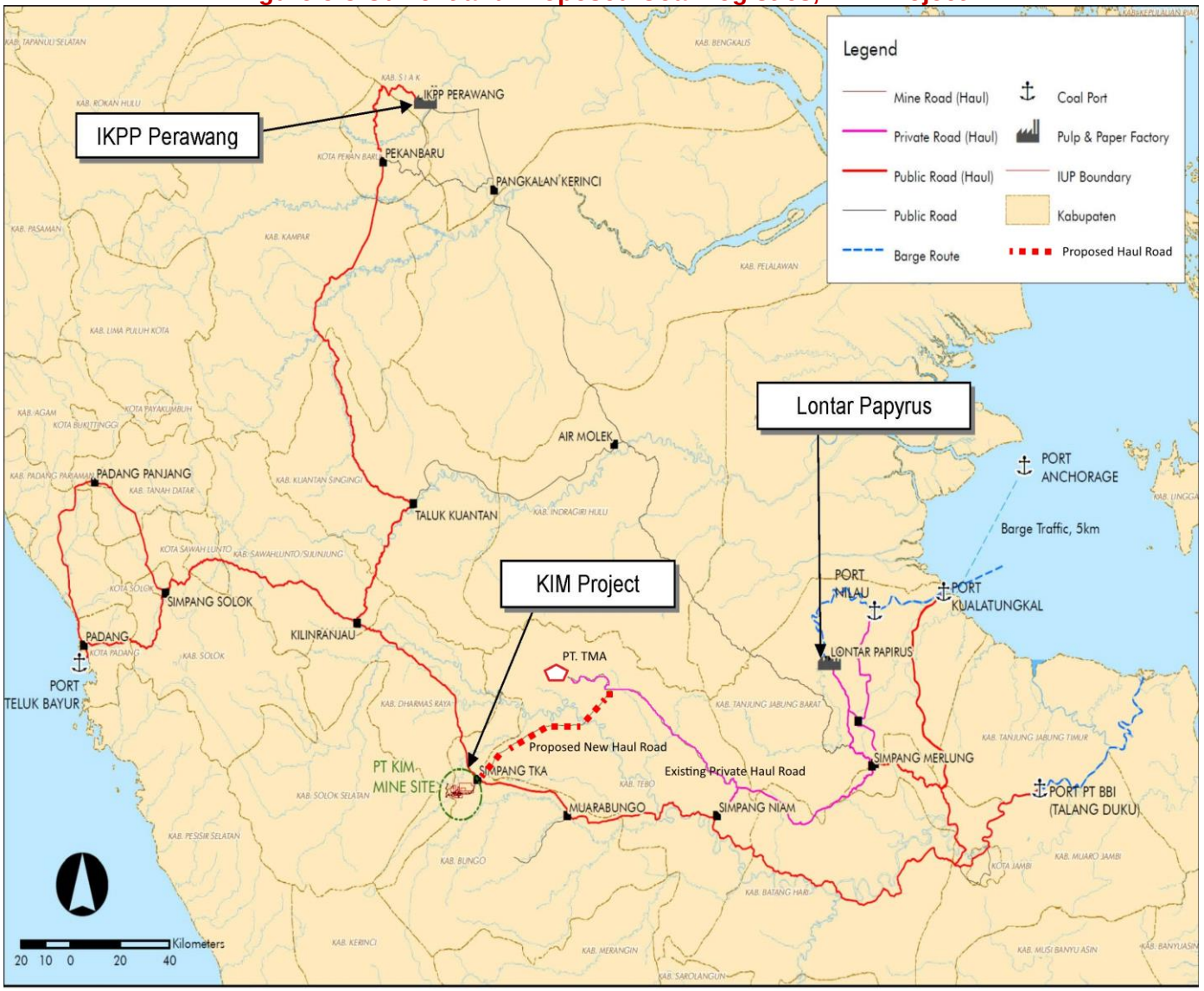
Haulage on Public Roads

The Jambi provincial government in conjunction with regency governments from Jambi's major coal producing regions have agreed on a suspension of coal trucks using public roads, starting from 31 December 2012 (Jambi Province Regulation No 13 Year 2012). The provincial government is planning to construct an alternative route for coal trucks, in order to avoid resistance from coal producers in the area.

Presently, PT KIM have developed plans to build a new haul road which will connect the KIM Pits to the existing special road leading to Port Nilau (owned by GEMS) via Lontar Pypras Pulp and Paper Plant. This dedicated connecting road is expected to be completed in 36 months (likely to be completed in 2017).

Although the interpretation of this regulation is little ambiguous in nature, HDR Salva has been advised by PT KIM that government is likely to allow hauling by public road where a coal company is developing an own dedicated haul road. The current and proposed logistic map for KIM project is shown in Figure 5:3.

Figure 5:3 Current and Proposed Coal Logistics, KIM Project



5.3.9 Permits and Approvals

From discussions with PT KIM, HDR Salva understands that the majority of permits and approvals with regard to further mining activities in KIM Coal Concession deposits have been obtained.

The KIM concession area is located in “Other Use area” which requires no permit from the forestry department. There are no known significant environmental factors that influence the estimation of Reserves within the KIM project area as the environmental management includes the development of waste management facilities and monitoring activities ongoing.

The western IUPs of KIM are located adjacent to the border of the Jambi province and West Sumatra province of which some are cultural land. As a positive note, till recently cultural land owners have requested to get overburden materials from KIM to fill their land as they are less productive areas in the steep hills for cultivation. A small road crossing the coal haul road from west area to Batang Asam River has also been provided as a shortcut for few local residents.

5.3.10 Cost and Revenue Factors

General

PT KIM provided a “data sheet” of indicative unit costs and revenues relevant for this project which was subject to review and agreement with PT KIM. HDR Salva did an independent coal marketing study to review the coal prices forecast for reasonableness. HDR Salva also reviewed the costs for reasonableness against known current mining costs for similar mining conditions within Indonesia. An in-house NPV based economic model was developed to show that the project and reserves are “economic". These unit rates were then used to estimate the cost to deliver coal to the domestic consumers. This allowed a break even strip ratio to be estimated and the rates were also used to calibrate the optimiser software.

The following points summarise the cost and revenue factors used for the estimate:

- All costs are in US dollars;
- Long term coal price of US $ 56.52 per tonne;
- Royalties of 13.5% of revenue less marketing, costs have been allowed along with VAT of 10% and Contingency of 5%;
- Allowances were made for hauling, crushing, quality control, stockpiling, barge loading, barging and ship loading which totalled approximately US $36.12 per tonne;
- Coal mining rate considered is US $1.10 per tonne; and
- Waste mining rate considered is US $1.80 per bank cubic metre.

Operating Cost

Total operating costs per tonne of coal product including royalty for the KIM Project has been estimated as US $52.89 per tonne over the life of the mine. The cost components for the different heads have been given in Table 5.7 below.

Table 5:7 Average Unit Operating Cost (Real Terms) over Life of Mine

Cost Item	$/t
Land Clearing	$0.02
Topsoil Removal	$0.05
Waste Mining	$15.19
Waste Haulage	$1.00
Coal Mining	$1.10
Haul to ROM Stockpile	$0.45
ROM Coal Handling	$0.30
Haul to Customer	$23.58
Mine Closure	$0.07
Environmental and Rehabilitation	$0.06
Salary and Wages	$0.25
Medical & Community Development	$0.05
Corporate Overheads	$0.50
Local Government Fees	$0.50
VAT	$4.42
Contingency	$2.52
Operating Cost Excl. Royalty	$50.06
Royalty	$2.83
Operating Cost incl. Royalty	**$52.89**

Capital Cost

The KIM project is an operating mine with most of the mine infrastructure already established and in-place. HDR Salva has assumed mining operations to be continued using contractor's mining equipment.

The major capital required for the continuation of the project is linked with the land acquision for the development of the mine over its life and the cost associated with the construction of dedicated road to link the KIM Project with the existing Jalan WKS special road.

The total capital cost estimate for KIM Project including road logistics is estimated to be US $58.4M which includes a contingency of US $7.6M. A contingency of 15% has been included in the capital cost estimate. These estimated are considered to have an accuracy of ± 15%.

While preparing these estimates, HDR Salva has relied on industry benchmarks, internal database, internal studies and expertise on the KIM concessions. The capital costs for road construction is considered to be relatively well understood, although a conservative approach to estimating these costs has been taken.

The Capital Cost estimates and the basis of its estimation is shown in Table 5:8. The cost estimate was prepared in Q4 2014 in US dollars ($).

Table 5:8 Capital Cost (Real Terms)

Particulars	Direct Cost ($M)	Contingency ($M)	Total Cost ($M)
Land Compensation	18.0	2.7	20.7
Land and Land Development	**18.0**	**2.7**	**20.7**
Site Infrastructure	5.0	0.8	5.8
Mine Infrastructure	**5.0**	**0.8**	**5.8**
Haul Road Construction	27.8	4.2	31.9
Hauling to Customers	**27.8**	**4.2**	**31.9**
Total Project Capital	**50.8**	**7.6**	**58.4**

HDR Salva has compared these against the industry benchmarks and estimated these to be reasonable.

5.3.11 Marketing Factors

The KIM Project produces coal which is sold in the domestic market. The sales price assumptions used in this study are based on domestic coal prices received for coal sold from the KIM project in the current market.

HDR Salva does not see any difficulties marketing the coal from the KIM project as a domestic thermal coal. At Present, the primary markets for this coal are paper and pulp mills located in Sumatra. But in future, some of the coal produced from the KIM Project may go into nearby power plants which are currently under construction.

HDR Salva also reviewed the economics for export sales from the concession. It was found that with the current mining costs for the operation, the margins for export sales were lower than domestic sales for current and forecast coal prices. In future, this situation may change with the increase in coal prices.

Considering the present uncertaintly with the global export market, and to be on conservative side, HDR Salva has opted to use domestic price forecast only which has been estimated to be US $56.5/t in the real term.

5.3.12 Product Quality

As previously stated, HDR Salva have assumed no moisture change in the product coal chain. Therefore it is assumed that the final product will have the same quality of ROM coal which is summarised in the Table 5:9 below.

Table 5:9 Product Coal Quality

Block	RD adb t/m3	TM arb %	IM adb %	Ash adb %	CV arb Kcal/Kg	TS adb %
KIM West	1.40	22.28	11.52	16.81	4,992	1.07
KIM East	1.40	24.36	12.28	17.77	4,771	1.26
Total	**1.40**	**23.04**	**11.80**	**17.16**	**4,911**	**1.14**

5.3.13 Other Factors

Surface constraints to the mining operations at KIM projects are limited to the concession boundary and seam sub crops. Other constraints that were used to define the project were limits of exploration drilling, constraints due to river and variable land compensation rates. No significant surface features exist that would further constrains mining activities.

There are a number of planning issues which may impact on the stated mining reserves. These include:

- detailed geotechnical studies to confirm the overall slope angles and other parameters;
- detailed hydrogeological studies to know the water flow gradient and dewatering arrangement;
- more quality data as well as detailed drilling and updates to the geological model;
- land compensation issues; and
- changes in life of mine schedule, infrastructure constraints, coal transportation issues and due to changes in marketing and costing during the mining operation.

These issues may cause the pit shell and mining quantities to change in future JORC code compliant Reserve Statements.

HDR Salva is not aware of any other environmental, legal, marketing, social or government factors which may hinder the economic extraction of the Coal Reserves other than those disclosed in this report.

In the opinion of HDR Salva the uncertainties in areas discussed in the report such as in structural and geotechnical area, use of public haul road for coal hauling etc. are not sufficiently material to prevent the classification of areas deemed Measured Resources to be areas of Proved Reserves for the purpose of this report. HDR Salva also believes that the uncertainties in each of these area discussed under modifying factors also not sufficiently material to prevent the classification of areas deemed Indicated Resources to be areas of Probable Reserve.

Key project risk for the KIM Project emanates from the following factors in order of importance:

- Lower long term coal prices or domestic coal demand;
- Higher life of mine operating costs and logistics issues: and
- Higher Capital costs

Any downside to these factors will likely have a significant impact on the economic feasibility of this project.

5.4 Final Pit Design

For the purposes of this report, HDR Salva has limited the pit depth to the limit of exploration drilling within the limit applied to the Resource estimates. Other factors considered in the final optimum pit designs included:

- The location and proximity of coal to exploration data;
- Proximity to the concession boundary;
- Out of pit dumping room;
- Geotechnical parameters; and
- Surface water management considerations.

The final pit designs closely followed the selected pit shell in most locations (Figure 5:4 and Figure 5:5).

5.4.1 Cut-off Parameters and Pit Limit

Overall low-wall slopes as per the basal seam dip, endwall slopes and highwall slopes for the final pit design were considered as per table given below. The slope parameters are based on the geotechnical study carried out for KIM project.

Table 5:10 Pit Design Parameters for KIM Project

Pit Design Parameters	KIM Pits
Overall Highwall Slope	40 deg up to 90 m depth, 20 deg for depth up-to 200m depth
Bench Slope	70 deg
Bench Height	10 m
Highwall berm	10 m
Low wall slope	12 deg
Ramp Width	30 m
Maximum Ramp Grade	8%

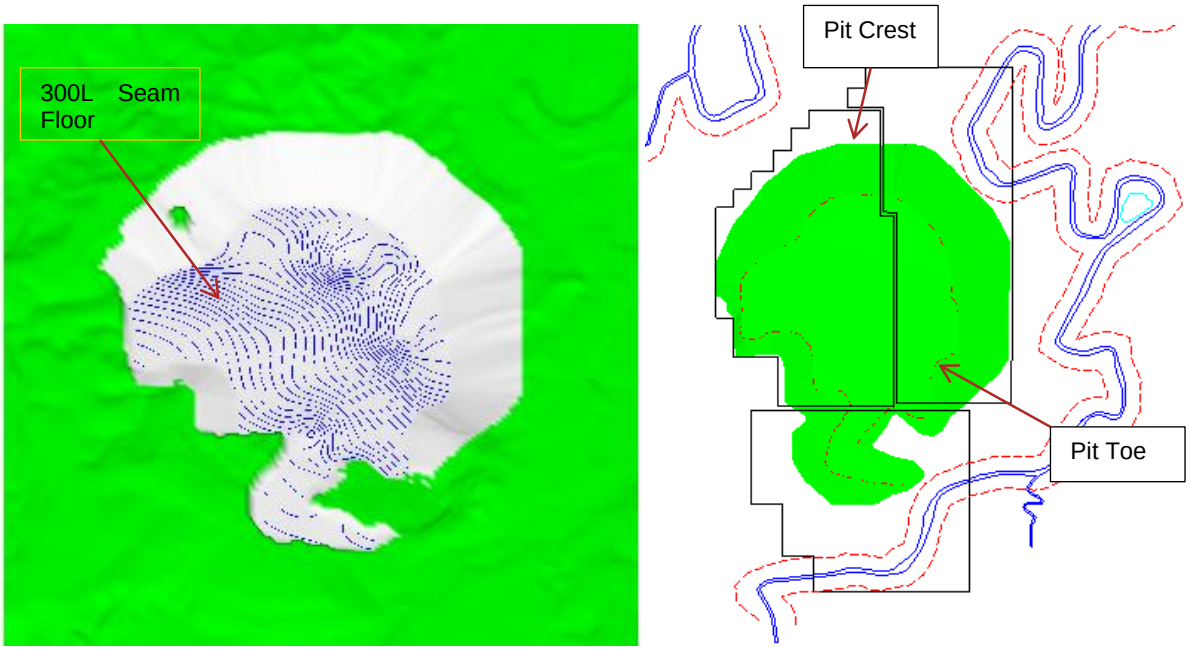
5.4.2 Pit Design

The coal seam distribution within the KIM Concession deposits resulted in the Optimiser identifying pits with the 300L basal seam (Figure 5:4 and Figure 5:5). The pits were subjected to adjustments to form a practical pit design, which lead to the exclusion of the minor narrow pit shells and the resultant formation of Mineable Pit Shells, which formed the basis of the subsequent reserves estimate.

Pits for both KIM blocks have been designed within the limits as defined by the pit optimisation analysis. These limits are rationalised to ensure access between floor benches and walls were straightened to generate mineable pits.

The overall highwall batter angle approximately varies from 20 to 40 degrees as the ultimate pit depth ranges from a little more than 80 m to 200 m. This was done in accordance with the geotechnical study done on KIM projects.

Figure 5:4 Selected Optimiser Pit shell & Final Pit Design - KIM West



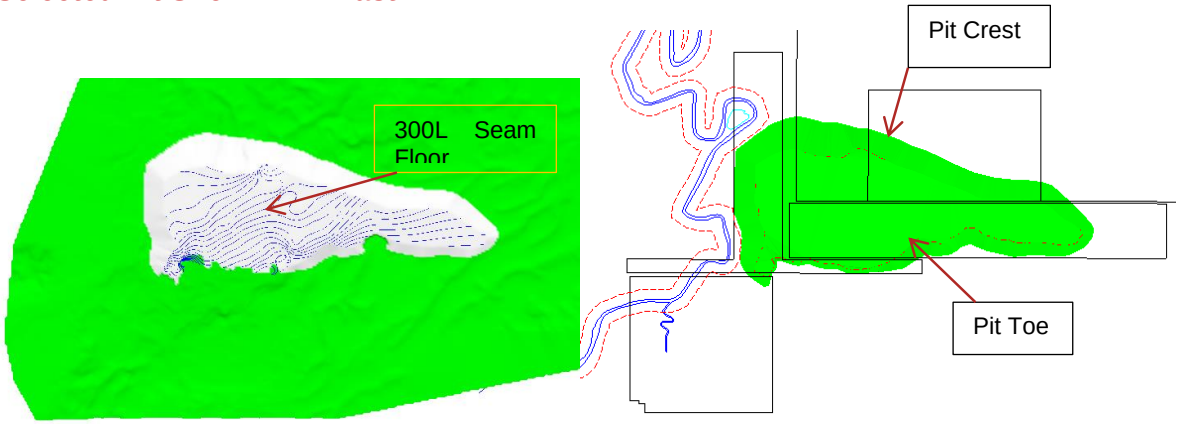
Selected Pit Shell – KIM West

Final Pit Design – KIM West

Figure 5:5 Selected Optimiser Pit shell & Final Pit Design- KIM East

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Selected Pit Shell – KIM East



Final Pit Design – KIM East

5.4.3 ROM Coal Reserves

The ROM coal quantities within the Mineable Pit Shells were then tested so that only Measured and Indicated Coal Resources were classified as Coal Reserves.

Coal Reserves within the seams having Measured Resources are reported as Proved Reserves whereas seams having Indicated Resources are reported as Probable Reserves.

The Final pit design of the selected pit shells and associated cross sections for estimating Coal Reserves for KIM Coal concession deposits are shown in Figure 5:6 to Figure 5:9 below:

Figure 5:6 Final Pit Design - KIM West

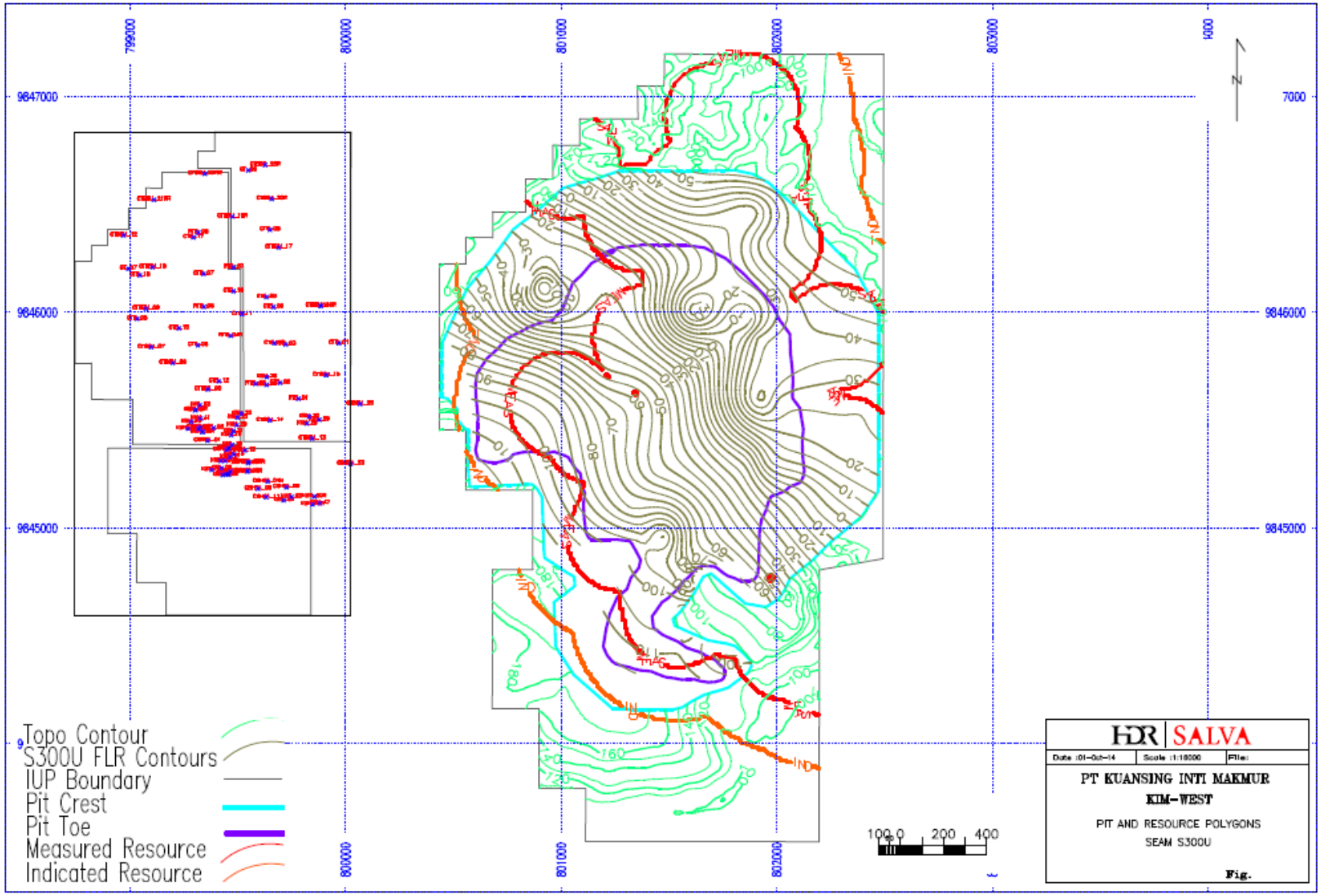


Figure 5:7 Representative Cross Sections- KIM West

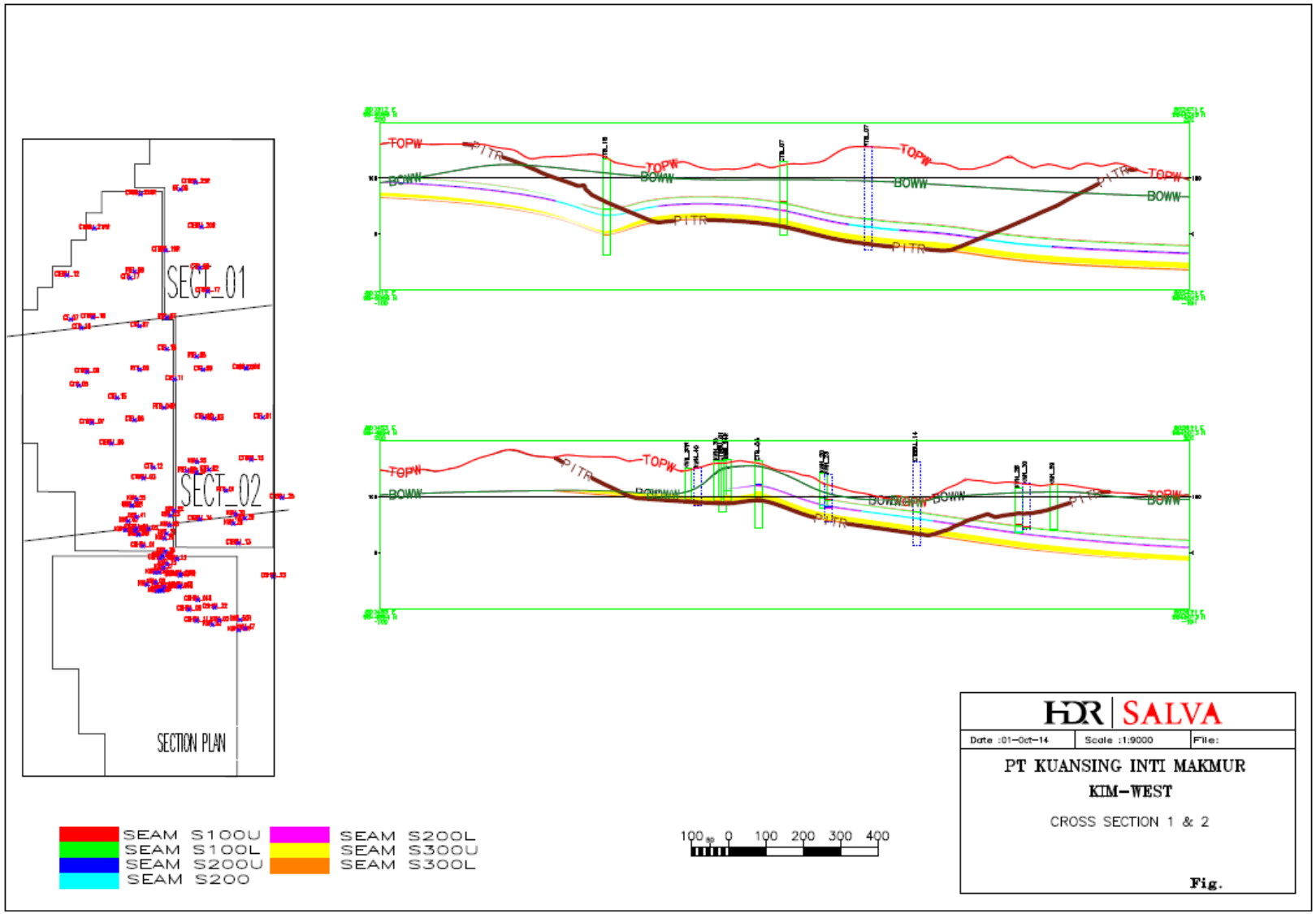


Figure 5:8 Final Pit Design - KIM East

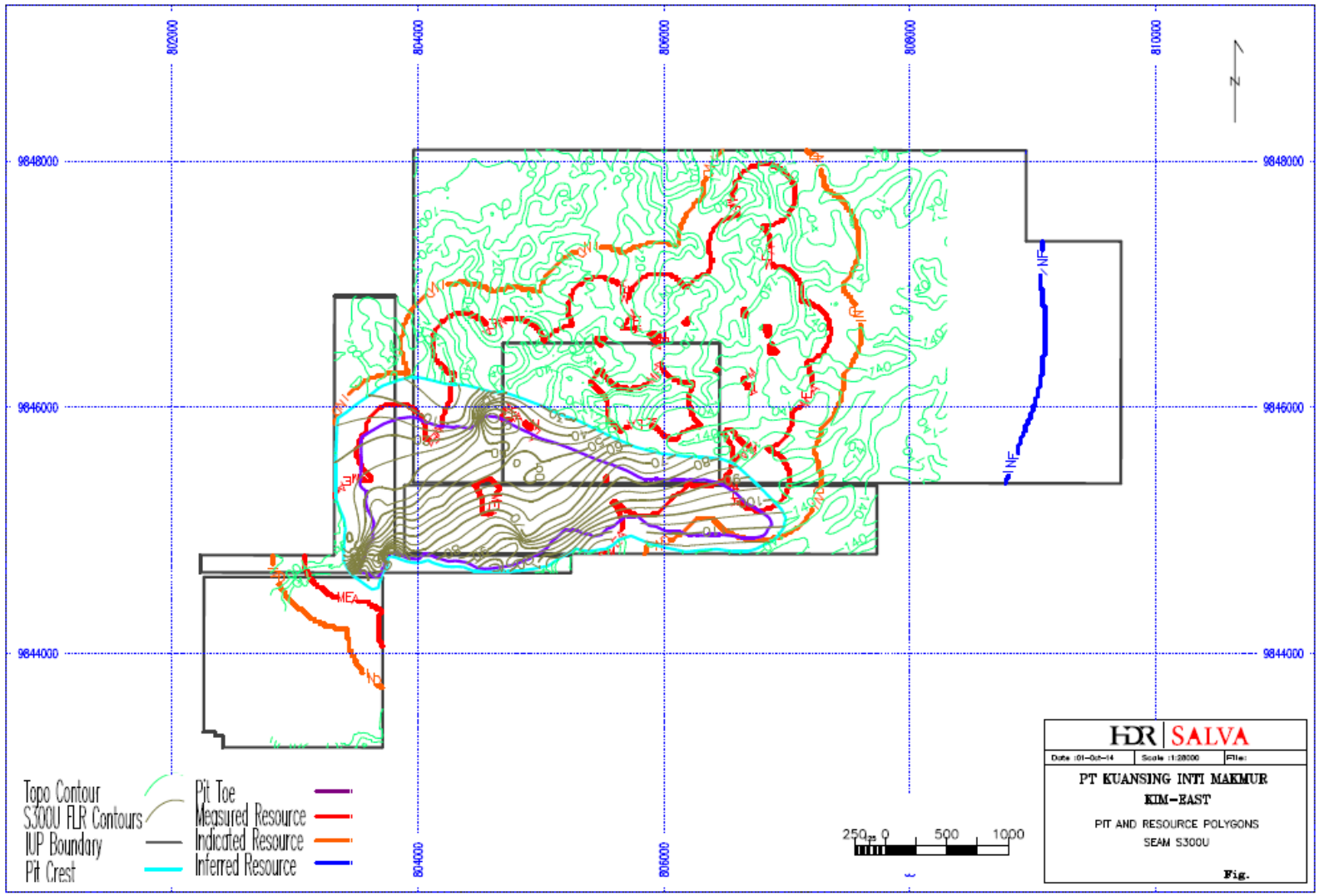
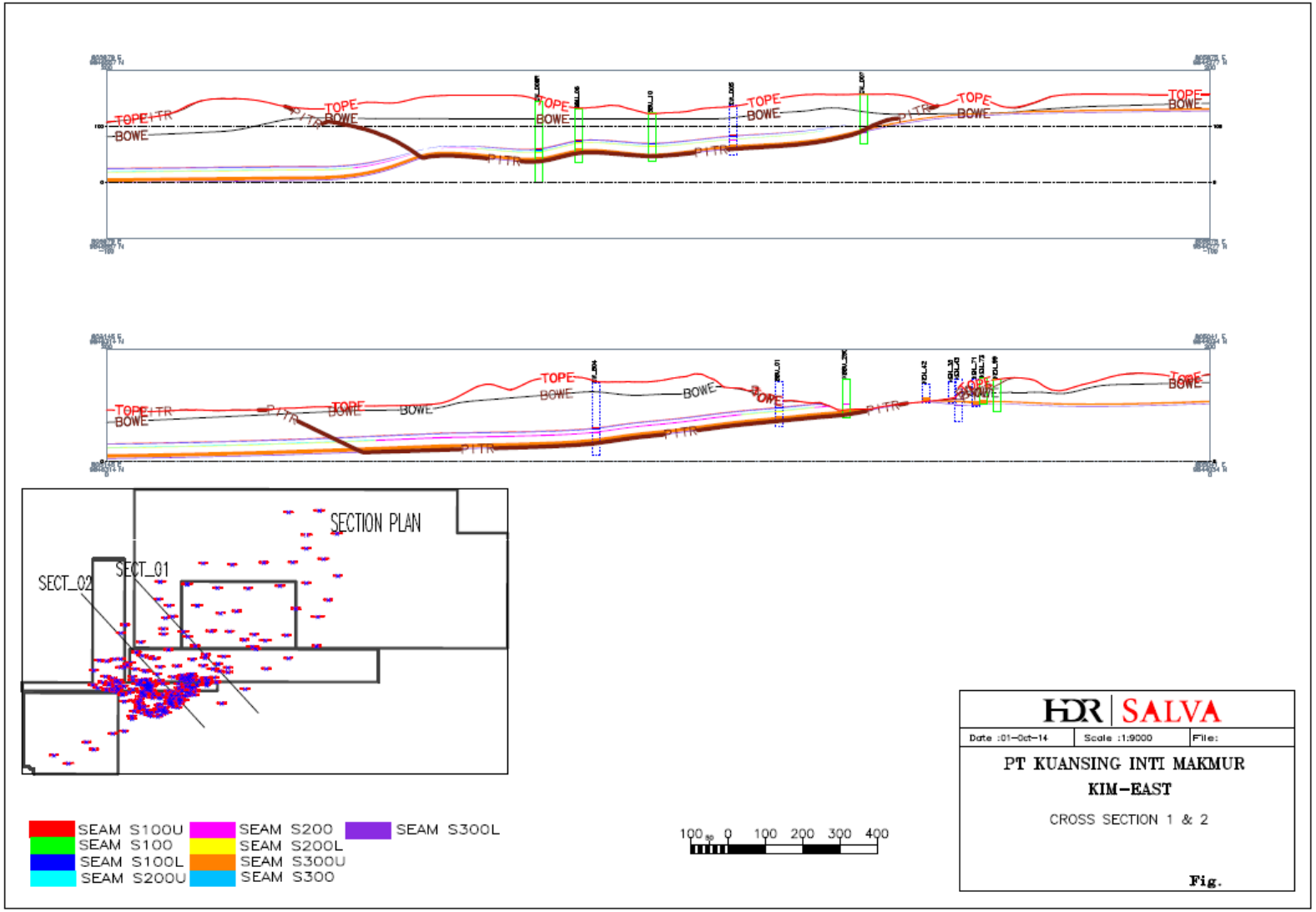


Figure 5:9 Representative Cross Sections - KIM East



5.4.4 Mining Schedule

A life of mine plan was plan was completed based on the final pit design. This was done to ensure that the proposed mining method would be practical and achievable and that the proposed dumping strategy would be able to contain the waste mined in the final pit design. This provides a check on the reasonableness of the assumed waste mining costs and estimates the average waste haul per period. The schedule targets production of 2 Mt by 2017 and ramping up to 3 Mt from 2018 onwards. KIM East is currently producing 1 Mt of coal per annum whereas the mining operations were not carried out in 2014. PT KIM is proposing to restart the mining operations in KIM West from 2015.

HDR Salva recommends preparation of a detailed LOM plan document to reflect the projected demand (Domestic vs Export), margin on sales and projected infrastructure to target 3 Mtpa from KIM Projects. This document needs to address all the necessary aspects related to the mining and associated activities of this project.

Figure 5:10 shows the existing mining condition at the KIM West Pit as there is no mining operations are being carried out currently. Mining activities are being carried out at the KIM East Pit which is shown in Figure 5:11.

Figure 5:10 KIM West Pit – Existing State



Figure 5:11 KIM East Pit – Existing State



5.5 Audits and Reviews

Checks were done to validate the Minex Coal Resources to Coal Reserves estimation by repeating it manually in an Excel spread sheet. Other validation work included estimating the total volume of coal and waste in the pit shells using the separate industry standard computer programs MineScape. As MineScape structure and quality grids were imported into Minex for optimisation work, volume and area checks were also carried out in Minex within the pit shells.

The difference between the Proved and Probable Reserves with respect to Measured and Indicated Resources respectively is explained by the following:

- The Measured and Indicated Resource polygons extend beyond the Mineable Pit Shells;
- There are some Inferred tonnes in the pit shell which cannot be counted as Coal Reserves; and
- There are geological and mining losses and dilution gains in the coal reserve estimation.

5.6 Discussion of Relative Accuracy and Confidence

A comparison between the actual coal mined and geo model predicted coal tonnages have been done in the KIM East block since commencement of mining in 2007 till date and it shows an overall 91% recovery for the said period as shown in Table 5:11. The Ply-by-Ply in-situ Geo Model was used for generating the model predicted number.

Table 5:11 Production Reconciliation

Actual Coal Tonnes, Mt	Geo-Model Coal Tonnes (Mt)	Difference in Percentage (%)
6.58	7.27	91

5.7 Reserves Classification

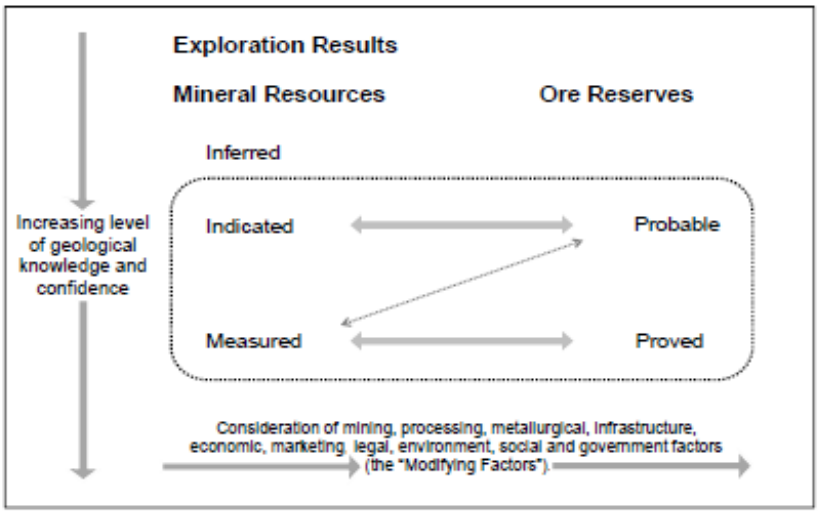
Under the JORC Code as shown below only Measured and Indicated Coal Resources can be considered for conversion to Coal Reserves after consideration of the "Modifying Factors" including mining, processing, economic, environmental, and social and government factors.

To convert Resources to Reserves it must be demonstrated that extraction could be justified after applying reasonable investment assumptions. The highest confidence level establishes Proved Reserves from Measured Resources and a lesser confidence level establishes Probable Reserves from Indicated Resources. A level of uncertainty in any one or more of the Modifying Factors may result in Measured Resources converting to Probable Reserves depending on materiality. A high level of uncertainty in any one or more of the Modifying Factors may preclude the conversion of the affected Resources to Reserves.

This classification is also consistent with the level of detail in the mine planning completed for KIM Coal concession deposits. Inferred Coal Resources in the mineable pit shell have been excluded from the Reserve Statement.

In the opinion of HDR Salva, the uncertainties in most of these are not sufficiently material to prevent the classifications of areas deemed Measured Resources to be areas of Proved Reserves and areas deemed Indicated Resources to be the areas of Probable Reserves.

Figure 5:12 Relationships between Mineral Resources & Ore Reserves



Source: JORC Code 2012

6 Statement of Coal Reserves

The Statement of Coal Reserves has been prepared in accordance with the 2012 Edition of the JORC Code. Total ROM Coal Reserves for PT Kuansing Inti Makmur coal deposit ("KIM") are summarised in Table 6:1 as of 30 September 2014. ROM coal reserves are same as Marketable coal reserves.

Table 6:1 ROM Coal Reserves as at 30 September 2014

Mining Concession	Proved Reserves Mt	Probable Reserves Mt	Total Reserves Mt
KIM West	23.4	7.2	30.6
KIM East	11.9	5.7	17.6
Total, KIM Project	**35.3**	**12.9**	**48.2**

Total ROM Coal Reserves for each of KIM coal concessions are reported by seam and are presented in Table 6:2 and 6:3.

Table 6:2 ROM Coal Reserves for KIM West as at 30 September 2014

Seams	Reserve (Mt)			RD, adb	Ash, adb %	IM, adb %	TM, ar %	TS, adb %	CV (Gar) kcal/kg
	Proven	Probable	Total						
100U	0.6	0.7	1.3	1.48	22.14	11.51	22.86	2.73	3,986
100L	1.7	0.5	2.2	1.49	26.86	9.28	19.82	2.27	4,404
200U	0.5	0.6	1.0	1.37	11.55	14.02	25.44	1.58	4,816
200	0.1	0.0	0.2	1.42	-	13.14	26.41	1.30	-
200L	0.4	0.3	0.7	1.37	9.66	15.76	26.21	1.08	4,650
300U	16.1	3.8	19.9	1.36	13.26	11.64	22.21	0.99	5,295
300L	3.9	1.2	5.1	1.51	27.22	10.93	22.28	0.42	4,362
Total	**23.4**	**7.2**	**30.6**	**1.40**	**16.81**	**11.52**	**22.28**	**1.07**	**4,992**

Table 6:3 ROM Coal Reserves for KIM East as at 30 September 2014

Seams	Reserve (Mt)			RD, adb	Ash, adb %	IM, adb %	TM, arb %	TS, adb %	CV (Gar) kcal/kg
	Proven	Probable	Total						
100U	0.2	0.5	0.8	1.50	26.42	10.44	21.03	2.12	3,966
100L	0.7	0.5	1.2	1.49	28.42	11.41	21.74	2.33	3,486
200U	0.3	0.5	0.8	1.41	15.23	13.20	28.73	1.81	4,525
200	0.8	0.1	0.9	1.40	16.50	13.91	26.54	1.52	4,335
200L	0.2	0.4	0.7	1.40	14.38	13.93	29.47	1.69	4,855
300U	7.3	3.4	10.7	1.37	15.12	12.02	23.59	1.17	5,245
300L	2.3	0.2	2.5	1.47	22.77	12.96	26.19	0.45	3,953
Total	**11.9**	**5.7**	**17.6**	**1.40**	**17.77**	**12.28**	**24.36**	**1.26**	**4,771**

6.1 Comparison with Previous Estimates

HDR has updated the Reserve estimate in September 2014 for the KIM East and West Pits incorporating the latest information on the cost factors as there was a material change in the cost modifying factor.

The coal Reserves at KIM East is highly sensitive to change in operating cost.

- Diesel prices have dropped significantly (~30%) during the period between pervious Reserve reporting date to the date of this reporting.
    - On account of more than 30% drop in diesel prices, there was an approximately 10% drop in coal logistic haulage cost. This translated into a drop of $2.90/t of cost on ROM tonne basis.
    - Further, diesel cost contributes approximately 30% of the site mining cost. The cost of site coal mining has reduced by approximately 30% due to drop in diesel prices.

The saving on account of diesel price on mining and haulage cost has made a positive impact on breakeven stripping ratio (increased to 10.7 in this estimate vs. 8.9 in July 2014 estimate), which resulted in change in optimised pit shell and consequently change in total Reserves.

Table 6:4 below shows a breakdown of the difference in resource tonnes for the KIM East & West Pits between this and the previous estimate.

Table 6:4 Coal Reserves - Comparison with Previous Estimate

Reserve Category	HDR Sept 2014 (Mt)		HDR July 2014 (Mt)	
	KIM East	KIM West	KIM East	KIM West
Proved	11.9	23.4	3.1	24.4
Probable	5.7	7.2	2.0	6.0
Total	**17.6**	**30.6**	**5.1**	**30.5**

7 JORC Table 1

This Coal Reserve Report has been carried out in recognition of The 2012 JORC Code published by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy in 2012. Under the report guidelines all geological and other relevant factors for this deposit are considered in sufficient detail to serve as a guide to on-going development and mining.

In the context of complying with the Principles of the Code, Table 1 of the JORC code (Appendix A) has been used as a checklist by HDR Salva in the preparation of this report and any comments made on the relevant sections of Table 1 have been provided on an 'if not, why not' basis. This has been done to ensure that it is clear to an investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved.

The order and grouping of criteria in Table 1 reflects the normal systematic approach to exploration and evaluation. Relevance and Materiality are the overriding principles which determine what information should be publicly reported and HDR Salva has attempted to provide sufficient comment on all matters that might materially affect a reader's understanding or interpretation of the results or estimates being reported. It is important to note that the relative importance of the criteria will vary with the particular project and the legal and economic conditions pertaining at the time of determination.

In some cases it may be appropriate for a Public Report to exclude some commercially sensitive information. A decision to exclude commercially sensitive information would be a decision for the company issuing the Public Report, and such a decision should be made in accordance with any relevant corporation regulations in that jurisdiction.

In cases where commercially sensitive information is excluded from a Public Report, the report should provide summary information (for example the methodology used to determine economic assumptions where the numerical value of those assumptions is commercially sensitive) and context for the purpose of informing investors or potential investors and their advisers.

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Appendix A: JORC Table 1

Criteria	Explanation	Comment
Sampling techniques	Nature and quality of sampling (eg. cut channels, random chips etc.) and measures taken to ensure sample representivity.	Chip samples were collected at every 1m for lithology logging. Sampled all cored coal, sampled separately any bands and taken 10cm of roof and floor for non coal samples.
Drilling techniques	Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	Used man-portable top drive hydraulic rigs, capable of HQ3 coring.
Drill sample recovery	Whether core and chip sample recoveries have been properly recorded and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	After the completion of each core run, core loss is determined by the on site geologist and recorded in the drill hole completion sheet. If recovery is found to be less than 90% within a coal seam intersection, the hole is re-drilled in order to re-sample this seam with greater than 90% core recovery. All samples with less than 90% core recovery over the width of the seam intersection were excluded from the coal quality database. Followed drilling SOP's for loose and carbonaceous formations to achieve full sample recovery.
Logging	Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.	Detailed logging of chips and core. Core photographs taken.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected. Whether sample sizes are appropriate to the grainsize of the material being sampled.	No sub-sampling of the core.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.	PT Geoservices laboratories are accredited to ISO 17025 standards. Coal quality laboratory adheres to internal QAQC and inter-laboratory QAQC checks. American Society for testing and materials (ASTM) methods have been used for all quality variables. Reporting was done on an air-dried and as received basis.
Verification of sampling	The verification of significant intersections by either independent or alternative company personnel.	Coal quality sampling undertaken by PT KIM. Visual inspection on

Criteria	Explanation	Comment
and assaying	The use of twinned holes.	site
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.	Borehole collars have been surveyed using standard total station techniques employed by the survey contractors. Surveys have been validated by PT KIM survey staff. The surveyed borehole locations for BIB match well with topographic data. The topography was generated by PT Surtech Utama across BIB project area using LIDAR remote sensing data.
	Quality and adequacy of topographic control.	
Data spacing and distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	Data spacing sufficient to establish continuity in both thickness and coal quality. Data sets include topography and base of weathering as well as seam structure and coal quality. Ply sampling methodology used. Yes
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.	Ply by Ply sampling used therefore orientation of sampling not seen to introduce bias as all drilling is vertical.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	PTSMGC conducted a review of the drill hole database in 2013. Standard database checks also performed by HDR Salva before resource modelling.
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	All tenure secure and current.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No exploration by other parties.
Geology	Deposit type, geological setting and style of mineralisation.	Discussed in detail in JORC Resource Report
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	All samples have been composited over full seam thickness and reported using Minescape modelling software.

Criteria	Explanation	Comment
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg. 'downhole length, true width not known').	Ply sampling methodology prevents samples from crossing ply boundaries. Therefore orientation of sampling not seen to introduce bias as all drilling is vertical and seams mostly gently dipping.
Diagrams	Where possible, maps and sections (with scales) and tabulations of intercepts should be included for any material discovery being reported if such diagrams significantly clarify the report.	See figures and Appendices in JORC Resource 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 practised to avoid misleading reporting of Exploration Results.	No 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.	Geophysical survey results available for majority of the holes.
Further work	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Further work will be necessary to improve the confidence levels of the deposits and understanding of the full seam stratigraphy. No proposed exploration plan has been proposed in this report.
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.	The database for all blocks is considered of an acceptable standard to report a JORC Resource. Drillhole data used to construct Minescape model. Checks against original down hole geophysics (las) files used to verify data during modelling.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology.	High degree of confidence in seam picks made using down hole geophysical data. The KIM geological models created by HDR Salva are considered to accurately represent the deposits. No major faults have been reported. Current Minescape model tonnes agree with previous model by PT SMGC Minex model to within 10% error margin, excluding the effect of different classification distances.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	See figures and Appendices in JORC Resource Report

Criteria	Explanation	Comment
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate 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).	FEM interpolator used for surface elevation, thickness and trend. Inverse distance squared used for coal quality throughout. Grid cell size of 20 m for the topographic model, 20 m for the structural model. Additional model construction parameters in Table 6:1 in JORC Resource Report Visual validation of all model grids performed. Current Minescape model tonnes agree with previois model by PT SMGC Minex model to within 10% error margin, excluding the effect of different classification distances.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	N/A
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	All tonnages estimated on air dried basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The coal resources contained in this report are confined within the concession boundary. The resources were limited to 250m below topography. A minimum ply thickness of 10cm and maximum thickness of 30cm was used for coal partings.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.	The KIM East and KIM West areas are currently being mined as open pit excavations by truck and shovel method.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.	N/A in situ air dried tonnes quoted.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	N/A in situ air dried tonnes quoted.

Criteria	Explanation	Comment
Classification	▯ The basis for the classification of the Mineral Resources into varying confidence categories. ▯ Whether appropriate account has been taken of all relevant factors. i.e. relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data. ▯ Whether the result appropriately reflects the Competent Person(s)' view of the deposit.	Classification distances based on an assessment of the variability of critical variables through statistical analysis and by an assessment of the degree of geological complexity. Classification radii for the three resource categories are: Measured: 250m Indicated: 500m Inferred: 2000m
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Reconciliation exercises between planned and **actual** mining is occurring on an ongoing basis.
Discussion of relative	▯ Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	Spacing ranges for the three resource categories are considered to adequately reflect the degree of confidence in the underlying estimate on a global basis. Significant local variation to estimated values may arise which should be addressed by adequate grade control procedures.
accuracy/confidence	▯ The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. ▯ These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	
Mineral Resource Estimate for conversion to Ore Reserves	Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	Basis of the estimates is "KIM JORC Resource Statement as at 31 July 2014. Coal resources is inclusive of Coal reserves
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.	Mr Sunil Kumar made the site visit and held discussions with clients at site during July 2014
Study Status	The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	KIM East is being currently mined. KIM West was mined till the end of 2013 and is proposed to be mined again from 2015. A detailed Life of mine plan is underway to Pre-Feasibility status.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	Refer Table 5:5, Break even Stripping Ratio analysis
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	Refer Table 5:1 Modifying Factors and Pit Optimisation Parameters and Section 5.3 on Notes on Modifying Factors

Criteria	Explanation	Comment
	The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods.	
Metallurgical Factors or assumptions	The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	The coal is to be sold unwashed so no processing factors have been applied. Other than crushing to a 50 mm top size no other beneficiation will be applied.
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	Refer Section 5.3.9, Permits and approvals
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	Discussed in Section 5.3.8 Mine Logistic Factors
Costs	The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private.	Discussed in Section 5.3.10 Cost and Revenue factors
Revenue Factors	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	Discussed in Section 5.3.10 Cost and Revenue factors
Market Assessment	The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	Discussed in Section 5.3.11Marketing Factors

Criteria	Explanation	Comment
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs.	Economic analysis (NPV) done based on long term price outlook and the cost estimates (Contractor mining operation)
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	Refer Section 5.3.9, Permits and approvals
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	Discussed under Section 5.3.13, Other Factors
Classification	The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	Discussed under Section 5.7, Reserve Classification
Audit & Reviews	The results of any audits or reviews of Ore Reserve estimates.	Discussed under Section 5.5, Audits & Reviews
Discussion of Relative accuracy/confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	Discussed under Section 5.6, Relative Accuracy and confidence



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