JELLINBAH GROUP PTY LTD ACN 010 754 793

PLAINS EAST PROJECT

MINING LEASE APPLICATION

over Mineral Development Licence 185

INITIAL DEVELOPMENT PLAN

CHECKLIST OF LEGISLATIVE REQUIREMENTS

Document	Section (MR Act)	Requirement	Section ref
Initial Development Plan	318DT(1)(a)	an overview of the activities proposed to be carried out under the proposed mining lease during all of its proposed term	1.1
	318DT(1)(b)	for each year of the plan period: • the nature and extent of activities to be carried out under the proposed mining lease during the year; and • where the activities are proposed to be carried out	1.2
	318DT(1)(c)	for each mineral the applicant proposed to mine under the proposed mining lease, each of the following:	
		• the location and estimate of the mineral in the area, or proposed area, of the mining lease	2
		• the standards and procedures used to make the estimate	3 and Attachment
		• the rate and amount of the proposed mining	4
		• approximately when the proposed mining is to start	5.1
		• a schedule for the proposed mining during the plan period	5.2
	318DT(1)(d)	maps that show the matters mentioned in paragraphs (b) and (c)(i), (iii) and (iv)	1.2. Figures 3. 4 and 5.
	318DT(1)(e)	any other information relevant to the criteria mentioned in s 318EF	for matters relevant to the CSG statement and CSG assessment criteria see part 15..3B of this application
	318DT(1)(f)	reasons why the plan is considered appropriate	6
	318DT(1)(g)	another matter prescribed under a regulation	none identified
	318DU	state the period of the proposed plan	1.1
	318DV	statement of how the effects on, and the interests of, any relevant overlapping or adjacent petroleum tenure holder have, or have not, been considered having regard to: • the main purposes of this part; and • the CSG assessment criteria, other than the initial development plan requirements	7
	318DW	requirement that the activities provided for under the proposed plan must seek to optimise the use of incidental coal seam gas in a safe and efficient way if it is commercially and technically feasible to do so	8

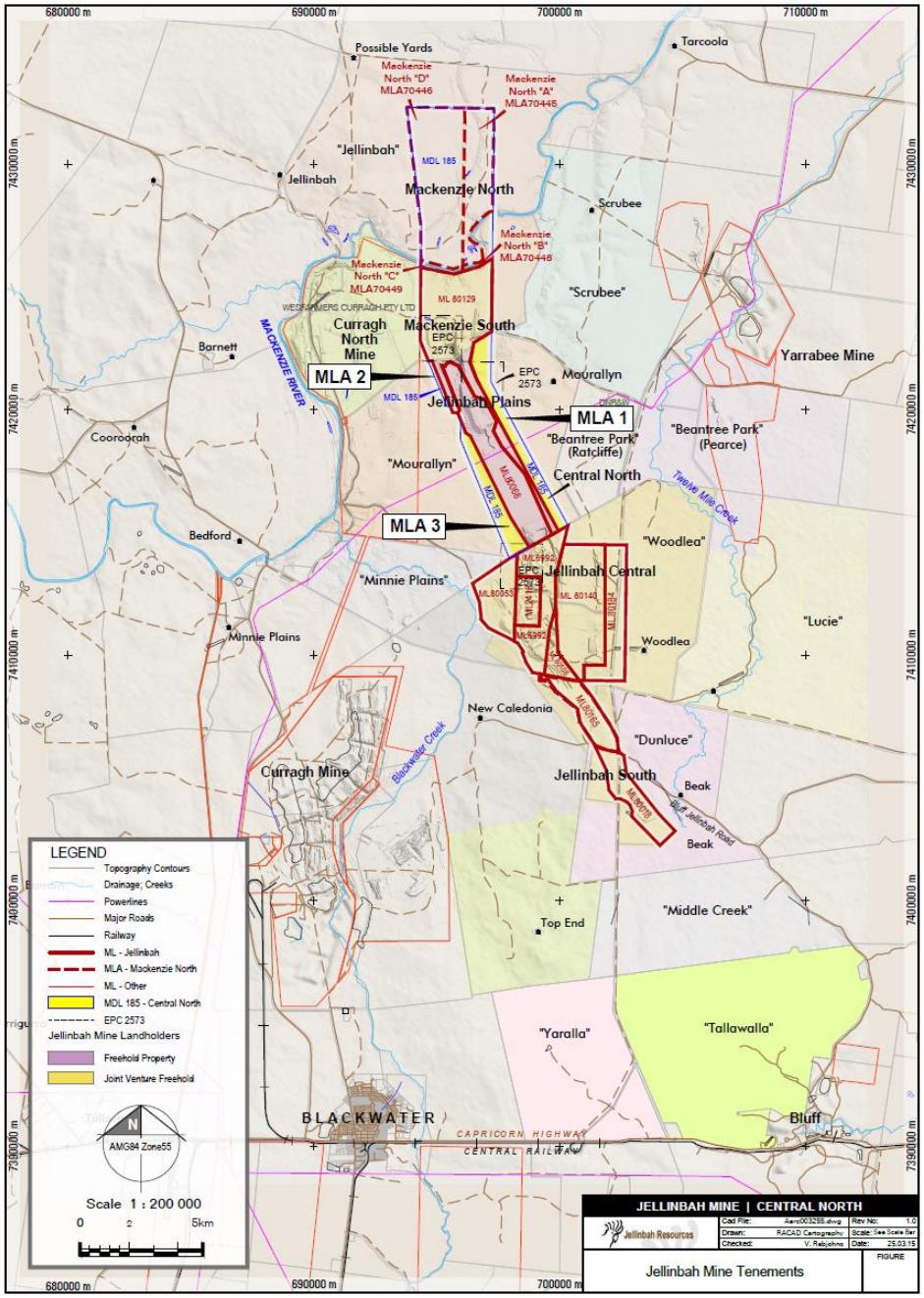
1. Overview of the activities proposed to be carried out

1.1 Overview

This section addresses s 318DT(1)(a) and (b) and s 318DU of the MR Act

Jellinbah Group Pty Ltd ACN 010 754 793 (**Jellinbah**) as Principal Applicant on behalf of the Jellinbah East Joint Venture is making mining lease applications (**MLA**) for the Plains Eastern and Western Extensions (together the **Project**) that this Initial Development Plan (**IDP**) describes. The MLA's cover the majority of that part of MDL185 held by the Joint Venture that lies on the South side of the Mackenzie River at Jellinbah Mine (Figure 1). This remnant portion of MDL185 consists of three separate areas, requiring three MLAs.

Figure 1: Jellinbah Mine Tenements



These MLA's are to provide for mine excavation and infrastructure for the Project. For the purposes of this document the MLAs are referred to as MLA 1, MLA 2 and MLA 3 and collectively as the Project MLAs as described below:

- Eastern MLA (**MLA 1**): 445.7ha
- North Western MLA (**MLA 2**): 25.79ha
- South Western MLA (**MLA 3**): 333.5ha
- The combined area of the MLAs (**Project MLAs**) covers an area of 805 hectares (**ha**)

The term of this IDP is proposed as five years from the date of grant of the Project MLAs on the assumption that all will be granted from a common date.

The Project is located on the South side of the Mackenzie River in the Central Highlands Regional Council area in Central Queensland, approximately 30 km north-east of Blackwater and 180 km west of Rockhampton - see Figure 2.

There are two general components to the Project, namely:

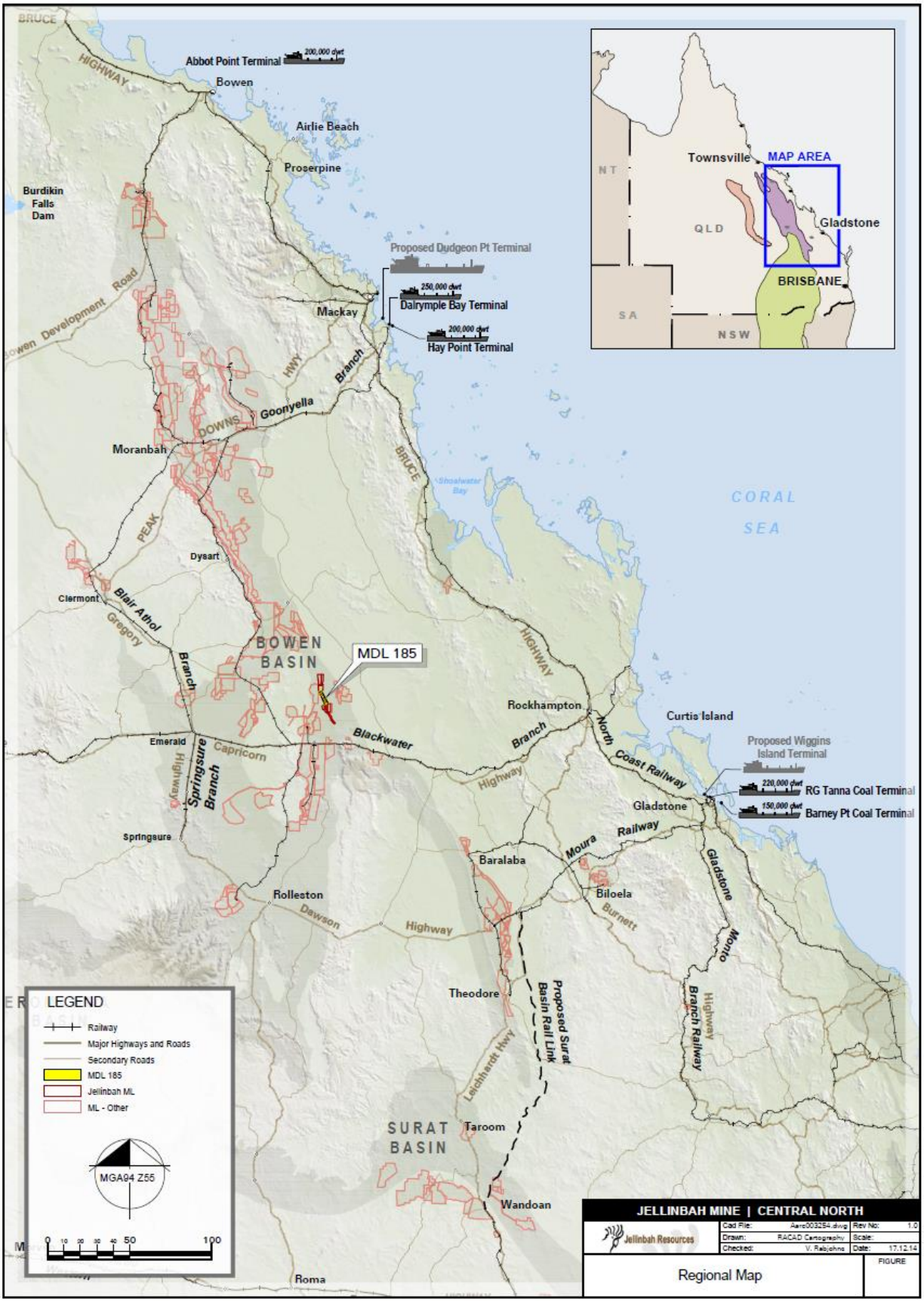
- The mining of coal from MLA 1, east of ML80068 (**Central North**). The current plans for Central North assume coal mining commencing in 2023 with mining progressing to MLA 1 approximately 5 years thereafter. MLA 1 has an estimated resource base of 45.5 Million tonne (**Mt**) of PCI and Thermal coal within the Rangal Coal Measures
- The placement of overburden spoil and topsoil in areas to the west of ML80068 starting in 2016.

The production life for Central North (including MLA 1) is anticipated to be greater than 20 years based on current economic assessment of the resource. However, continuing exploration success should extend the known resource and hence the duration of the Project.

The Project is planned as an extension to the Jellinbah Mine. Coal mined from the Project will be transported in trucks for processing though the Jellinbah infrastructure. Product coal will be transported by rail to Gladstone Port along Aurizon's Blackwater rail line where it will be exported through the RG Tanna Coal Export Terminal. Production from the Project will augment Jellinbah Mine operations thus extending the operational life of the Jellinbah Project in total.

The mining leases term applied for is twenty-five (25) years, to allow for site preparation and, mining operations. Renewals of the leases will be necessary to take the Project to completion and post mining land rehabilitation and site de-commissioning.

Figure 2: Central North Extension Project Location



The Project will involve open cut mining using truck and excavator methods. Topsoil stripped prior to mining will be stockpiled for later use in rehabilitation. Overburden will be relocated from above the coal seams to in-pit dumps, and in out-of-pit spoil dumps located on site and contiguous with the pit excavations.

The only infrastructure required for this project will be haul roads and environmental dams. As mine operations will be part of Jellinbah no material change in mine employment is expected during production operations.

Project Proponent

The Project Proponent is the Jellinbah East Joint Venture, an unincorporated Australian joint venture whose beneficial owners as Tenants in Common are as shown in Table 1.

Table 1: Jellinbah East Joint Venture - Participants

Participant	ACN	%
Jellinbah Group Pty Ltd	010 754 793	29.92
Tremell Pty Ltd	010 949 774	40.08
Marubeni Coal Pty Ltd	009 932 236	15.00
Sojitz Coal Resources Pty Ltd	063 050 680	15.00

The Principal Applicant is the Jellinbah Group Pty Ltd. Jellinbah's head office is in Brisbane:

Street Address:	Level 7 Comalco Place 12 Creek Street Brisbane Qld 4000 Australia
Postal Address:	GPO Box 1374 Brisbane Qld 4001 Australia
Phone:	+61 (0) 7 3877 6700
Facsimile:	+61 (0) 7 3220 1101

Jellinbah's wholly owned subsidiary, Jellinbah Mining Pty Ltd is the operator of the Jellinbah Mine.

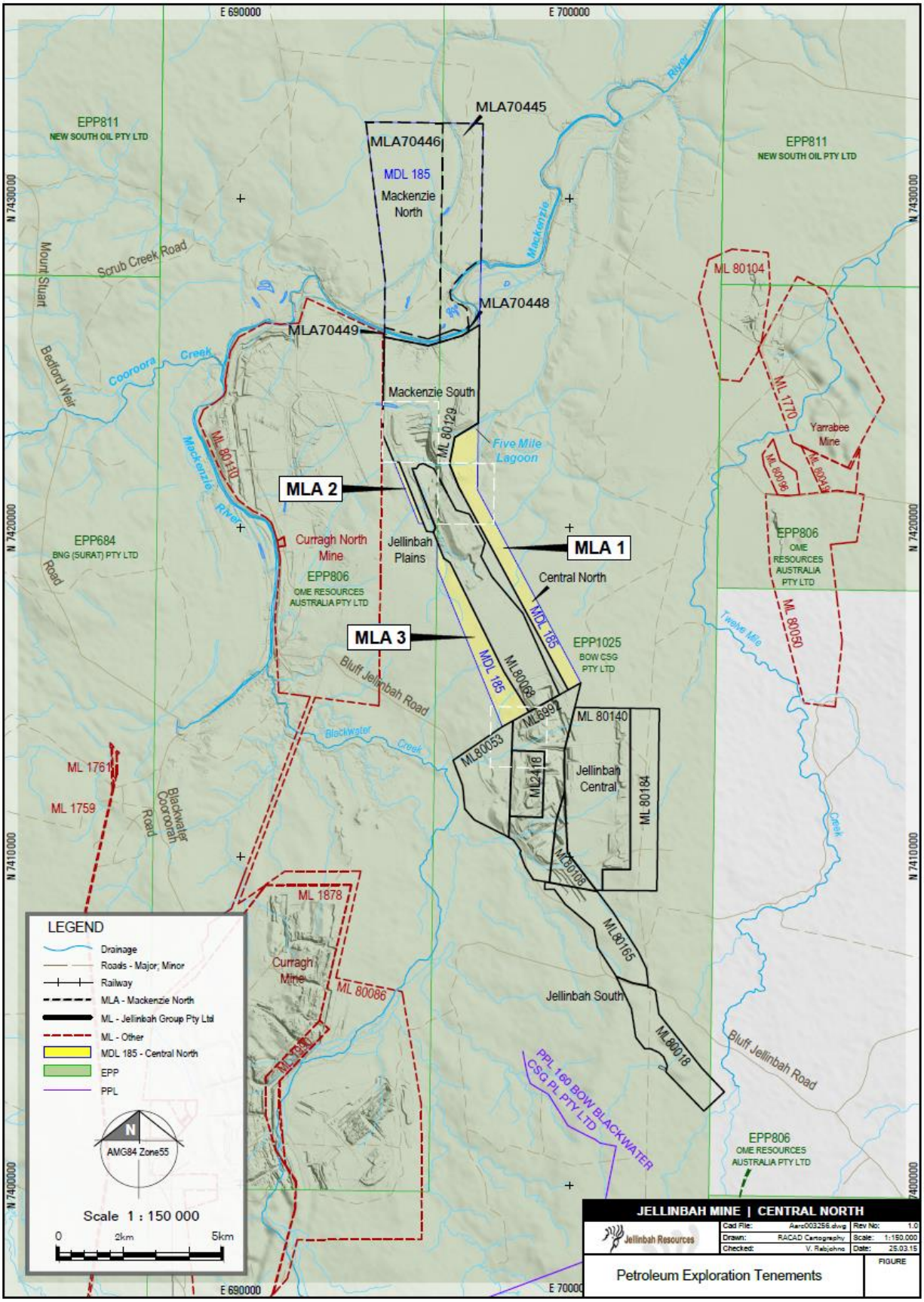
Project Tenements

Of the three MLAs which comprise the Project one overlaps with Authority to Prospect (Petroleum) (ATP) 806 (held by OME Resources (QGC Pty Ltd)) - the north western side of MDL 185. The other two overlap ATP 1025 held by Bow CSG Pty Ltd (a subsidiary of Arrow Energy Pty Ltd). The southern boundary of the MLAs lies on the south side of the Mackenzie River and contiguous with ML 80129 held by Jellinbah Group Pty Ltd. See Table 2 and Figures 1 and 3 for tenure details.

Table 2: Mackenzie North Project – Mining and Petroleum Tenures

Tenure	Held by: Made by:	Expiry Date or Application Date
MDL 185	Participants in the Jellinbah East Joint Venture with Jellinbah Group Pty Ltd as principal Holder	Ex: 31 July 2013 (renewal lodged 3/9/2012)
ATP 806	OME Resources Australia Pty Ltd	Ex: 30 April 2019
ATP 1025	Bow CSG Pty Ltd	Ex: 28 February, 2021
MLAs – three	Participants in the Jellinbah East Joint Venture with Jellinbah Group Pty Ltd as principal Holder	App: to be lodged

Figure 3: Jellinbah Mining and Petroleum Tenures



1.2 Description of proposed activities

This section also addresses s 318DT(1)(b) of the MR Act

The major elements of the proposed Project development to be constructed and operated are:

- Open pit coal mining excavations;
- Access roads;
- Raw water storage and water management drains, dams and pipelines; and
- Top soil and spoil storage.

The general layout of the main infrastructure is shown in Figure 4. Mine infrastructure will be located within each area but coal mining will only occur in the eastern area. Figure 5 shows the mining sequence for the project area. Figure 6 shows the final landform concept.

Table 3 outlines the nature and extent of the activities proposed to be carried out, including the proposed location of activities during the term of this IDP.

Table 3: Nature and Extent of Activities

	Nature and Extent of Activities	Location of Activities
Year 1	Extend Drain	South Western section of MLA
Year 2	Spoil Placement	South Western section of MLA
Year 3	Nil	Nil
Year 4	Nil	Nil
Year 5	Nil	Nil

Figure 7 shows the extent of activities to be undertaken in the first 5 years of operation.

Figure 4: Project Infrastructure and Reserve Area Plan

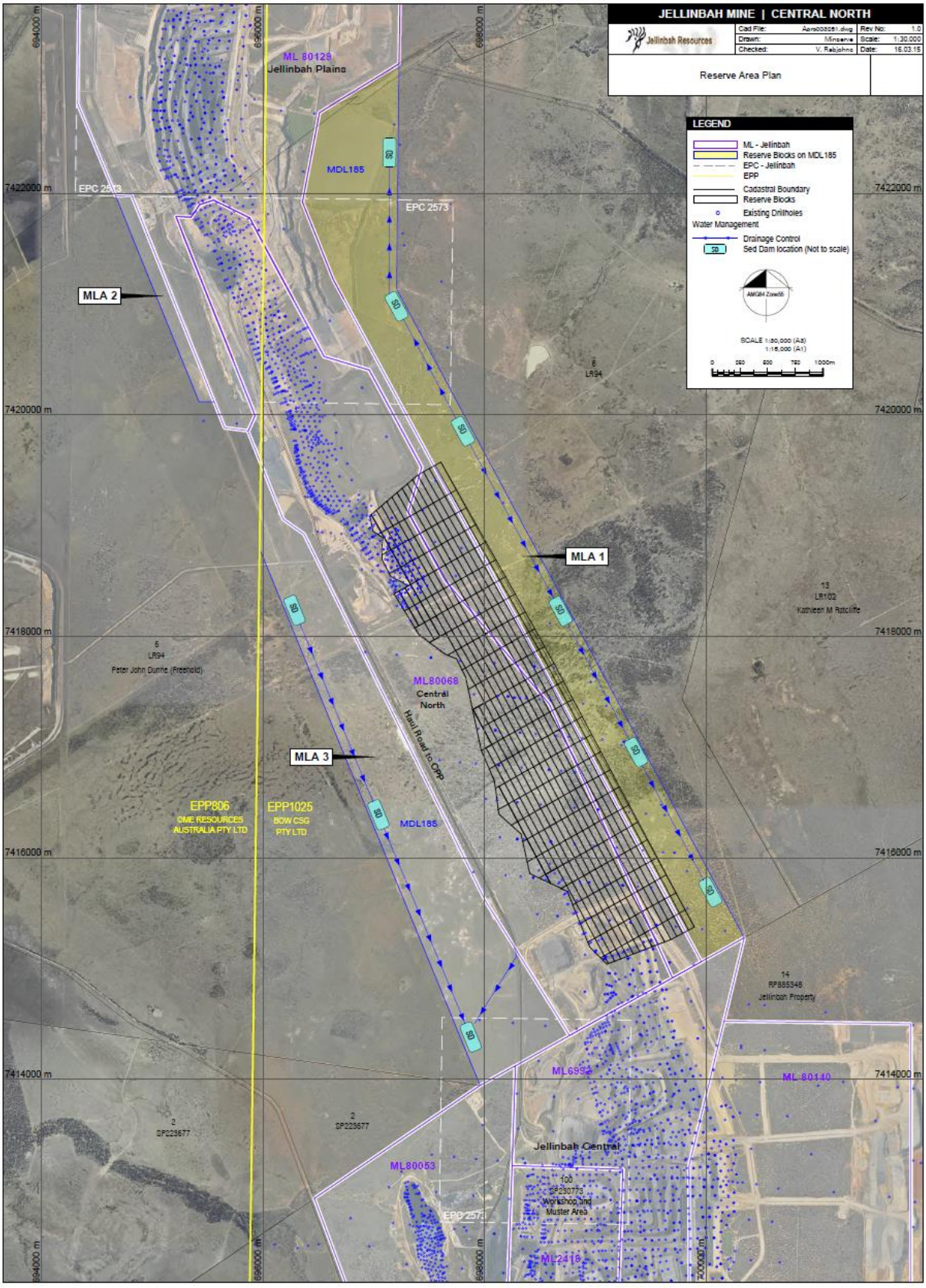


Figure 5 - Project Mining Sequence

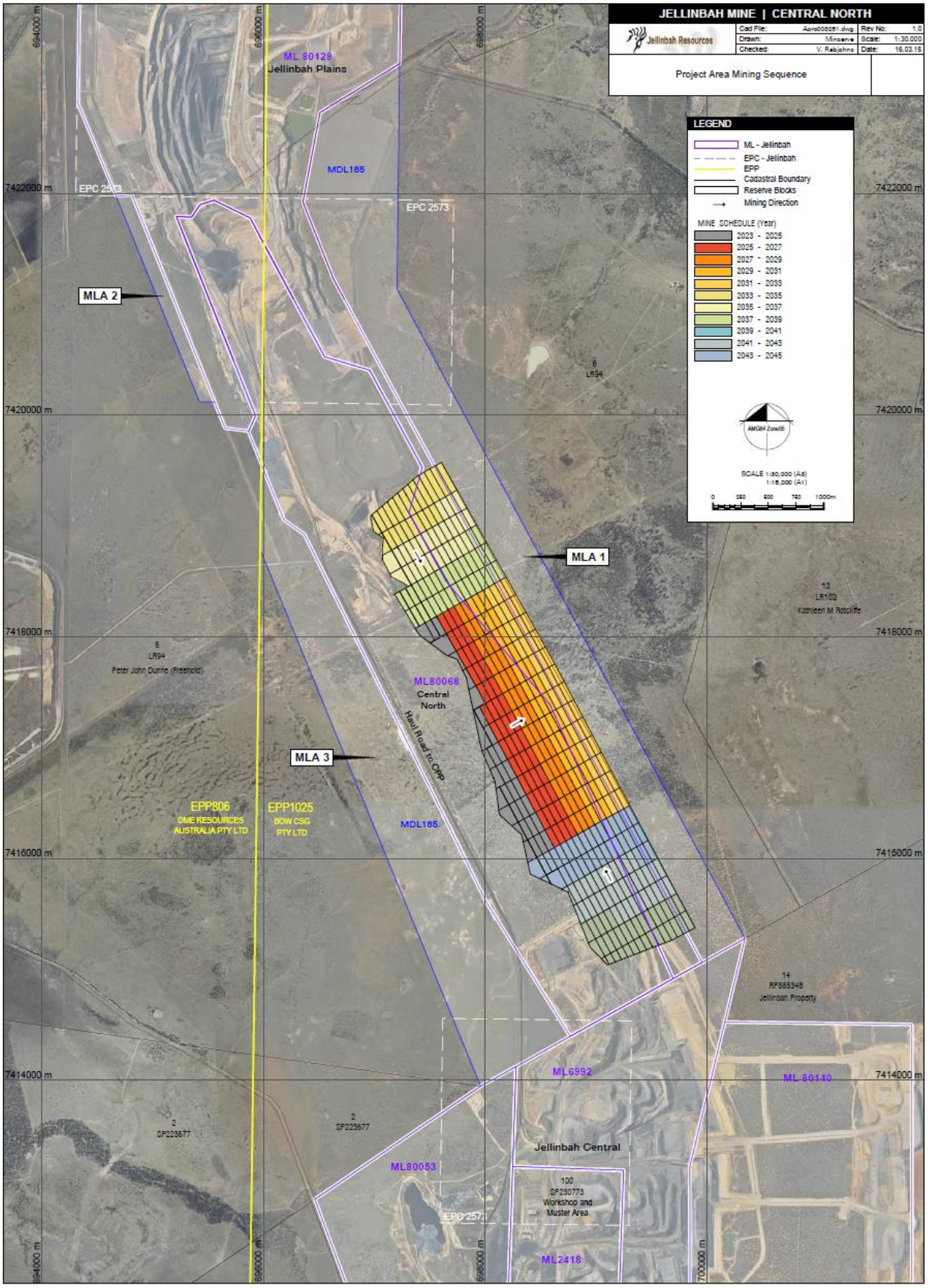


Figure 6: Conceptual Final Landform

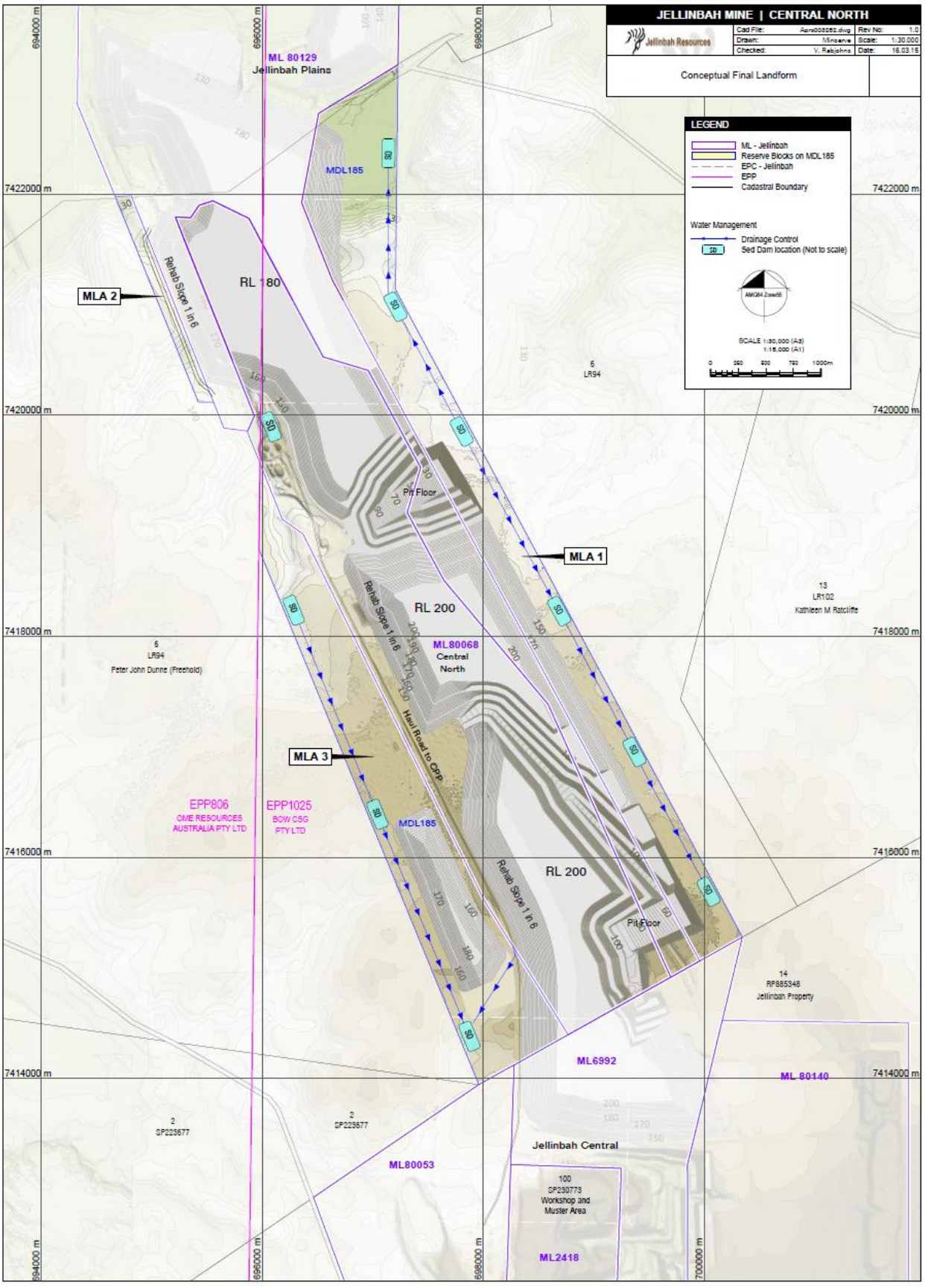
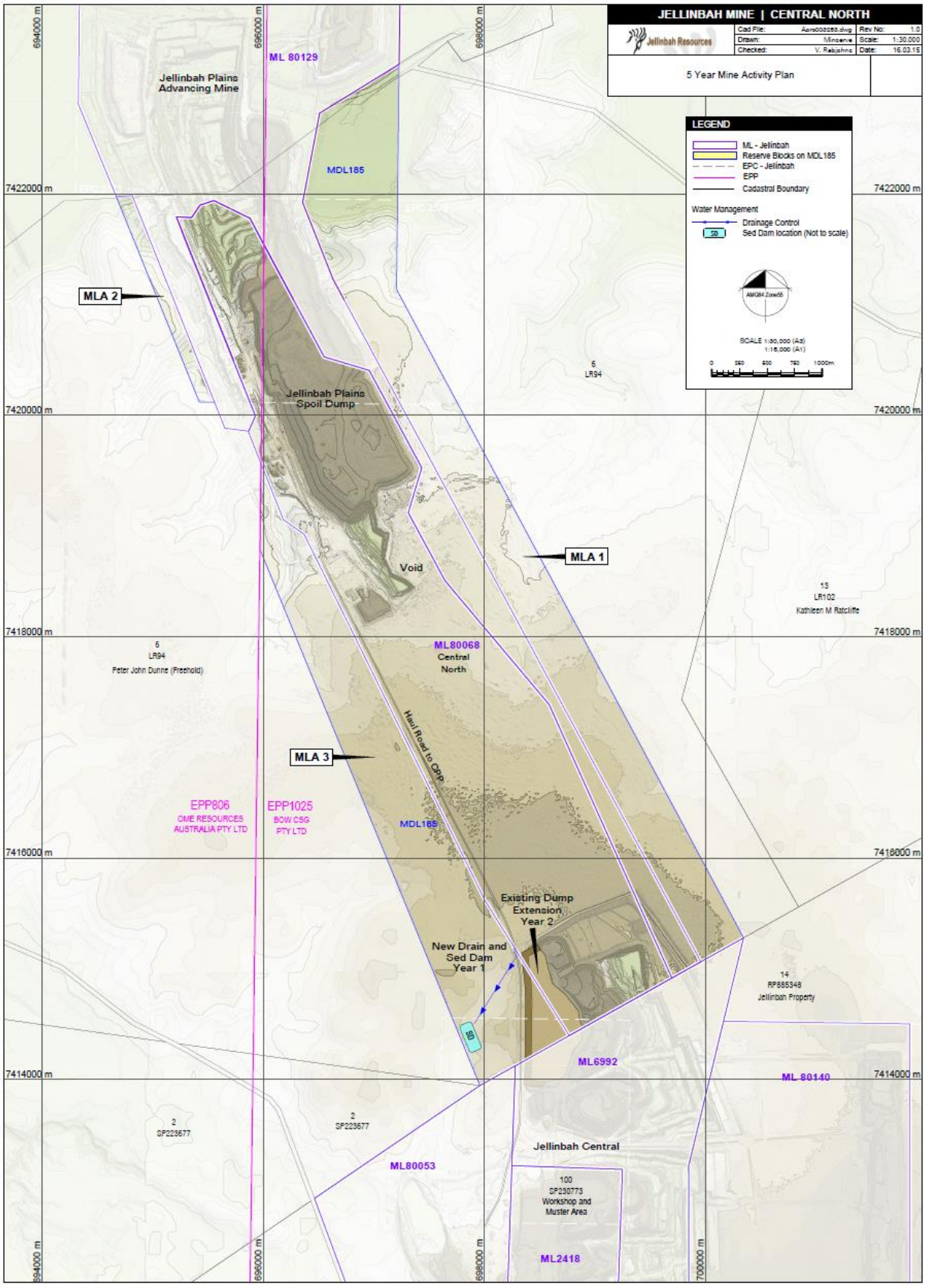


Figure 7 – Project Development within first 5 years



2. Location and estimate of the insitu coal tonnes in the area of the ML

This section addresses section 318DT(1)(c)(i) of the MR Act

2.1 Location and estimate

The location of the Project area is shown in Figure 1. Coal resources with reasonable prospect of economic extraction have only been identified in the long narrow section to the east of ML80068, referred to as MLA 1 in this document. These estimates apply to that specific area only.

Jellinbah has undertaken exploration programs adjacent to and more recently within this area and there are also a number of holes drilled by the Geological Survey of Queensland in the area. Within MLA 1 there are coal seams in both the Rangal Coal Measures and Burngrove Formation but not all have reasonable prospects for economic extraction and can be classified as coal resources. In descending order:

The Aries Seam deteriorates in the northern part of the current Jellinbah Central mining area and degrades and splits rapidly northwards (where MLA 1 is located). The Aries Seam in the mining area directly adjacent the southern part of MLA 1 is not planned to be mined at this stage due to poor quality. The Aries in MLA 1 is of similar quality to that and although up to 2m thick and classifiable as Inventory Coal in places, it is excluded from these resource estimations on the basis of poor quality making economic recovery unlikely.

The Castor seam is too thin, split and low quality to be economic anywhere in the MLA 1 area.

The Pollux Upper (PLXU) and Pollux Lower (PLXL) seams are both assessed to have reasonable prospects of economic extraction and are included in the estimation of insitu tonnes within the Project Area. A low volatile PCI coal product with low level contaminants is produced from both these seams at the Jellinbah Central and Jellinbah Plains mines either side of Central North, and the indicative quality of both Pollux plies in the Central North area is generally similar. The economic potential is further supported by the studies and information given elsewhere in this document.

The maximum depth to the bottom seam (PLXL) is approximately 130m at the southern end increasing to approximately 270m in the north. Where the resource is deeper than depths feasible for open cut mining, both Pollux Seam have high potential for underground mining in the future therefore no depth cut off has been applied to the estimation.

The Pisces seam and seams of the Burngrove Formation have been intersected along the length of MLA 1 by recent drilling and geophysical data has confirmed they are all too thin, very poor quality and too deep to be mined economically.

Table 4: Project – MLA 1 InsituTonnes and Indicative Quality: Estimated as at March 2015. (made according to "The Australian Guidelines For the Estimation and Classification of Coal Resources, 2014 Edition" for internal use).

Resource Class	Seam	Insitu Tonnes (,000,000 t)	Ash (%adb)	TS (%adb)	Avg Thickness (m)	Insitu RD (t / cu m)
Measured						
	PLXU	0	0	0	0	0
	PLXL	0	0	0	0	0
	Total	**0**				
Indicated						
	PLXU	15.03	12.5	0.50	3.27	1.41
	PLXL	16.83	10.5	0.60	3.72	1.39
	Total	**31.86**				
Inferred						
	PLXU	6.60	12.5	0.50	3.98	1.41
	PLXL	7.00	9.4	0.50	4.31	1.38
	Total	**13.60**				
TOTAL		**45.46**	**11.3**	**0.54**		

Figure 8 shows Representative Long Sections and Cross Sections

Figure 9 shows a typical stratigraphic column.

Figure 8 – Typical Long Section and Cross Sections

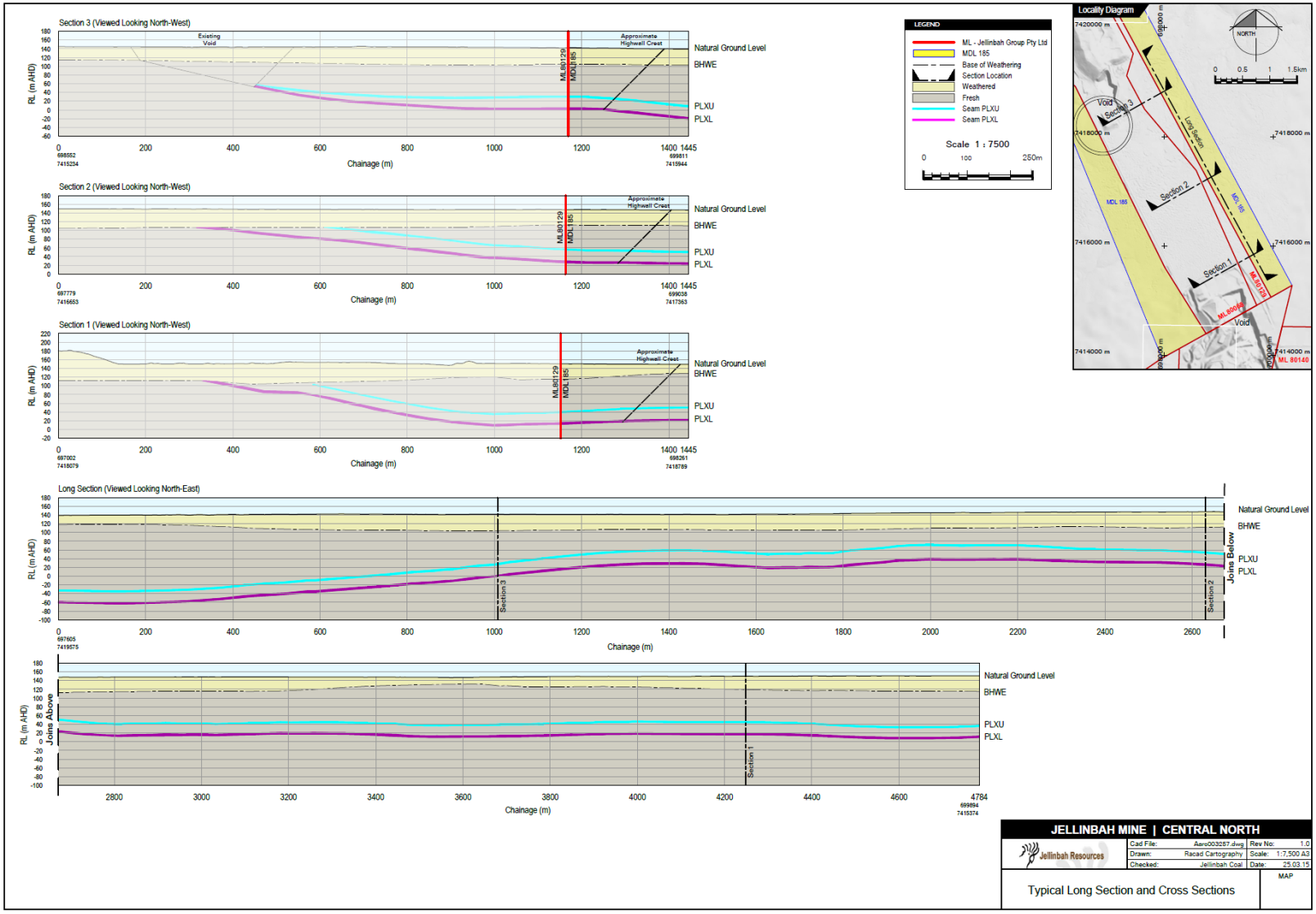
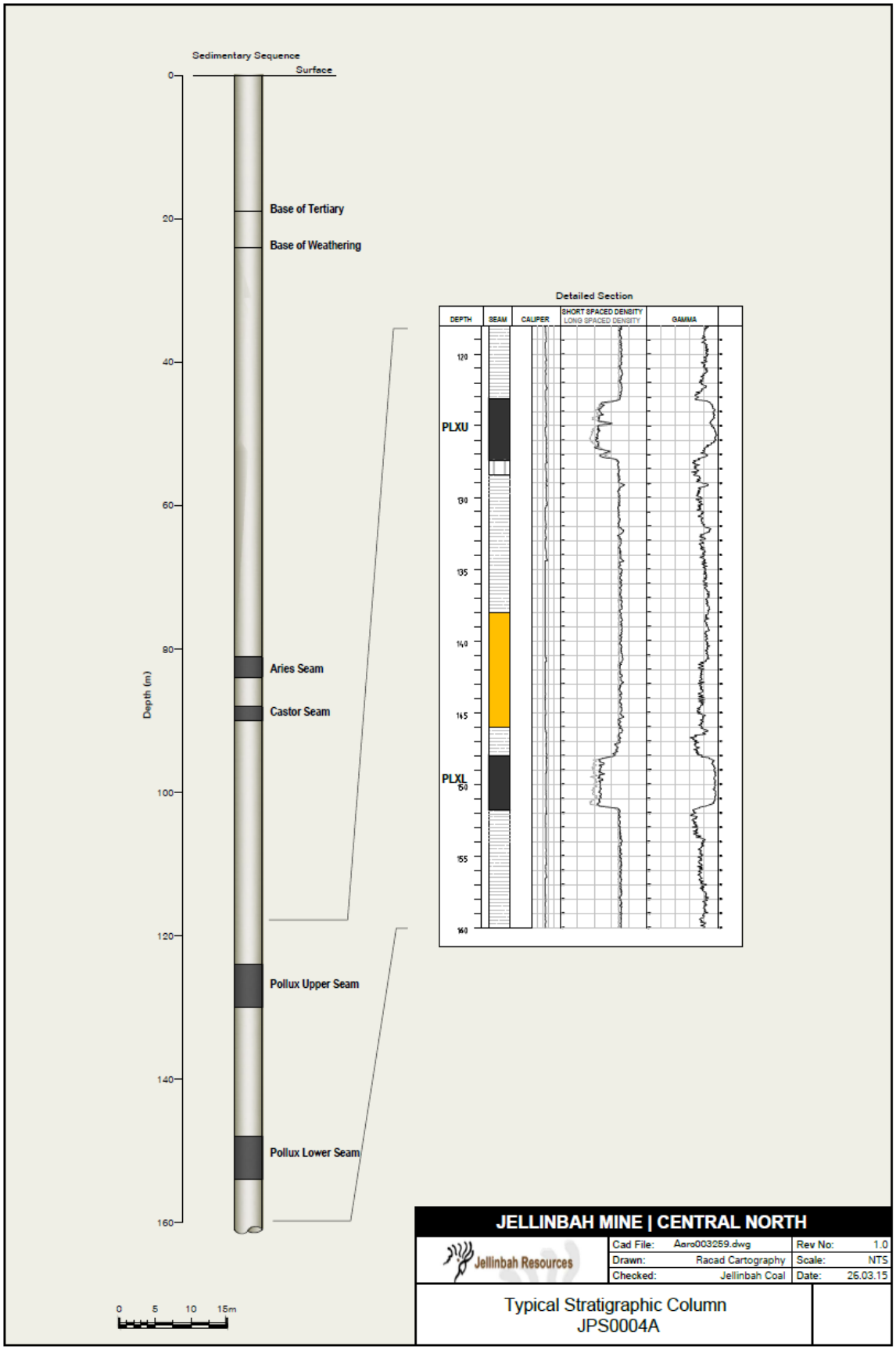


Figure 9 – Typical Stratigraphic Column



3. Standards and Procedures used to make the Resource Estimate

This section addresses section 318DT(1)(c)(ii) of the MR Act

Standards:

The information in this report that relates to Coal Resources is based on information compiled by Mr David Lumley who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Lumley is the Senior Geologist at the Jellinbah Mine and a full time employee of Jellinbah Mining Pty Ltd (a member of the Jellinbah Group) and has over 14 years' experience as a geologist in coal mining and coal resource evaluation. He is a competent person for reporting Coal Resources under the JORC Code (2012).

As a drilling program is still in progress, these resources estimates are not prepared according to the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code).

Instead the estimates of resources presented here are made according to "The Australian Guidelines For the Estimation and Classification of Coal Resources, 2014 Edition" (the accepted minimum professional standard in Australia for internal company reporting and a supporting document for the JORC Code). They are therefore estimates for internal use and are not for public release.

Mr Lumley and Jellinbah consent to the inclusion of the matters based on his information in the form and context in which it appears. The information in this report relating to Coal Resources is only intended to be used for the purposes of this IDP and Lease Application and may not be used or relied upon for any other purpose.

Procedures:

This work utilised regional geological information and information available on public record from exploration carried out by the Queensland Government in the area as well as Jellinbah's own field exploration programs.

Core holes with geophysics and open holes with geophysics were used as points of observation to assess structure and structural continuity for insitu tonnage estimation.

Only core holes with analysed seam intersections have been used as points of observation for quality assessment. Geophysics and the relationships of geophysics to coal in nearby mining areas are used to further validate the reasonableness of the quality model in areas where the software has extrapolated the data.

All data available as at the start of March 2015 has been assessed when making the estimates.

Work previous to the current drilling program that was used to construct previous resource estimates has been relied on. None of that data has been through the current site wide data cleaning process that is in progress; nor has it been verified or re-validated for this study. Therefore aside from any errors found and fixed in the course of constructing the datasets and model, existing correlations and seam cut-off

interpretations were unchanged. Data from the recent drilling program was rigorously validated and cross checked before being used in the models and resource estimates.

All holes were re-assessed for inclusion in the model on a seam by seam basis rather than hole by hole basis as in previous work. Any data assessed to have poor or uncertain reliability was excluded. Only one point of observation per data item per hole site was included in the model. Down-hole deviation data was not utilised.

Jellinbah has used Dassault's Minex program as the data-store and modelling software for the Project.

Quantities were calculated on unfaulted models – historical experience is that unfaulted models produce a level of confidence sufficient for Indicated and Inferred classifications in the Jellinbah Mine area and the last issued JORC statement for this area was produced on a similar unfaulted model basis. A single quality and structural domain was used.

The seam thickness cut-off used is 0.3m. Partings greater than 20cm have been excluded from the estimates.

The base of weathering thickness varies between 20 and 45 metres. All coal above this horizon is excluded from the estimates. No intrusions have been included in the model, and no evidence for intrusive activity that may materially impact these estimates has been observed in the area to date.

The Jellinbah-wide Ash-Density (adb) regression relationship was applied to determine all densities used. No other statistics or geostatistics has been used other than a full range of standard borehole data validations in Minex.

Air dried density was adjusted to Insitu Density via the Preston Sanders formula. For the purposes of the Preston Sanders formula, an Insitu Moisture of 3.3% was assumed on the basis of a recent study at Jellinbah Plains Mine nearby and an Inherent Moisture of 1.45% was assumed based on extensive experience at the surrounding mining areas. All calculations were density weighted.

The work resulted in estimated volumes increasing by 10.2% from the previously estimated 41.28Mt with the Indicated resources component increasing from 3.2 to 31.8 Mt. This is attributed to improved structural control permitted by the new drilling in the model. A greatly improved assessment of in-situ densities further assists with the confidence level in the tonnage estimates, however the quality drilling has insufficient coverage to permit upgrading any portion to Measured status.

Sources of risk with potential to cause material change in these estimates include

- Data Risks such as low borehole coverage, the high proportion of old data of lower reliability, lack of deviation data, the limited amount of coal quality data with acceptable level of confidence for mine planning purposes and the risk of undetected large structures that may significantly alter the ratio, limits of mining or mining layout or result in thinned seam areas.

- Modelling risk such as the correctness of interpolated and extrapolated data and the adjustment method for the Pollux Upper split structure

4. Rate and amount of the proposed mining [CP to confirm]

This section addresses section 318DT(1)(c)(iii) of the MR Act

No coal mining will take place within the Project Area in the first 5 years. The mining area will be developed over a series of block areas as shown in Figure 5. This figure also shows when the coal is expected to be mined. The only coal not to be mined in the MLA area will be that coal deemed to be uneconomic. Additional exploration and Life of Mine planning will refine the timing of this project. Note that MLA 2 and MLA 3 areas are likely to be used for spoil placement within the next 5 years.

Table 7: Mining Quantities by Year – Initial Development Plan

Project Year	Overburden - kbcm	ROM Tonnnes - kt
1	0	0
2	0	0
3	0	0
4	0	0
5	0	0

5. Mining schedule

This section addresses section 318DT(1)(c)(iv)-(v) of the MR Act

5.1 When the proposed mining is to start

Overburden placement on MLA 3 is scheduled to commence within the next 2 years. However, coal mining is currently not expected to commence in ML80068 until FY23 and will then progress down-dip with mining in the MLA 1 area commencing about 5 years thereafter.

5.2 Schedule for the proposed mining during the plan period

Refer to Tables 3 and 7 above.

6. Reasons why the plan is considered appropriate

This section addresses section 318DT(1)(f)) of the MR Act

The Project scope and objectives are to*:*

- Extract insitu coal tonnes of ~17 Mt at shallower than 150 m below surface by open cut methods (depth of coal to mine will be determined on an economic basis when mining approaches this area);
- Production rate on average of +1.0 Mtpa ROM coal in future years;
- Augment production from Jellinbah Mine thus extending the overall production period for the Jellinbah Project;
- Construct and operate mine related infrastructure for the Project;
- Piggyback onto existing Jellinbah Mine infrastructure for processing and train loading, and;

- Have product hauled by rail to the R G Tanna Coal Terminal at Gladstone as part of Jellinbah Mine production.

The Project is considered by Jellinbah to be viable given the following:

- Total estimate coal tonnes of ~45.5 Mt;
- Predominately PCI Coal product suitable for use in the steel making industry, plus a small quantity of lower quality thermal coal, and
- Products augment current Jellinbah Mine production servicing an already established customer base.

Coal is Queensland's highest value export and the coal industry provides significant value to the State by way of direct and indirect employment, purchase of goods and services and payment of taxes and royalties. The Project provides an opportunity to add to the contribution the industry makes to the State.

The Project will also provide a benefit to the country on a national scale. This is achieved through increased foreign revenue from the export of coal and general economic stimulus through sustaining employment and the purchase of goods and services.

The Central North Extension Project is based on estimated insitu coal tonnes of ~45.5 Mt, the majority of which can be economically extracted using today's evaluation standards by efficient open cut mining methods to generate ~1.0 Mtpa product coal suitable for the international market for PCI and thermal coals.

A range of operational expenditures will be sourced from Queensland based firms including rail services, port services, and plant maintenance. Full year expenditures on rail and port services attributable to the Project are expected to exceed $20 million per annum.

The Project will pay significant on-going revenue to the State Government through royalty and payroll tax obligations. Without the mine, these payments will not be received. The annual royalty payment to the State resulting from sales of the product is estimated to be in the order of $7 million per year at full production at today's coal pricing.

The Project will allow the employment of 100 full time equivalent jobs to be extended another 5 years which will generate spending potential after tax in the regional area where the workforce is located of approximately $10 million.

The Project will have a positive impact on the economy of the region and the State through ongoing expenditures for materials and services, payment of rates, purchase of infrastructure, plant and consumables, use of service industries and payment of taxes.

7. How the effect on, and the interests of, any relevant overlapping or adjacent petroleum tenure holders have, or have not, been considered, having regard to the main purposes of this part and the CSG assessment criteria

This section addresses section 318DV of the MR Act

Overlapping petroleum tenements: The MLAs overlap with oil and gas exploration tenures ATP 806 and 1025. Jellinbah considers that within the constraints imposed by the sequence of operation of the mining excavation and the fixed nature of the coal mine infrastructure such as workshop, levee banks, dams, stockpiles and crushing facilities, there are no insurmountable impediments to the technical and commercial feasibility of coordinated petroleum production and coal production activities intended for these MLA areas. Jellinbah is currently negotiating a coordination arrangement with Arrow Energy and has a short form agreement with OME Resources. Jellinbah has good relationships with both Arrow Energy and QGC and has reach agreement for ML consents from both companies in the past.

Statement of consideration of effects: So far as Jellinbah is aware, as at the date of these applications, neither Arrow Energy or OME Resources have plans for CSG developments on the overlapping ATPs that conflict with, or that may be adversely affected by, the development that Jellinbah proposes for the area of the Project MLAs.

Adjacent petroleum tenements: The Project mining lease application do not overlap any Petroleum Leases or Petroleum Lease Applications.

Jellinbah confirms that it has, in preparing this IDP had regard to the main purposes of part 7AA of the MR Act including the CSG assessment criteria and has considered:

- the principal objectives of the MR Act in s 2; and
- The main purposes of Part 7AA of the MR Act in s 318A.

For the reasons set out in the Plains Extension Project MLAs, including in this IDP, the Project MLAs are consistent with and promote the objectives of the MR Act and the main purposes of Part 7AA of the MR Act, particularly in respect of:

- the minimisation of land use conflicts (s 2(c)) as described in this application;
- ensuring an appropriate financial return to the State from mining (s 2(e), see part 15.1 – Supporting Information to the MLAs and the CSG statement for the Project);
- addressing issues arising for coal seam gas mining under the MR Act (s 318A(b), see the CSG statement and material relating to the CSG assessment criteria in this application and comments above in this section);
- providing certainty of tenure for future investments relating to coal, oil shale and petroleum (s 318A(d), see the CSG statement and material relating to the CSG assessment criteria in this application and comments above in this section);
- optimising the development and use of the State's coal, oil shale and petroleum resources to maximise the benefit for all Queenslanders (s 318A(e), see the CSG statement and material relating to the CSG assessment criteria in this application and comments above in this section).

8. How the activities will seek to optimise the use of incidental coal seam gas in a safe and efficient way

This section addresses section 318DW of the MR Act

Jellinbah's exploration activities in the Project area have not identified any commercial quantities or quality of coal seam gas. Therefore Jellinbah anticipates that its open pit mining activities will not access or release incidental coal seam gas.

Further, Jellinbah and Arrow/QGC have shared information and plans and no information suggests that ICSG will or can be produced from the operations.