

# DISCOVERY OF ADDITIONAL MAJOR COAL SEAM TRANSFORMS POPLAR GROVE MINE

## HIGHLIGHTS:

- Additional major contiguous coal seam (WK No.11) discovered approximately 65 to 80 feet above Poplar Grove’s WK No.9 seam as a result of a recent drilling program
- Potential to access the WK No.11 seam from the planned underground mine operations for Poplar Grove’s WK No.9 seam may significantly increase the capacity of the low-capex 1.8 Mtpa mine
- Coal seam thickness of the WK No.11 seam averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine’s WK No.9 seam product
- Alliance’s 9.1 Mtpa River View mine (40 miles northwest of Poplar Grove) also mines both the WK No.11 and No.9 coal seams and is the most productive underground room-and-pillar coal mine in the USA
- Paringa will now undertake further drilling for the WK No.11 seam to complete the geological model and to assess the potential for a two coal seam operation at Poplar Grove
- The addition of the WK No.11 seam at Poplar Grove significantly enhances Paringa’s strategy in undertaking staged, low-capex mine developments to ultimately become the next major Illinois Basin coal producer

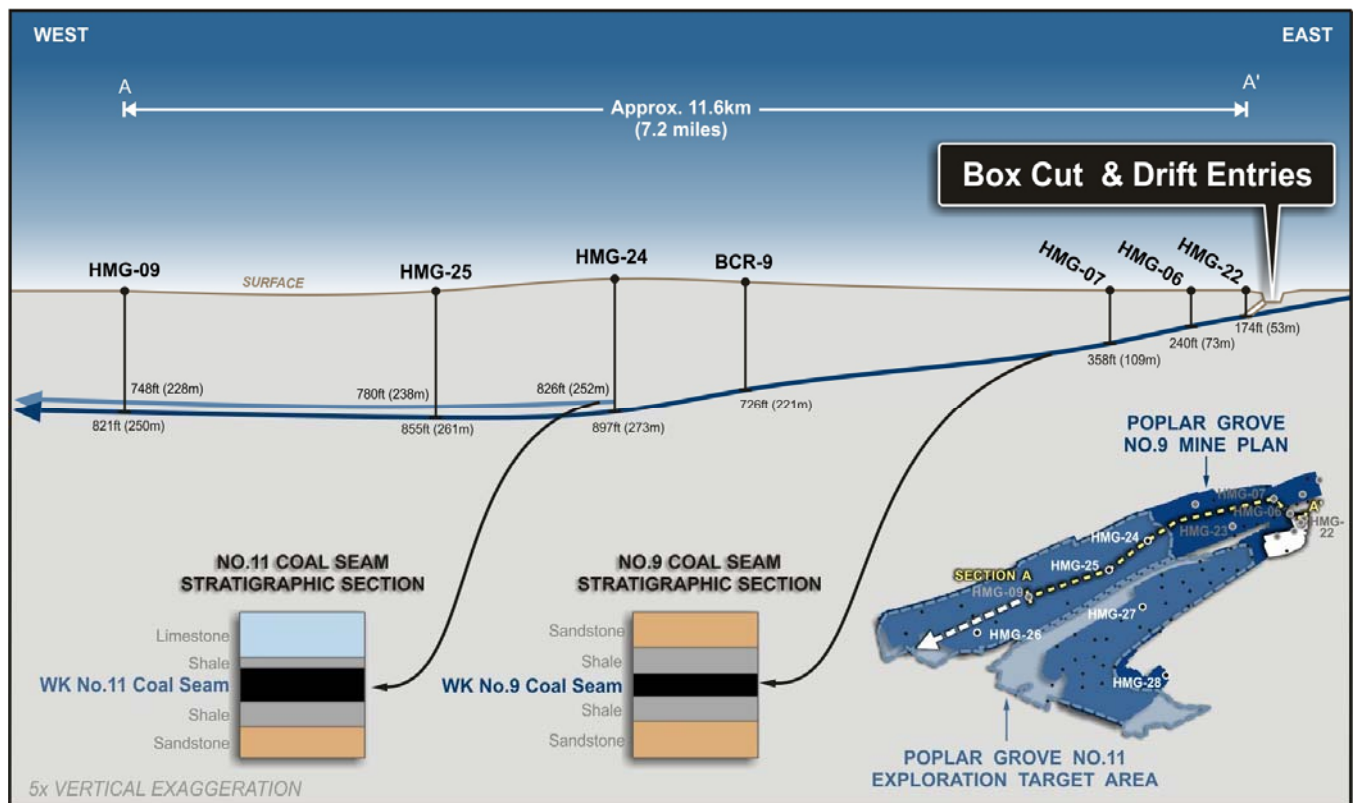


Figure 1: Poplar Grove Cross Section of the No.11 and No.9 Coal Seams and Box-Cut Mine Development

Paringa's President and CEO, Mr. David Gay, said: "The discovery of the WK No.11 coal seam above Poplar Grove's WK No.9 seam is a game changer for Paringa. The ability to significantly increase the capacity at Poplar Grove for minimal capex truly transforms the mine and significantly increases the strategic nature of the Buck Creek Complex. This discovery reinforces that Buck Creek is undoubtedly the best undeveloped thermal coal project in the United States."

"We are seeing significant improvements in the US thermal coal market with natural gas prices almost doubling from their March lows, widespread evidence of higher long term contract prices and significantly improved general investor sentiment for thermal coal in the US. In the history of Paringa, this is the most exciting time to be funding the best undeveloped thermal coal project in the US and we will continue to focus on the most optimal way to bring Poplar Grove into production."

"The addition of the WK No.11 seam at Poplar Grove significantly enhances Paringa's strategy in undertaking staged, low-capex mine developments to ultimately become the next major Illinois Basin coal producer."

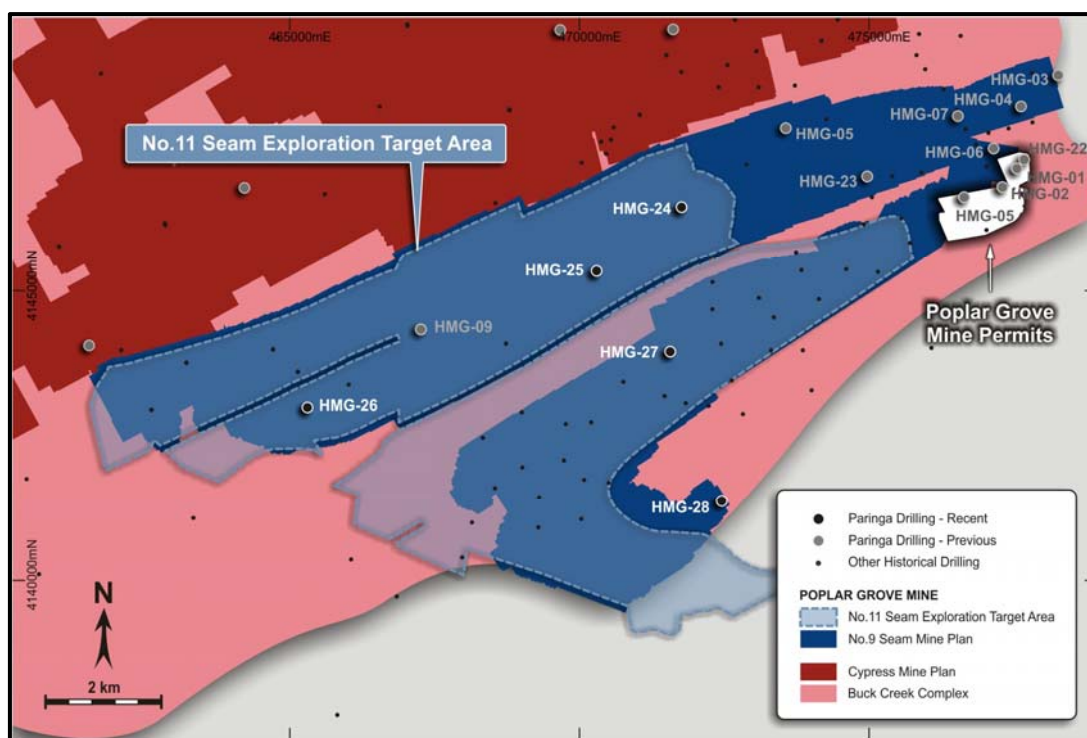


Figure 2: Poplar Grove No.9 Mine Plan and No.11 Exploration Target

## Next Steps

Paringa will immediately conduct additional exploration drilling at the Poplar Grove Mine's WK No.11 seam with additional coal quality results expected. The first stage of this additional exploration will commence during the fourth quarter of 2016 and will include at least 6 additional seam measurements.

Paringa will be completing the geological model of the WK No.11 seam and will also fast-track the assessment of a potential two seam coal operation at Poplar Grove, mining both the WK No.9 and No.11 seams. Alliance's River View mine operates by mining both the WK No.11 and No.9 coal seams and is the most productive underground room-and-pillar mine in the US.

For further information, contact:

**David Gay**  
President & CEO

**Nathan Ainsworth**  
VP, Business Development

## Introduction

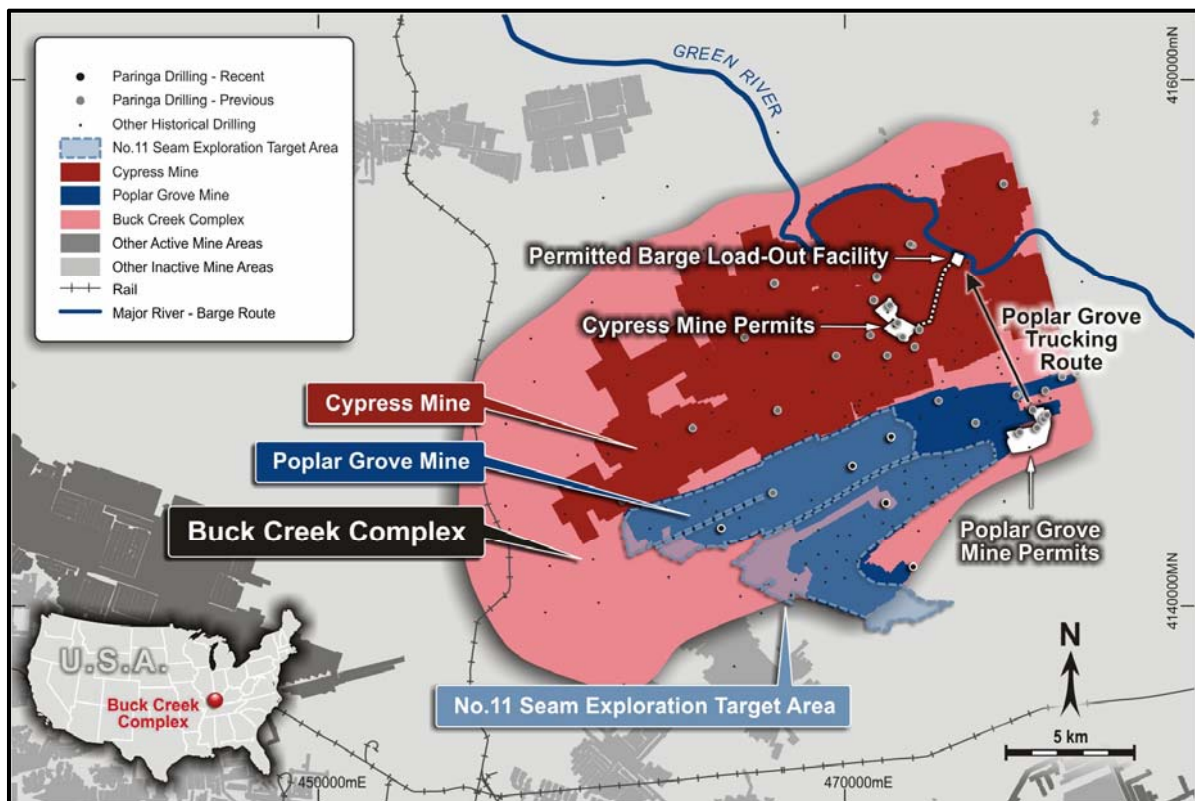
Paringa Resources Limited (“**Paringa**” or “**Company**”) (ASX:PNL | OTCQX:PNGZF) is pleased to advise that it has discovered the contiguous Western Kentucky No.11 (“**WK No.11**”) coal seam within the Poplar Grove project area. This discovery is set to transform the economics of the Poplar Grove Mine and the Buck Creek Complex.

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be between an additional 85 to 110 million tons with in-situ quality estimated to range from 12,000 to 12,200 Btu/lb. The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

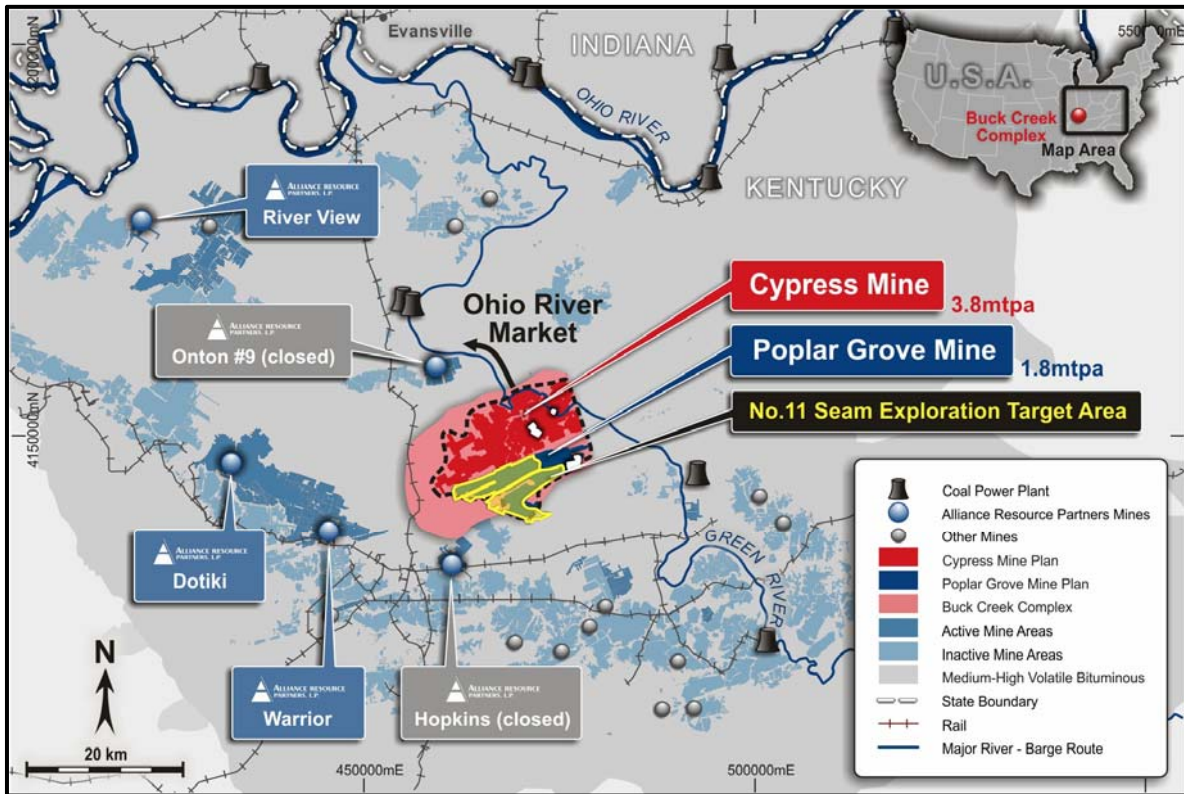
Paringa’s proposed 1.8 million ton per annum (“**Mtpa**”) Poplar Grove Mine for the Western Kentucky No.9 (“**WK No.9**”) seam, is located immediately south of the Company’s proposed 3.8 Mtpa Cypress Mine, also in the WK No.9 seam, with both mines located within the Buck Creek Complex.

Core drilling has intersected the WK No.11 seam approximately 65 to 80 feet above Poplar Grove’s WK No.9 seam. Coal seam thickness recorded from recent and historical drill holes of the WK No.11 averages 5.0 feet with clean coal quality characteristics similar to the Poplar Grove Mine’s WK No.9 seam.

The close proximity of the two coal seams allows Paringa to potentially access the WK No.11 seam from the planned WK No.9 seam mine works, which may significantly increase the capacity of the planned 1.8Mtpa Poplar Grove Mine.



**Figure 3: Buck Creek Complex including the Poplar Grove and Cypress Mine Plans and No.11 Exploration Target**



**Figure 4: Buck Creek Complex and Alliance’s Operations in Western Kentucky**

Alliance’s 9.1 Mtpa River View operation, approximately 40 miles northwest from Poplar Grove, mines both the WK No.11 and No.9 coal seams and processes the Run of Mine (“ROM”) coal through one coal processing facility as both seams have similar coal quality characteristics. The River View mine is the most productive underground room-and-pillar coal mine in the US.

Paringa will now undertake additional drilling program for the WK No.11 seam to update the geological model and to assess the potential for a two coal seam operation at Poplar Grove. The first stage of this additional drilling will commence during the fourth quarter of 2016.



**Figure 5: High Quality WK No.11 coal seam intersect at Poplar Grove (HMG-27)**

## Preliminary Drilling Results of Poplar Grove's No.11 Seam

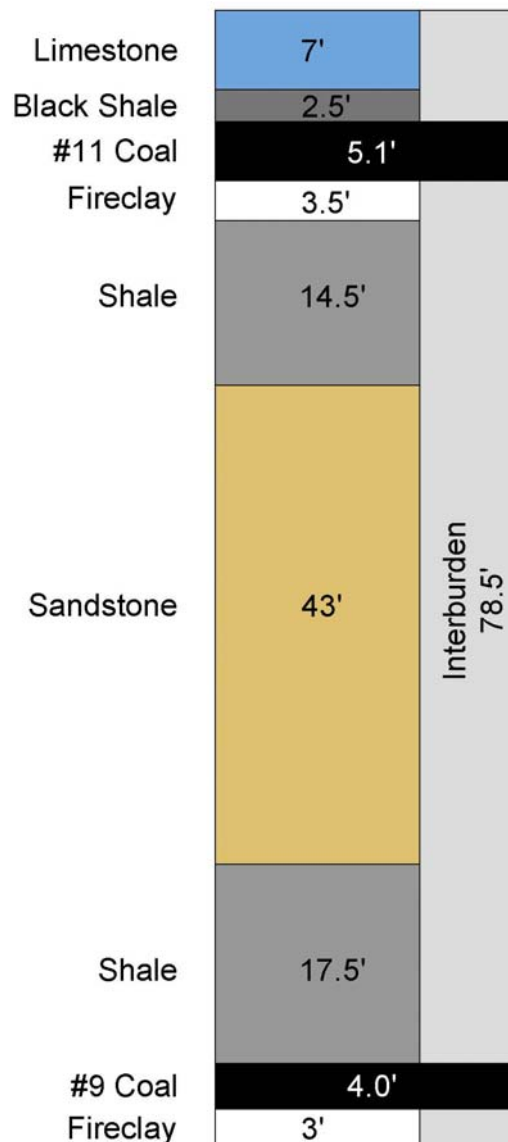
Paringa conducted a 5 hole drilling program to add further coal quality data for Poplar Grove's WK No.9 coal seam, and during this drilling, the WK No.11 seam was intersected approximately 65 feet (20 meters) to 80 feet (24 meters) above the WK No.9 coal seam.

The weighted average coal thickness of the WK No.11 seam recorded during this drilling campaign was 5.0 feet, a highly suitable seam thickness for high-productivity underground room-and-pillar mining.

<b>Table 1: Coal Seam Thickness of WK No.11 Drill Holes at Poplar Grove</b>			
<b>Hole</b>	<b>Distance from Surface (feet)</b>	<b>Distance from Surface (metres)</b>	<b>Seam Thickness (feet)</b>
<i>Recent Drilling Campaign</i>			
HMG-24	821.4 feet	250.5 metres	<b>4.1 feet</b>
HMG-25	774.8	236.3	<b>4.9</b>
HMG-26	686.2	209.3	<b>5.2</b>
HMG-27	389.4	118.8	<b>5.1</b>
<i>Historical WK No.11 Coal Seam Intercepts</i>			
3	237.3	72.4	<b>5.0</b>
72326	724.5	221.0	<b>5.5</b>
111968	666.0	203.1	<b>5.5</b>
137119	729.5	222.5	<b>5.5</b>
BCR-1	678.2	206.9	<b>5.8</b>
BCR-10	736.9	224.8	<b>3.9</b>
BCR-2	830.4	253.3	<b>5.7</b>
BCR-3	743.2	226.7	<b>5.4</b>
HMG-09	795.5	242.6	<b>5.3</b>
<b>Average of WK No.11 Coal Seam Thickness at Poplar Grove</b>			<b>5.0</b>

Note: the location of HMG-28 drill hole was located outside the Exploration Target area and therefore did not intersect the WK No.11 seam.

Mining conditions for the WK No.11 coal seam appears to be excellent with the immediate roof consisting of a black shale horizon overlain by an extremely competent limestone. In general, the WK No.11 Seam is about one foot thicker than the WK No.9 coal seam in the Poplar Grove area.



**Figure 6: Indicative Stratigraphic Column of WK No.11 and WK No.9 Coal Seam at Poplar Grove (HMG-27)**

Preliminary coal quality results from the 2016 drilling of the WK No.11 seam at Poplar Grove demonstrates particularly attractive coal quality properties compared to existing and new mines being developed in the Illinois Basin. On a product basis, together with a 4% addition to equilibrium moisture, results for HMG-26 and HMG-27 show a high average heat content of 12,307 Btu/lb (6,842 kcal/kg) which compares very favourably with other producing mines in the Illinois Basin.

<b>Table 2: Recent WK No.11 Seam Coal Quality Specifications at Poplar Grove (HMG-27)</b>				
<b>Hole</b>	<b>Washed Core Quality</b> (Equilibrium Moisture +4%)			
	Heating Content (Btu/lb)	Ash	Sulphur	EQ Moisture
<b>HMG-26</b>	<b>12,685</b>	<b>6.52%</b>	<b>3.30%</b>	<b>7.70%</b>
<b>HMG-27</b>	<b>11,929</b>	<b>8.33%</b>	<b>3.00%</b>	<b>10.10%</b>
<b>Average</b>	<b>12,307</b>	<b>7.43%</b>	<b>3.15%</b>	<b>8.90%</b>

Coal qualities for the WK No.11 Seam are expected to be similar to the WK No.9 Seam with slightly higher raw ash and slightly lower washed ash. Washed coal quality data has been received for HMG-26 and HMG-27. The coal samples were shipped to SGS North America Inc., an ISO 9001 certified laboratory located in Henderson, Kentucky, for analysis.

There are over 1,200 drill intercepts of the WK No.9 and WK No.11 coal seam throughout the Buck Creek Complex.

### **Exploration Target Modelling**

The Exploration Target is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. The thickest and most continuous coal seams, including that identified within the Exploration Target, are found in the Carbondale Formation. The Carbondale Formation consists largely of shale, sandstone siltstone, limestone and to a lesser extent fireclays and coal.

Coal seams dip, on average, 2.0 to 3.0 degrees toward the center of the basin which lies toward the northwest portion of the property. Core recoveries for the holes drilled by Paringa were monitored and were generally greater than 95%. Coal core samples used for quality analysis contained greater than 95% recovery. All Paringa core recovery thickness was reconciled with the thickness interpreted from geophysical logs. All coal intersection data used within the Exploration Target has been cross referenced with the lithological and geophysical logs by Cardno.

These average quality values were tabulated in Microsoft Excel utilizing an arithmetic average. Qualities for each core hole include an addition of 4 percent moisture to the equilibrium moisture, which is intended to represent the true moisture of a saleable product (to approximate the As Received (AR) basis).

An Exploration Target for the Poplar Grove WK No.11 seam has been estimated to be between 85 to 110 million tons with in-situ heating content ranging from 12,000 to 12,200 Btu/lb and ash ranging from 6.53% to 8.33% on an AR basis. The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.



*Figure 7: Recent Drilling Campaign at Poplar Grove*

## **Forward Looking Statements**

*This announcement may include forward-looking statements. These forward-looking statements are based on Paringa's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Paringa, which could cause actual results to differ materially from such statements. Paringa makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.*

## **Competent Persons Statement**

*The information in this announcement that relates to Exploration Targets and Exploration Results is based on, and fairly represents, information compiled or reviewed by Mr. Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr. Suehs is employed by Cardno. Mr. Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources. Mr. Suehs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Paringa's ASX announcements dated December 2, 2015 entitled 'BFS Confirms Buck Creek will be a Low Capex, High Margin Coal Mine' and February 15, 2016 entitled 'Buck Creek Transforms to a Staged Low Capex Development' which are available to view on the Company's website at [www.paringaresources.com.au](http://www.paringaresources.com.au).*

*The information in the original ASX announcements that related to Coal Resources is based on, and fairly represents, information compiled or reviewed by Mr. Kirt W. Suehs, a Competent Person who is a Member of The American Institute of Professional Geologists. Mr. Suehs is employed by Cardno. Mr. Suehs has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Qualified Person as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.*

*The information in the original ASX announcements that related to Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Messrs. Justin S. Douthat and Gerard J. Enigk, both of whom are Competent Persons and are Registered Members of the Society for Mining, Metallurgy & Exploration. Messrs. Douthat and Enigk are employed by Cardno. Messrs. Douthat, and Enigk have sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as Qualified Persons as defined in the 2011 Edition of the National Instrument 43-101 and Canadian Institute of Mining's Definition Standards on Mineral Reserves and Mineral Resources.*

*Paringa confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the original ASX announcements.*



## APPENDIX 1 – EXPLORATION TARGET HOLE DETAILS

Project	Drill Hole	Seam Intercept	Northing	Easting	Surface Elevation (ft.)	Seam Base Elevation (ft.)	Depth to Top of Seam (ft.)	No.11 Seam Thickness (ft.)	Total Drill Hole Depth (ft.)	Quality Data?
Buck Creek	3	Core	1544848.68	393045	375	132.68	237.33	4.99	328.98	No
Buck Creek	72326	Elog	1525556.96	405776.25	382	-348	724.5	5.5	3050	No
Buck Creek	111968	Elog	1520044.86	404197.03 99	388	-283.5	666	5.5	3020	No
Buck Creek	137119	Elog	1519353.98	402407.68	395	-340	729.5	5.5	1500	No
Buck Creek	BCR-1	Elog	1514364.8	404506.5	398.22	-285.78	678.2	5.8	770	No
Buck Creek	BCR-10	Elog	1534500	408000	345	-395.79	736.94	3.85	847	No
Buck Creek	BCR-2	Elog	1516379.4	407141.9	446.66	-389.44	830.4	5.7	930	No
Buck Creek	BCR-3	Elog	1522686.4	406550.3	381.91	-366.69	743.2	5.4	840	No
Buck Creek	BCR-6	Elog	1521289.4	407833.4	404.4	-396.45	795.55	5.3	900	No
Buck Creek	HMG-14-09-SC	Elog	1529689.24	408857.99	379.59	-368.31	744.8	3.1	829.9	No
Buck Creek	HMG-16-24-SC	Elog	1544542.24	415621.17	461.00	-364.50	821.40	4.10	910.70	No
Buck Creek	HMG-16-25-SC	Elog	1539683.27	412044.57	378.00	-401.70	774.80	4.90	866.80	No
Buck Creek	HMG-16-26-SC	Elog & Core	1523195.71	404526.48	391.00	-300.35	686.15	5.20	775.60	Yes
Buck Creek	HMG-16-27-SC	Elog & Core	1543790.98	407414.70	428.00	33.50	389.40	5.10	486.80	Yes

## APPENDIX 2 – JORC TABLE 1 CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA

### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>&gt; <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>&gt; <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>&gt; <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; In 2009 Buck Creek Resources (BCRs) began a drilling program that continued through 2011. This program consisted of continuous core drilling, air rotary spot core drilling, and air rotary drilling without coal core collection. Within the Exploration Target 5 of the air rotary holes from this exploration cycle were used.</li> <li>&gt; Paringa Resources (PNL) completed numerous drilling programs between 2013 and 2016. These programs consisted of continuous core drilling, air rotary spot core drilling, and air rotary drilling without coal core collection. Within the Exploration Target 5 holes consisting of both air rotary and spot core methods were utilized.</li> <li>&gt; Historical oil and gas well drilling using the air rotary method and having logs of sufficient resolution were utilized for 3 of the seam intercepts within the Exploration Target</li> <li>&gt; One historical spot core drilling record within the Exploration Target was used.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>&gt; <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; BCR and PNL utilized spot core drilling consisting of 5.5-inch diameter holes followed by 3-inch diameter conventional core samples of the roof, seam, and floor.</li> <li>&gt; The drill size used to record the oil and gas well logs and retrieve the historical core are not known.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>&gt; <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>&gt; <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; PNL core recoveries were monitored and were generally good at greater than 95%.</li> <li>&gt; Coal core samples used for quality analysis contained greater than 95% recovery.</li> <li>&gt; All PNL core recovery thickness was reconciled with the thickness interpreted from geophysical logs.</li> <li>&gt; No core was recovered by BCR or through oil and gas drilling.</li> <li>&gt; The core recovery of the historical spot core is not known.</li> </ul>

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> <li>&gt; <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>&gt; <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></li> <li>&gt; <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; PNL and BCR drill holes were geologically logged by the driller and an independent geologist.</li> <li>&gt; All PNL and BCR holes were geophysically logged using a downhole density and gamma logging tool.</li> <li>&gt; All oil and gas well holes were geophysically logged using a downhole gamma and resistivity logging tool.</li> <li>&gt; The historical spot core was logged by the driller.</li> <li>&gt; All lithological logs were correlated with the geophysical logs and seam thickness and elevation adjusted where appropriate and available.</li> <li>&gt; In all cases the entirety of the relevant intersections were logged.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>&gt; <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>&gt; <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></li> <li>&gt; <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>&gt; <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>&gt; <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>&gt; <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Core was not divided for sampling</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>&gt; <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>&gt; <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>&gt; <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Quality sample analysis was carried out by SGS North America Inc and performed to American Society for Testing and Materials (ASTM) standards.</li> <li>&gt; Analyses were performed on an as-received, air dry and washed basis.</li> <li>&gt; Geophysical tools used on BCR and PNL holes were calibrated by the logging company (Cardno GLS) and where possible, validated using a calibration hole.</li> <li>&gt; The calibration procedures of the logging tools used on the oil and gas holes is unknown, however all logs were prepared by reputable independent service companies.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>&gt; <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>&gt; <i>The use of twinned holes.</i></li> <li>&gt; <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>&gt; <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; All coal intersection data used within the Exploration Target has been cross referenced with the lithological and geophysical logs by Cardno.</li> <li>&gt; As of this release coal quality results are not yet available</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> <li>&gt; <i>Specification of the grid system used.</i></li> <li>&gt; <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coordinates for the drill hole locations are in the Kentucky South, State Plane system, North American Datum 1927.</li> <li>&gt; All collar elevations are in US survey feet.</li> <li>&gt; All oil and gas, BCR, and pre 2016 PNL holes were surveyed by a licensed professional surveyor.</li> <li>&gt; All hole locations from the 2016 program were initially recorded on a handheld GPS device to sub 3 meter accuracy. A sub 5 cm survey has been commissioned to be performed by a Registered Professional Surveyor and all horizontal location and collar elevations will be adjusted pending completion of the survey.</li> <li>&gt; The historical spot core is located by Carter coordinate land grid system</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>&gt; <i>Data spacing for reporting of Exploration Results.</i></li> <li>&gt; <i>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.</i></li> <li>&gt; <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Data spacing across the Exploration Target is random, but does not exceed 7,000 feet on average between holes.</li> <li>&gt; No mineral resource or reserve is being reported in this press release.</li> <li>&gt; No sample compositing was applied.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>&gt; <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Drill holes have been vertically drilled. No downhole deviation logs have been collected and it is therefore not know if the drill holes have deviated away from vertical. Based on an average depth of 650 feet, any deviation is expected to be insignificant and immaterial to the geologic characterization within the Exploration Target.</li> <li>&gt; Horst and graben faults that exist within the Exploration Target are part of the Rough Creek fault system and have been accurately identified by the KGS.</li> <li>&gt; The dip of the coal seam ranges from 2.0 to 3.0 degrees except for areas directly adjacent to the faulting, where the dip can potentially increase.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>&gt; <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Sample handling procedures including sample chain of custody were developed for the project and have been employed by PNL during exploration.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>&gt; <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The CP has reviewed all available high resolution geological information within the Exploration Target. The data is suitable and has been used for the purpose of defining an Exploration Target.</li> </ul>

## **Section 2 Reporting of Exploration Results**

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

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The Exploration Target is located within the Carbondale Formation of the Illinois Basin between the towns of Hanson and Calhoun in Hopkins and McLean Counties, Kentucky.</li> <li>&gt; PNL controls greater than 70% of the Exploration Target area.</li> <li>&gt; All coal is leased from numerous private owners through the payment of an annual minimum royalty and an earned royalty.</li> <li>&gt; On 80% of the controlled property by area, once mining operations commence, the annual minimum royalty is reduced by the amount of earned royalty due on mined coal. On these leases the annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis.</li> <li>&gt; On the remaining 20% of controlled property by area, the annual minimum royalties are not recoupable against the earned royalty.</li> <li>&gt; There are no known legal or environmental encumbrances that would impede development of the Exploration Target.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>&gt; <i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The use of oil and gas well logs to identify coal intercepts is standard practice in the jurisdiction of the Exploration Target and all logs used to define the Exploration Target are of sufficient quality and resolution.</li> <li>&gt; The historical spot core record defines the target seam and immediate roof and floor in specific detail providing reassurance of accuracy.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>&gt; <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; The Exploration Target is located in the West Kentucky Coal Fields, which is part of the Illinois Basin. The thickest and most continuous coal seams, including that identified within the Exploration Target, are found in the Carbondale Formation. The Carbondale Formation consists largely of shale, sandstone, siltstone, limestone and to a lesser extent fireclays and coal.</li> <li>&gt; Coal seams dip on average 2.0 to 3.0 degrees toward the center of the basin which lies toward the northwest portion of the property.</li> </ul>

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>&gt; A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> <li>&gt; easting and northing of the drill hole collar</li> <li>&gt; elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>&gt; dip and azimuth of the hole</li> <li>&gt; down hole length and interception depth</li> <li>&gt; hole length.</li> <li>&gt; If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A detailed list of the WK11 drill holes used to define the interior of the Exploration Target can be found in Appendix 1 of this report titled Exploration Target Hole Details.</li> <li>&gt; All drill holes are provided with a Kentucky South NAD 27 easting and northing coordinate.</li> <li>&gt; All drill holes have been vertically drilled on flat topography.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>&gt; In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>&gt; 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.</li> <li>&gt; The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coal quality results are in process at the time of this announcement and will be released when available.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>&gt; These relationships are particularly important in the reporting of Exploration Results.</li> <li>&gt; If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>&gt; If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coal thickness values from all coal intersections and down hole geophysical logs are considered to be vertical thicknesses. Seam dip of approximately 2.0 to 3.0 degrees has little effect on the vertical thickness of the seam.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>&gt; Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Appropriate geologic maps, diagrams, and exhibits are included in this report.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>&gt; Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; All of the relevant high resolution exploration data within the Exploration Target and available at this time this time has been provided in this announcement.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>&gt; <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; All meaningful and material high resolution exploration data of the WKY11 seam within the Exploration Target and available at this time has been provided in this announcement.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>&gt; <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>&gt; <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Further work to define the extent of the Exploration Target is being developed and will include additional exploration drilling and additional review of historical geologic records.</li> <li>&gt; Further work is expected to include additional exploration, geotechnical testing, coal quality analyses, coal property acquisition, and integration of all data into a geologic model to define a mineral resource.</li> </ul>