

5 April 2024

Stanmore Resources to Acquire Remaining 50% Interest in Eagle Downs and 100% Interest in Eagle Downs South



Highlights

- Stanmore has entered into definitive binding agreements to acquire the remaining 50% interest in the Eagle Downs metallurgical coal project and 100% interest in the Eagle Downs South tenements from Aquila, resulting in Stanmore's 100% ownership of both projects
- Consistent with the South32 deal, consideration for the Eagle Downs interest comprises an upfront payment, together with contingent payments linked to first longwall coal and a capped royalty stream contingent to coal price thresholds
- Consideration for the Eagle Downs South interest comprises an upfront payment, together with contingent payments linked to first longwall coal at Eagle Downs
- The acquisition results in the Assets becoming part of Stanmore's consolidated group and will add additional resources to Stanmore's portfolio of high quality, metallurgical coal assets

Stanmore Resources Limited ("Stanmore" or the "Company") (ASX:SMR) is pleased to announce it has signed a definitive sale and purchase agreement with Aquila Coal Pty Ltd and Aquila Exploration Pty Ltd (together, "Aquila"), both wholly owned subsidiaries of China Baowu Steel Group Corporation Limited, to acquire the remaining 50% interest in the Eagle Downs metallurgical coal project ("Eagle Downs"), as well as the Eagle Downs South metallurgical coal tenements ("Eagle Downs South") and associated assets (together, the "Assets") (the "Transaction").

As announced to the ASX on February 12, 2024, Stanmore entered into agreements with a wholly owned subsidiary of South32 Limited ("South32") to acquire South32's 50% interest in Eagle Downs and 100% interest in Eagle Downs Coal Management ("South32 Transaction"). At the time, Stanmore was in discussions with Aquila to acquire part of Aquila's interest in Eagle Downs and Eagle Downs South.

Transaction Overview

Consideration payable to Aquila in connection with the Transaction comprises:

- In relation to the Eagle Downs interest,
 - US\$15 million payable in cash upon Completion ("ED Upfront Consideration");
 - US\$20 million payable upon first 100Kt of coal being mined from longwall mining methods; and
 - A capped royalty of up to approximately US\$150 million payable in the future linked to average coal index price thresholds. Different to the South32 transaction, Stanmore is not required to assume any additional royalties to third parties.
- In relation to Eagle Downs South,
 - A\$2 million payable in cash upon Completion ("EDS Upfront Consideration"); and
 - A\$10 million payable upon first 100Kt of coal being mined from longwall mining methods at Eagle Downs.

Stanmore will fund the ED Upfront Consideration and EDS Upfront Consideration with existing liquidity.

Completion of the Transaction is expected during 2H 2024, following the satisfaction of certain limited conditions precedent, including but not limited to Foreign Investment Review Board approval, Chinese regulatory approval and certain third-party consents.

Marcelo Matos, Chief Executive Officer and Executive Director, added:

“In acquiring 100% of the Eagle Downs assets Stanmore has full control over the development plan and is able to streamline management and fully leverage its strong technical capabilities, as well as unique infrastructure and logistics portfolio to unlock the value of the asset to its full extent. Stanmore will seek to optimise the development plan and take a capital efficient approach to any future development decision.”

Transaction Rationale

The Transaction will allow Stanmore full ownership and control over the Assets and streamline the process to a development decision. The Company will now continue the evaluation of the Assets with a final optimisation study undertaken on a 100% ownership basis, including the potential to reduce the overall development costs for Eagle Downs by leveraging Stanmore’s existing Poitrel and/or Isaac Plains infrastructure and rail and port portfolio.

Status of acquisition of South32’s interest

Completion of the South32 Transaction continues to be expected in 2Q 2024.

Reserves and Resources

Details regarding the reserves and resources for Eagle Downs were included in the Company’s ASX announcement “Stanmore Resources to Acquire 50% interest in Eagle Downs” dated 12 February 2024, which is available on the Company’s website. The reserves and resources have not changed since the date of that announcement.

Eagle Downs South has a resource base of 427Mt.

Coal Resources ¹		Measured	Indicated	Inferred	Total
Eagle Downs South	Mt	0	261	166	427

Advisers

Stanmore is being advised by Grant Samuel, Palaris Australia, and McCullough Robertson Lawyers.

Approval

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

¹ See Competent Persons Statement on page 3 and Appendix A.

Further Information

Investors

investors@stanmore.net.au

Media

media@stanmore.net.au

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls and operates the Isaac Plains Complex, South Walker Creek and Poitrel metallurgical coal mines and the Millennium Complex (comprised of the former Millennium and Mavis Downs mining areas), as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.

Competent Persons Statement

The Resource estimate is based on information reviewed by Mr James Smith, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Smith is a Senior Manager Technical at Palaris Australia. He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity 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. Mr Smith has over 5 years experience in Resource evaluation. Mr Smith consents to the inclusion of this Resource estimate in reports disclosed by the Company in the form in which it appears.

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SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report</p>	<ul style="list-style-type: none"> Drilling rigs comprised of conventional units providing PQ-3 (83 mm) and HQ-3 (61.1 mm) diameter core samples All holes were attempted to be drilled vertically Open hole rotary drilling for pilot holes and non-cored intervals provided chip samples for logging Chip samples of cuttings are taken on a metre-by-metre basis, and these were logged by the rig geologist and sampled Partly cored drillholes were used to obtain core samples of the coal seam and associated stone partings Subsamples based on brightness profiles and natural stone partings >5 cm thick were initially identified to determine geological/quality ply boundaries. After ply definitions were determined, samples were taken at these ply boundaries or subsamples were combined to form working section composite samples Coal core samples were sent to the lab with chain of custody paperwork
Drilling techniques	<p>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)</p>	<ul style="list-style-type: none"> Non cored holes were drilled using 4-6” diameter blade bits, hammer, or a polycrystalline diamond bit (PCD) Core hole drilling is primarily from 3 eras, 2013, 2018 and 2020 campaigns, although sparse core holes across the deposit were drilled as early scout holes during the 1970’s and 1980’s, and during the 2006 and 2008 programmes. Drill rig type and hole size is mostly unknown for earlier programmes. For more recent programmes, PQ-3 and HQ-3 drilling has been predominately adopted at the Project, depending on hole purpose Core orientation was not recorded
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples</p> <p>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</p>	<ul style="list-style-type: none"> In open holes, representative cuttings were taken and logged every metre PQ-3 conventional core was chosen as the preferred method for maximizing core recovery Core loss was logged as core loss (KL), and samples did not span over the loss zone Typical industry standard applied to drill rig contracts is to achieve 95% seam recovery Coal quality sample depths were checked against geophysical logs and depths are corrected if necessary
Logging	<p>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</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography</p> <p>The total length and percentage of the relevant intersections logged</p>	<ul style="list-style-type: none"> Drill cuttings and cores were lithologically logged in the field by a geologist. Lithological logs were encoded directly in the field on industry standard coding sheets and then copied into a digital database (either LogCheck or acQuire) The current geological database is an acQuire database Cores were photographed in the more recent drilling campaigns Where possible, wireline logging of all drillholes has been routinely undertaken for the industry standard suite of logs - calliper, gamma, and density

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		<ul style="list-style-type: none"> ▪ Coal seam intercepts were corrected to downhole geophysics ▪ Where possible, the entire seam was cored, detail brightness logged and sampled. ▪ Samples are taken for each ply or lithological horizon. Sample lengths are recorded. In most cases, roof, floor and stone parting samples were collected ▪ Geotechnical logging and sampling were completed during the more recent drilling programmes (2013 onwards) ▪ Current practice is to log each 1 m of cuttings in chip holes and photograph the cuttings
<p>Sub-sampling techniques and sample preparation</p>	<p>If core, whether cut or sawn and whether quarter, half or all cores taken</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry</p> <p>For all sample types, the nature, quality, and appropriateness of the sample preparation technique</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples</p> <p>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</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled</p>	<ul style="list-style-type: none"> ▪ The whole core for each sample was available for laboratory analysis ▪ Coal sampling was conducted based on industry coal sampling standards ▪ Samples were combined into ply/seam samples prior to analysis ▪ The entire length of each ply was analysed for coal quality ▪ Carbonaceous material and stone partings were sampled to ensure that full coverage of each seam was obtained ▪ Seam extents were corrected to geophysics prior to coal quality analysis, and further correction after completion of coal quality analysis
<p>Quality of assay data and laboratory tests</p>	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total</p> <p>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</p> <p>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</p>	<ul style="list-style-type: none"> ▪ Coal analysis was undertaken by NATA registered labs, audited externally and by contractors before work ▪ Laboratories used systematic quality assurance/quality control procedures for all work. ▪ Australian Standards were used for all laboratory testing ▪ This process is considered appropriate for coal testing and to achieve a high degree of accuracy and repeatability ▪ Assay results were reconciled against geophysics ▪ Geophysical data is typically recorded in greater than 1 cm increments
<p>Verification of sampling and assaying</p>	<p>The verification of significant intersections by either independent or alternative company personnel</p> <p>The use of twinned holes</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols</p>	<ul style="list-style-type: none"> ▪ Coal quality data is stored in Aquila's acQuire database. An export of the database was made available for verification ▪ Data was viewed and manipulated using Microsoft Excel, Flout Software's Task Manager program, and Maptek's Vulcan modelling software

Criteria	JORC Code Explanation	Commentary
	<p>Discuss any adjustment to assay data</p>	<ul style="list-style-type: none"> ▪ Verification of the coal quality data was reported to have been undertaken by an independent consulting geologist as part of the previous Resource estimate (2023). Additional verification in 2024 has included comparison of original data and the borehole database ▪ No significantly thick isolated intersections of coal were noted in this deposit, reflecting in part the low impact of thrust faulting at EDS ▪ Seams are typically relatively uniform, with minor variations in thickness across large distances. Seam splitting at the deposit is encountered and considered a normal geological occurrence. Splitting is mostly seen to occur in the younger non-target seams but is also seen in the Dysart target seam ▪ The 2023 report stated that core photography was available for the 'CE' hole series drilled during the 2013, 2018 and 2020 drilling programmes. Core photography provides evidence of samples taken and is helpful to assist in reconciling problematic areas. This photography was not able to be viewed as part of the 2024 process. ▪ On arrival at the laboratory, sample mass is compared with theoretical mass for that core size to check for recovery and thickness loss/inconsistencies ▪ Samples are compared with geophysics to ensure consistency and check for core loss ▪ Lithological logs are adjusted to geophysics, and sample depths are adjusted accordingly ▪ No adjustments were made to any coal quality data; data was used as presented from the laboratory
<p>Location of data points</p>	<p>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.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<ul style="list-style-type: none"> ▪ Drillhole collars have been surveyed by various contractors over the different drilling programmes. Mackay Surveys completed early collar survey work using a4400 radio RTK GPS System. Later survey contractors include Hummingbird Surveys and CJ Earthmoving. CJ Earthmoving has completed all survey work since 2018 ▪ All 84 drillholes have Easting, Northing and RL data. ▪ All survey data is in MGA 94, Zone 55, based on the GDA94 datum ▪ The holes were located with high precision in three dimensions, using the Australian Height Datum (AHD) for the RL of hole collars ▪ An aerial topographic survey was conducted in 2006 by Cottrell Cameron and Steen with a survey accuracy of ± 0.5 m. A LiDAR DEM of the EDS project area was completed in 2018 by the same company. The latter surface was used to create the modelled topographic surface by which drillhole collar RLs were checked against. A tolerance of 1 m was allowed, with only four drillhole collars returning validation flagging for exceeding this tolerance. The RLs of these collars were corrected to sit on topography prior to modelling.
<p>Data spacing and distribution</p>	<p>Data spacing for reporting of Exploration Results</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade</p>	<ul style="list-style-type: none"> ▪ The spacing of drillholes yielding structure and coal quality information is in the order of 1000m ▪ Where ply sampling has occurred, sample results are mathematically composited to understand coal quality variables across the whole seam interval.

Criteria	JORC Code Explanation	Commentary
	<p>continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied</p> <p>Whether sample compositing has been applied</p>	<p>This is done using compositing functions in Vulcan software.</p> <ul style="list-style-type: none"> ▪ Ply samples were combined in the laboratory into full seam or working section composites for clean coal composite analysis, such as float-sink or product composite analysis
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type</p> <p>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</p>	<ul style="list-style-type: none"> ▪ The coal seams dip at shallow angles. As such, the coal seams are intersected at right angles by vertical drilling ▪ The average total depth of the drillholes at EDS is just under 470 m with a maximum hole depth of 760 m. Hole deviation was found to be minimal for the EDS drillholes and is not expected to have a material impact ▪ Core hole locations are generally based on a grid pattern, so sampling bias is not expected ▪ The principal coal quality attributes are controlled by stratigraphy rather than structure (faults, veins, joints etc.). Therefore, no sampling bias is expected to be generated by this orientation of data ▪ Coal quality variability is interpreted to be influenced more by depositional environment than structure, and near-vertical core holes provide unbiased sampling for analysis
Sample security	The measures taken to ensure sample security	<ul style="list-style-type: none"> ▪ All core and chip samples were bagged and retained on site prior to transportation to the testing laboratory by the geological field services personnel and/or local transport contractor
Audits or reviews	The results of any audits or reviews of sampling techniques and data	<ul style="list-style-type: none"> ▪ No audits and reviews of sampling techniques and data were undertaken by the Competent Person ▪ As reported in the previous Resource estimate: ▪ almost all of the drilling has been undertaken by Aquila (and Bowen Central Coal Pty Ltd). External geological contractors were engaged to perform the field exploration services. ▪ Coal seam intercepts have been checked and corrected to downhole geophysics where possible ▪ Drillhole collars have been checked against the topographic surface ▪ Any discrepancies were investigated

SECTION 2 – REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code Explanation	Commentary								
Mineral tenement and land tenure status	<p>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</p> <p>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</p>	<p>The Eagle Downs South (EDS) project consists of one granted MDL covering 4,476 ha:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Expiry Date</th> <th>Area (ha)</th> </tr> </thead> <tbody> <tr> <td>MDL 519</td> <td>Eagle Downs South</td> <td>31 July 2024 (Renewal Lodged)</td> <td>4,475.6</td> </tr> </tbody> </table> <p>At the time of this report, the MDL 519 tenement is 100% owned by Aquila Exploration Pty Ltd.</p>	Title	Name	Expiry Date	Area (ha)	MDL 519	Eagle Downs South	31 July 2024 (Renewal Lodged)	4,475.6
Title	Name	Expiry Date	Area (ha)							
MDL 519	Eagle Downs South	31 July 2024 (Renewal Lodged)	4,475.6							
Exploration by other parties	Acknowledgment and appraisal of exploration by other parties	<p>The EDS Project area was historically part of EPC795. EPC795 and surrounding areas were explored by numerous companies between the 1960's and late 1990's:</p> <ul style="list-style-type: none"> ▪ Utah Development Company Pty Ltd in the 1960's (no drillholes within MDL519 boundary) ▪ Queensland Mines Department in the 1970's (CC71 and CC61). ▪ BP Resources in the 1980's (WSN647-WSN677, WSN1026, PD002) ▪ Kumba Resources in the early 1990's (no drillholes within MDL519 boundary) ▪ MGC Resources Australia Pty Ltd in the 1990's (RIP15 and WP1, as well as early 2-D seismic studies) ▪ BMA (CQCA) Pty Ltd in 1990's (40373C, 40374C and 41573C) ▪ BHP in the 1990's (Heli-mag survey over the northern part of EPC795) <p>Bowen Central Coal Pty Ltd and Aquila Resources Pty Ltd commenced exploration activities in the EDS Project area from 2006, with exploration efforts focused on the northern Eagle Downs deposit. Activities are summarised as follows:</p> <ul style="list-style-type: none"> ▪ 2006: 3 scout drillholes were drilled and sampled (ED0018, ED0019, ED0020) ▪ 2008: 1 coal quality scout hole was drilled and sampled (E1077001) ▪ 2012: 2 structure holes (RE001, RE002) ▪ 2013: 42 structure, coal quality, geotechnical and gas study holes were drilled (CE003, CE010, CE012, CE013, CE34, CE039, CE040, RE004-RE009, RE011, RE014- RE033, RE035-RE038) ▪ 2018: 12 coal quality, gas, geotechnical and hydrological drillholes were drilled (CE041-CE052) ▪ 2019: 2D seismic study was completed (two lines) <p>Aquila Resources Pty Ltd completed a 12 drillhole exploration campaign in 2020 for structure, coal quality, geotechnical, gas and hydrological drillhole purposes. Holes drilled include: CE053-CE061, CE060R, MB01-MB02</p> <ul style="list-style-type: none"> ▪ The 2020 drilling campaign brought the total number of holes drilled within MDL519 to 84 drillholes, with a total of 39,363 m drilled <p>Arrow Energy drilled PD100V, PD101V, PD110V, PD111V, in 2013 for gas reservoir definition purposes</p>								

Criteria	JORC Code Explanation	Commentary
Geology	Deposit type, geological setting, and style of mineralisation	<p>Stratigraphic coal deposit with potential to produce a coking, PCI and /or thermal product by underground methods.</p> <p>At Eagle Downs South, the target coal seams present are contained within the Moranbah Coal Measures of the Upper Permian Blackwater Group.</p> <p>The main target seams do not sub crop (depth of cover ~300 to >850m) in the tenement boundary and dip east and north-east at -4 to 6 degrees. Three seams are potentially mineable by underground methods; the Harrow Creek Upper (-6.1 to 9.3m thick), the Harrow Creek Lower (-2.2 to 5.5m thick) and Dysart Seam (-2.3 to 11.8m thick (DY working section)).</p>
Drill hole Information	<p>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:</p> <p>Easting and northing of the drill hole collar</p> <p>Elevation or RL (Reduced Level - elevation above sea level in metres) of the drill hole collar</p> <p>Dip and azimuth of the hole</p> <p>Down hole length and interception depth</p> <p>Hole length</p>	<p>There are 96 borehole collars in the geological database of which 81 boreholes are included in the geological model, including 50 structure holes and 31 cored holes (28 boreholes have coal quality data). Cored holes have included other types of testing to be undertaken to support underground mining studies, including gas content and composition, geotechnical and geochemical testing.</p> <p>The borehole spacing varies across the project area but is generally in the order of 1,000m.</p> <p>A summary of the drillhole collars included in the geological model are presented in Appendix C.</p>
Data aggregation methods	<p>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</p> <p>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</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated</p>	<ul style="list-style-type: none"> ▪ Plies are generally sampled separately and checked against geophysics ▪ Ply depths in chip holes are picked using geophysics, to as best as practical represent the sample ply placements in core holes. ▪ Reported coal quality is for the ply only, inclusive of non-coal material less than 0.1 m thick ▪ Sample intervals do not span across core loss zones ▪ All sub-samples were analysed within the seam extents
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported</p> <p>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')</p>	<ul style="list-style-type: none"> ▪ The holes were drilled as vertical holes. Out of 96 drillholes included in the EDS geological database, 60 drillholes have verticality data (38 drillholes had verticality data available for use in modelling, 22 drillholes only had pdf versions of the verticality data available) ▪ Available verticality has been used in the geological model ▪ The strata is dipping to the east and north-east at 4 to 6 degrees ▪ Drillholes are considered to have intersected the coal seams at perpendicular, so it is assumed that

Criteria	JORC Code Explanation	Commentary
		the apparent seam thickness is equal to the vertical thickness and the true thickness
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views	<ul style="list-style-type: none"> A selection of maps, a cross section, contour plots, and other supporting images have been included in this report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results	<ul style="list-style-type: none"> As there is a large amount of data it is not practicable to include all results in this report. As such, to assist with balanced reporting, contour plots have been provided throughout this report for depth to floor, and raw ash for the main target seams. Summary tables of other coal qualities are included within the report
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	<ul style="list-style-type: none"> All available data considered material is presented or summarised in this report A list of key references is included
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling)</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive</p>	<ul style="list-style-type: none"> Further exploration data (including drilling, seismic surveys, fault drilling and coal quality analysis) is recommended and would be expected to be collected in line with the project development strategy

SECTION 3 – ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code Explanation	Commentary
Database integrity	<p>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</p> <p>Data validation procedures used</p>	<ul style="list-style-type: none"> Lithological logs undergo validation as part of Aquila's acQuire database management process. All holes are depth adjusted to geophysics and coal quality results are reconciled with sampled intervals. The holes are then run through the acQuire validation process prior to being finalised for use in geological modelling and Mineral Resource Estimation It has been reported that lithological logs, wireline geophysical logs, assay results and coal intersection depths have been reconciled during the 2023 structural and quality model build Validation checks were conducted using Microsoft Excel, Flout Software's Task Manager program, and Maptek's Vulcan modelling software to test the data Drillhole collar survey was checked against the most recent LiDAR DEM topography Validations completed on the lithological record prior to modelling have been recorded
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits</p> <p>If no site visits have been undertaken indicate why this is the case</p>	<ul style="list-style-type: none"> The Competent Person has not visited the EDS project area prior to reporting. EDS is a Greenfields site, is in a well-established mining area, extensive validation has been completed by the geological modeller, testing has occurred in standardised laboratories and no exploration has been undertaken since 2020
Geological interpretation	<p>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit</p> <p>Nature of the data used and of any assumptions made</p> <p>The effect, if any, of alternative interpretations on Mineral Resource estimation</p> <p>The use of geology in guiding and controlling Mineral Resource estimation</p> <p>The factors affecting continuity both of grade and geology</p>	<p>The confidence in the geological interpretation of the contained coal seams is moderate which is reflected in the Resource categorisation. The level of confidence in the geology is reflected in:</p> <p>correlation of coal seams is assisted by geophysical logs and lithological seam characteristics of the coal seams</p> <p>2D seismic integrated into the geological model</p> <p>Confidence levels can be easily increased through further exploration</p>
Dimensions	<p>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.</p>	<ul style="list-style-type: none"> The target coal measures occur at depths of ~300 to 750m in MDL 519. The main target seams dip east and north-east at ~4 to 6 degrees. The three target coal seams (HCU, HCL and DY) occur along the entire strike length of ~12.3 km. The HCU seam has been replaced and intruded by sills in the northern portion of EDS.
Estimation and modelling techniques	<p>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If</p>	<ul style="list-style-type: none"> Modelling was undertaken using Maptek's Vulcan modelling software, v.2023 Structure and Quality models were created at 25x25 m grid size. The grid size was selected to achieve appropriate modelling of data Sample ash, to define the ply depths in drillholes, was not limited Interpolation was applied to missing seams

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Criteria	JORC Code Explanation	Commentary
	<p>a computer assisted estimation method was chosen include a description of computer software and parameters used</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data</p> <p>The assumptions made regarding recovery of by-products</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation)</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed</p> <p>Any assumptions behind modelling of selective mining units</p> <p>Any assumptions about correlation between variables</p> <p>Description of how the geological interpretation was used to control the Resource estimates</p> <p>Discussion of basis for using or not using grade cutting or capping</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<ul style="list-style-type: none"> ▪ All data was used where considered reliable ▪ The model was visually compared against the previous model ▪ No assumptions for recovery of by-products was considered ▪ No estimation of deleterious elements was made as it was not considered relevant ▪ Block models were not used ▪ The final resource model is masked to data limits; The HCU seam is masked out in the north/north-central portion of the Project area where it is extensively affected by intrusion
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content	<ul style="list-style-type: none"> ▪ The resources are estimated on an in-situ moisture basis, using in situ density. ▪ In situ moisture was calculated using the ACARP C10042 equation. The resulting average in situ moisture is 3.3% for HCU, 4.1% for HCL and 2.6% for DY seam ▪ In situ density was calculated using the Preston and Sanders equation as per industry standards. The resulting average in situ density is 1.5% for HCU, 1.57% for HCL and 1.48% for DY seam
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied	<ul style="list-style-type: none"> ▪ A 45% minimum yield cut was applied to the resource tonnage. ▪ A maximum 0.4 m thickness limit was used for the combination of plies into working sections
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding	<ul style="list-style-type: none"> ▪ The lateral and vertical extents of the coal seams have been defined in the geological models for each seam. The EDS project has potential for underground mining ▪ Coal Resources have been restricted to areas of current tenure and no offsets from tenement boundaries or faults have been applied ▪ Underground mining methods have been assumed and considered practical for the deposit

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	<p>mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made</p>	
<p>Metallurgical factors or assumptions</p>	<p>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made</p>	<ul style="list-style-type: none"> ▪ The EDS coals are close to the upper rank limit for coking coal. Limited CSR tests indicate reasonable coke strengths for all three target seams but further testing is required ▪ The HCU and DY seam coals in the EDS resource area may be classified as low volatile bituminous coal with a reflectance ranging from 1.60 - 2.00 %. The coals are close to the upper limit for coking coal ▪ The HCU and Dysart seams have reasonable washability characteristics and could produce a PCI product and possibly a coking product depending on rank and vitrinite content ▪ The HCL seam is higher in ash and has poorer washability characteristics but could produce a coking coal where there is adequate swell. A secondary high ash product would likely be for a thermal market ▪ More data is required to understand the metallurgical properties of the Dysart working section as it is variable in thickness and make up across the lease area
<p>Environmental factors or assumptions</p>	<p>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made</p>	<ul style="list-style-type: none"> ▪ AARC Environmental Solutions Pty Ltd completed a 'Review of Environmental Factors & Approvals' report for Aquila Resources Pty Ltd in February 2019. The report noted that the environmental constraints identified for the EDS Project are typical of new mining projects in Central Queensland, and that "no significant environmental constraints or matters likely to prevent development have been determined from this initial assessment." ▪ An Initial Advice Statement was prepared for EDS by Nitro Solutions Pty Ltd on behalf of Aquila Resources Pty Ltd in 2020. No Environmental Impact Assessment has been completed to date. ▪ No Native Title Claims or determinations have been identified across the Project area. Regarding cultural heritage, the Barada Barna people have a claim over the entire MDL. A Cultural Heritage Management Plan dated September 2010 is in place ▪ No wetlands of international or national significance exist in the Project area ▪ Several species of flora and fauna were identified as environmental values that have the potential to be impacted upon as a result of developing the EDS Project. These can be found in the Initial Advice Statement (Nitro Solutions Pty Ltd, 2020)

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Bulk density	<p>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</p> <p>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</p> <p>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials</p>	<ul style="list-style-type: none"> In situ density was calculated using the Preston and Sanders equation as per industry standards. The resulting average in situ density is 1.50% for HCU, 1.65% for HCL and 1.55% for DY seam 																
Classification	<p>The basis for the classification of the Mineral Resources into varying confidence categories</p> <p>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity, and distribution of the data)</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit</p>	<p>The classification of Resources is based on the geostatistical technique of drill hole spacing analysis (DHSA). This included analysis of thickness for all three seams and ash for the HCU and HCL seams. Resource polygons were only generated around boreholes considered as coal quality points or observation. The Resource polygons were trimmed to tenure limits and an offset from the last line of data. Isolated polygons around single points of observation were omitted.</p> <table border="1"> <thead> <tr> <th>Seam</th> <th>Measured (+/-10%)</th> <th>Indicated (+/-20%)</th> <th>Inferred (+/-50%)</th> </tr> </thead> <tbody> <tr> <td>HCU</td> <td>600</td> <td>1,200</td> <td>2,500</td> </tr> <tr> <td>HCL</td> <td>500</td> <td>1,100</td> <td>2,500</td> </tr> <tr> <td>DY</td> <td>450</td> <td>900</td> <td>2,000</td> </tr> </tbody> </table>	Seam	Measured (+/-10%)	Indicated (+/-20%)	Inferred (+/-50%)	HCU	600	1,200	2,500	HCL	500	1,100	2,500	DY	450	900	2,000
Seam	Measured (+/-10%)	Indicated (+/-20%)	Inferred (+/-50%)															
HCU	600	1,200	2,500															
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DY	450	900	2,000															
Audits or reviews	<p>The results of any audits or reviews of Mineral Resource estimates</p>	<p>A review of the Mineral Resource estimate report has been undertaken by Dr John Bamberry of Allegiant Geological Services.</p> <p>A formal audit of the geological model has not been undertaken, however checks for material impacts to the Resource estimate have been undertaken. This includes checks of points of observation, ply and working section thickness, relative density, and raw ash content. Working section logic has also been reviewed and updated as part of this estimate.</p>																

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<p>Discussion of relative accuracy/ confidence</p>	<p>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the Resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate</p> <p>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</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available</p>	<p>The DHSA analysis provides the following degrees of confidence, considering the spacings used:</p> <p>Measured is up to $\pm 10\%$ confidence</p> <p>Indicated is from $\pm 10\%$ to $\pm 20\%$ confidence</p> <p>Inferred is from $\pm 20\%$ to $\pm 50\%$ confidence</p>