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ANGLO PACIFIC GROUP PLC

NI 43-101 Technical Report on Kestrel Coal Mine, QLD Australia

Technical Report compiled under NI 43-101

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REPORT



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Table of Contents

ITEM 1.	SUMMARY	7
ITEM 2.	INTRODUCTION	9
2.1	Issuer	9
2.2	Terms of reference	9
2.2.1	Anglo Pacific Group Plc	9
2.2.2	Kestrel Mine	9
2.2.3	JORC Code.....	10
2.2.4	NI 43-101 Code.....	10
2.3	Sources of information	10
2.4	Site inspection	11
ITEM 3.	RELIANCE ON OTHER EXPERTS.....	12
3.1	Source material.....	12
3.2	Limitations and cautionary statements.....	12
3.3	Exemptions.....	12
3.4	Effective date	14
3.5	Reliance on other experts.....	14
ITEM 4.	PROPERTY DESCRIPTION AND LOCATION	15
4.1	Compliance exemption	15
4.2	Location	15
4.3	Mineral tenure.....	15
4.4	Issuer's interest	17
4.4.1	Surface title	17
4.4.2	Royalties	20
4.5	Operational policies	20
4.6	Other factors	21
4.6.1	Forecast revenue	21
4.6.2	Strategic cropping land	21
4.6.3	Native title	21
ITEM 5.	ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	24
5.1	Compliance exemption	24
5.2	Physiography and vegetation	24
5.3	Access	24



5.4 Climate 25

5.5 Infrastructure 26

ITEM 6. HISTORY..... 30

6.1 Prior ownership..... 30

6.2 Exploration and development history..... 30

6.3 Significant historical Resource and Reserve estimates 31

6.4 Production 32

ITEM 7. GEOLOGICAL SETTING AND MINERALISATION..... 34

7.1 Compliance exemption 34

7.2 Regional geological setting..... 34

7.3 Local geology 36

ITEM 8. DEPOSIT TYPES 41

8.1 Compliance exemption 41

8.2 Description of coal 41

ITEM 9. EXPLORATION..... 42

9.1 Compliance exemption 42

9.2 Historical exploration of other forms 42

9.3 Current exploration 42

ITEM 10. DRILLING..... 43

10.1 Compliance exemption 43

10.2 Historic drilling 43

10.2.1 1960s 43

10.2.2 1970s 44

10.2.3 1980s 45

10.2.4 1990s 46

10.3 Current drilling 46

ITEM 11. SAMPLE PREPARATION, ANALYSES AND SECURITY 47

11.1 Compliance exemption 47

11.2 Historic sampling 47

11.2.1 1960s 47

11.2.2 1970s 47

11.2.3 1980s and 1990s 48

11.3 Current sampling 48

ITEM 12. DATA VERIFICATION 49



12.1 Compliance exemption 49

12.2 Verification 49

ITEM 13. MINERAL PROCESSING AND METALLURGICAL TESTING 50

13.1 Compliance exemption 50

13.2 Processing test work 50

13.3 Recovery estimates 50

ITEM 14. MINERAL RESOURCE ESTIMATES 51

14.1 Compliance exemption 51

14.2 Resource reporting code 51

14.3 Reported Resources 51

14.4 Supportive data 52

ITEM 15. MINERAL RESERVE ESTIMATES 54

15.1 Compliance exemption 54

15.2 Reserves reporting code 54

15.3 Reported Reserves 54

ITEM 16. MINING METHODS 56

16.1 Compliance exemption 56

16.2 Mining technique 56

16.3 Parameters relevant to mine design 56

16.4 Production 57

16.5 Mining fleet 57

ITEM 17. RECOVERY METHODS 59

17.1 Compliance exemption 59

17.2 Coal handling preparation plant 59

17.3 Historic recovery 59

ITEM 18. PROJECT INFRASTRUCTURE 61

18.1 Compliance exemption 61

18.2 Infrastructure and transportation 61

ITEM 19. MARKET STUDIES AND CONTRACTS 62

19.1 Compliance exemption 62

19.2 Markets 62

19.3 Contracts 63

ITEM 20. ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT 64

20.1 Compliance exemption 64



20.2	Sustainable development	64
20.3	Community	65
ITEM 21.	CAPITAL AND OPERATING COSTS.....	66
21.1	Compliance exemption	66
21.2	Capital costs	66
21.3	Operating costs.....	66
ITEM 22.	ECONOMIC ANALYSIS.....	69
22.1	Compliance exemption	69
22.2	Royalties received	69
22.2.1	Historic royalties.....	69
22.2.2	Mine planning.....	70
22.2.3	Coal prices forecast	71
22.2.4	Production forecast	71
22.2.5	Royalty forecast	71
ITEM 23.	ADJACENT PROPERTIES	73
23.1	Adjacent properties.....	73
23.2	Gregory Crinum	75
23.3	Ensham	76
ITEM 24.	OTHER RELEVANT DATA AND INFORMATION.....	77
24.1	Coal mining and the Australian economy	77
24.2	Australian coal production	77
24.3	Commodity prices	78
24.3.1	Historical coal prices	78
24.3.2	Forecast coal prices.....	79
ITEM 25.	INTERPRETATION AND CONCLUSIONS	81
ITEM 26.	RECOMMENDATIONS	81
ITEM 27.	REFERENCES	82

TABLES

Table 1: Resource and Reserve statement*, December 2013 (Source: Rio Tinto Limited, 2013).....	7
Table 2: QCPL mineral tenure associated with Kestrel Mine (Source: IRTM, 2014)	17
Table 3: GRPL land ownership and related private royalty lots (Source: Current Title Search Department of Natural Resources and Mines, Queensland).....	19
Table 4: Royalty payment structure (Source: modified after Queensland Government, 2012)	20
Table 5: Generalised quality for Kestrel Mine coking coal product (Source: Mutton, 2003)	41



Table 6: Historical non-drilling exploration (Source: Queensland Government, 2014d)	42
Table 7: Historic drilling in the Emerald region (Source: QDEX and Kathage, 1989)	43
Table 8: Average coal quality from wash data for German Creek seam (Source: Galligan, 1976).....	45
Table 9: Reported Coal Resources*, 31 December 2013 (Source: Rio Tinto Limited, 2013)	51
Table 10: Average product coal quality at Kestrel Mine (Source: Queensland Government, 2003).....	53
Table 11: Reported Coal Reserves*, 31 December 2013 (Source: Rio Tinto Limited, 2013)	55
Table 12: Estimated yield as a function of annual production and saleable product (Source: AMS, 2013).....	59
Table 13: Kestrel Mine 2012 sustainable development site report (Source: RTCA, 2012).....	65
Table 14: Operating Cost Estimates for Kestrel Mine on a financial year basis	67
Table 15: APG historic royalties and coal production (Source: APG and Rio Tinto annual reports).....	70
Table 16: Gregory Crinum Coal Resources* by mining method and coal type (reported to JORC 2012) as at June 2013 (Source: BHP Billiton Limited, 2013)	75
Table 17: Gregory Crinum Marketable Coal Reserves* by mining method and coal type (reported to JORC 2012) as at June 2013 (Source: BHP Billiton Limited, 2013).....	75
Table 18: Forecast Australian coking coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)	79
Table 19: Forecast Australian thermal coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)	80

FIGURES

Figure 1: Kestrel Mine location.....	16
Figure 2: Kestrel royalty lots.....	18
Figure 3: Strategic cropping land trigger area	22
Figure 4: Land subject to Native Title (indication only)	23
Figure 5: Average rainfall and temperature statistics, Emerald (Source: Bureau of Meteorology, 2013)	25
Figure 6: Annual Rainfall, Emerald (Source: Bureau of Meteorology, 2013)	26
Figure 7: Aerial view of Kestrel mine site, including Kestrel extension	27
Figure 8: Aerial view of infrastructure at Kestrel mine	28
Figure 9: Aerial view of infrastructure at Kestrel extension	29
Figure 10: Historical JORC Mineral Resources and Ore Reserves (Source: Rio Tinto Limited, 2001 to 2013).....	31
Figure 11: Historical annual production rates (Source: Rio Tinto Limited, 1999 to 2015).....	32
Figure 12: Queensland sedimentary basins and known coal measures	35
Figure 13: Permian coal measures (Source: Mutton, 2003).....	36
Figure 15: Surface geology over Kestrel Mine	38
Figure 16: Typical stratigraphic section east of Ti-tree fault (Source: Beeston, 2000)	39
Figure 17: Schematic of longwall mining technique (Source: Patriot Coal, 2014)	57
Figure 18: Schematic of continuous mining technique (Source: Patriot Coal, 2014).....	57
Figure 19: Kestrel Mine coking coal export destinations for 2012-2013	62
Figure 20: Kestrel Mine thermal coal export destinations for 2012-2013	63



Figure 21: Average coal export price (FOB) for Australia (Source: Queensland Government, 2013b and 2014e)	68
Figure 22: APG historic royalties and coal prices (Source: APG and Department of Natural Resources and Mines coal statistics, 2013b)	70
Figure 23: Forecast coal price (Source: Consensus Economics, 2014)	71
Figure 24: Kestrel mining leases in relation to those of the Gregory Crinum and Ensham mines	74
Figure 25: Australian coal production (1980 – 2012) (Source: EIA, 2014b)	77
Figure 26: Australian coal net exports/imports (1980 – 2011) (Source: EIA, 2014b)	78
Figure 27: Historical pricing for coal (Source: Consensus Economics, 2014)	78
Figure 28: Forecast Australian coking coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)	79
Figure 29: Forecast Australian thermal coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)	80



ITEM 1. SUMMARY

Kestrel Mine (originally known as Gordonstone Mine), is an underground coal mine located some 40 km north east of the township of Emerald in the Bowen Basin, central Queensland Australia. The mine extracts coal from the Permian-aged German Creek seam using a combination of longwall and continuous miner methods, providing high quality hard coking and thermal coals to market as a washed product. Expansion of the operation commenced in 2008 and is due for completion by the end of 2014 enabling Kestrel to increase its annual production forecast capacity to 5.7 Mt.

The mine is operated by Kestrel Coal Pty Limited under the direct management of Rio Tinto Coal Australia. The mine is a joint venture between Queensland Coal Pty Limited and Mitsui Kestrel Coal Investment Pty Limited, who hold 80% and 20% operational interests respectively.

Anglo Pacific Group Plc through its subsidiary Gordon Resources Pty Limited effectively owns a 50% right to surface land titles and associated coal royalties that cover a large proportion of Kestrel’s mining license tenure (ML 1978, ML 70301, ML 70302 and ML 70330). Coal royalties are payable for all coal sold (on an ad-valorem basis) that originated in-situ from ground beneath the corresponding land surface title. The royalty is payable based on a standard scale as defined by the Queensland Government.

In the process of preparing this Technical Report, Gordon Resources made contact on 24 January 2014 with Kestrel Coal and requested access to the necessary data and an inspection of the Kestrel Mine. This request was refused on the basis that it was claimed supply of such information would risk confidentiality and is of a commercially sensitive nature. As such, data and information used in the generation of this Technical Report is reliant upon what information could be collected from public domain sources. It should be noted that not all the information, typically available to an owner/operator in preparing a Technical Report of this nature is available from public domain sources. Given this, Anglo Pacific Group is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit its disclosure, whereby the Qualified Person is not required to complete a current site inspection of the property or provide information on those items in this report that necessitate data verification, inspection of documents, etc.

Rio Tinto Coal Australia prepared their most recent Resource and Reserve estimates for Kestrel Mine using the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. These results were published as part of their 2013 annual reporting requirements through the Australian Stock Exchange and Australian Investment and Securities Commission and are reproduced here as Table 1.

Table 1: Resource and Reserve statement*, December 2013 (Source: Rio Tinto Limited, 2013)

JORC Classification	Tonnes (Mt)	In-situ Reserves (Mt)	Marketable Reserves (Mt)	Marketable Coal Quality	
				Calorific value (MJ/kg)	Sulphur (%)
Resource	Measured	-	-	-	-
	Indicated	106	-	-	-
	Inferred	36	-	-	-
Reserve	Proved	40	34	31.6	0.59
	Probable	95	79	31.6	0.59

* Resources and Reserves are exclusive of each other

The Resources and Reserves provided in Table 1 are current; hence the effective date for this report is considered the Technical Report issue date of 30 January 2015. However it should be noted that these figures are based on the latest statement dated 31 December 2013 and will be affected during 2014 and 2015 by subsequent:

- mine depletion or
- Resource and/or Reserve update if completed in 2015.



The Qualified Person would note that in terms of reference for the issuers use of this Technical Report that the Anglo Pacific Group will only receive a portion (50%) of available private coal royalties and that these royalties only apply to some 49% of the currently authorised Mining Lease tenure.

Annual private coal royalties paid to Anglo Pacific Group have over the past decade ranged from AUD\$ 7.08 M to a high of AUD\$ 41.9 M in 2008. Recent drops in coal prices and the ongoing development of the expansion program have been reflected in lowered royalty payments for 2012 and 2013 with payments averaging AUD\$ 16.4 M per annum for this period.

Based upon the present life-of mine-plan production will cease in 2032. During the latter part of the mine life, less of the current mine design will be covered by land title agreements that see private coal royalties payable. As a consequence forecast revenues from this arrangement to Anglo Pacific Group shall diminish. Refusal by Kestrel Coal to provide detailed long term planning data makes forecast revenue productions difficult to estimate with accuracy.



ITEM 2. INTRODUCTION

The following section contains statements in respect of Item 2 of Form NI 43-101F1 – Technical Report.

2.1 Issuer

Anglo Pacific Group Plc (APG) is a publicly listed company (its existing Ordinary Shares are listed on the premium segment of the Official List and admitted to trading on both the London Stock Exchange's (LSE:APF) main market for listed securities and the Toronto Stock Exchange (TSX:APY). APG is focused on the provision of royalty financing derived from mining of natural resources.

The main objective of APG is to build a diversified and growing portfolio of royalties in order to generate long term cash flow for shareholders.

Golder Associates (UK) Ltd (Golder) was requested by APG to prepare on their behalf as the issuer, an independent Technical Report in relation to the Kestrel underground coal mine (Kestrel Mine), located in central Queensland, Australia.

This Technical Report was prepared in accordance with the following documents published by the Canadian Securities Administrators (CSA):

- National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101, 2011a)
- Form NI 43-101F1 – Technical Report (Form 43-101F1) (NI 43-101, 2011b)
- NI 43-101CP (Companion Policy) (NI 43-101, 2011c).

This Technical Report was also prepared in accordance with “Prospectus Rules” made by the UK Financial Conduct Authority, the “Prospectus Directive” (2003/71/EC), the “Prospectus Regulations” (809/2004) and the “European Securities and Markets Authority recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses No. 809/2004” (as updated by the European Securities and Market Authority on 23 March 2011).

2.2 Terms of reference

2.2.1 Anglo Pacific Group Plc

APG by way of its wholly owned subsidiary Gordon Resources Pty Limited (GRPL) has a royalty entitlement for a proportion of the coal sales made from the production output from the Kestrel Mine. Further detail in relation to this entitlement is made in section 4.4 of this Technical Report.

Golder has been informed by APG that this Technical Report will be incorporated in a prospectus to be published in connection with the Firm Placing and Placing and Open Offer of New Ordinary Shares of APG and the admission of the New Ordinary Shares to listing on the Official List and to trading on the LSE. In addition, this Technical Report will be used to file an Annual Information Form on the CSA’s System for Electronic Document Analysis and Retrieval (SEDAR), or other prescribed documents under National Instrument 43-101 and may be incorporated in a future prospectus to support capital raising efforts on both the LSE’s main market for Listed Securities and the TSX.

2.2.2 Kestrel Mine

Kestrel Mine is operated by Kestrel Coal Pty Limited (Kestrel Coal), a subsidiary of Rio Tinto Coal Australia Pty Limited (RTCA), and its Kestrel joint venture (JV) partners, Queensland Coal Pty Limited (QCPL) and Mitsui Kestrel Coal Investment Pty Limited (MKCI). QCPL hold 80% and MKCI 20% interests in the operation respectively. QCPL operates as a subsidiary of the Rio Tinto group. MKCI is a subsidiary of Mitsui Coal Holdings forms part of the Mitsui group of companies. RTCA a wholly-owned subsidiary of Rio Tinto is a publically listed company on the Australian Stock Exchange (ASX) and LSE.



2.2.3 JORC Code

RTCA report "Coal Resources" and "Coal Reserves" for the Kestrel Mine to the ASX under the provisions of the 2012 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Coal Resources and Coal Reserves prepared under the JORC Code are considered an "acceptable foreign code" under Part 1 – Definitions and Interpretation of National Instrument 43-101 and can be considered as equivalent Mineral Resources and Mineral Reserves.

The JORC Code demands in the context of complying with its Principles that comment on the relevant sections of Table 1 should be provided on an "if-not why-not" basis within the Competent Person's documentation and must be provided where required according to the specific requirements of Clauses 19, 27 and 35 (of the JORC Code) for significant projects in a Public Report. This is to ensure that it is clear to the investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved.

2.2.4 NI 43-101 Code

National Instrument 43-101 -- Standards of Disclosure for Mineral Projects ("NI 43-101") contains certain requirements relating to the use of mineral resource and mineral reserve categories of an "acceptable foreign code" (as defined in NI 43-101) in "disclosure" (as defined in NI 43-101) made by Anglo Pacific Group with respect to a "mineral project" (as defined in NI 43-101), including the requirement to include a reconciliation of any material differences between the mineral resource and mineral reserve categories used under an acceptable foreign code and the standards developed by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended (the "CIM Standards") in respect of a mineral project.

Pursuant to an exemption order granted to Anglo Pacific Group by the Ontario Securities Commission, the information contained herein with respect to Kestrel Mine has been extracted from information publicly disclosed, disseminated, filed, furnished or similarly communicated to the public by an issuer whose securities trade on a "specified exchange" (as defined in NI 43-101) that discloses mineral reserves and mineral resources under one of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 or the Certification Code (each as defined in NI 43-101).

As the definitions and standards of the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 and the Certification Code are substantially similar to the CIM Standards, a reconciliation of any material differences between the mineral resource and mineral reserve categories reported under the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7 and the Certification Code, as applicable, to categories under the CIM Standards is not included and no Form 43-101F1 technical report will be filed to support the disclosure based upon such exemption.

2.3 Sources of information

ASX listing rules do not require mine operators such as RTCA to disclose detailed information on their operations to either the public or companies holding a royalty interest in properties unless legally mandated to do so.

Furthermore, the JORC Code notes that when providing information as part of Table 1 (as defined in JORC, 2012) that it is the responsibility of the Competent Person (as defined in JORC, 2012) to consider all criteria listed in Table 1 and any additional criteria that should apply to the study of a particular project. It also notes that it will be appropriate to exclude from a Public Report some commercially sensitive information. This is a decision that is made by the company issuing the Public Report and should be made in accordance with relevant corporation's regulations such as the Corporations Act 2001 and ASX listing rules and guidance notes. Where information is excluded the report is to provide summary information and context for the purposes of informing investors and advisers.

The Qualified Person (QP) in preparation of this Technical Report and examination of historically reported Resources and Reserves (refer section 6.3) notes that no material changes are evident in classification and tonnages reported annually for the Kestrel Mine. It is inferred on this basis the decision made by RTCA to exclude Table 1 (as defined JORC, 2012) from their Public Reports.



The QP has had to rely on information that was searched for and procured through the public domain in the preparation of this Technical Report. Data provided by APG is limited to past royalty payments and forecast royalty payments for the ensuing 12 months supplied on a quarterly basis.

A comprehensive and complete list of all reference material used in the preparation of this Technical Report is included in Item 27. References are cited throughout the body of the report to clearly indicate all source material used in developing and expressing the opinion of the QP.

2.4 Site inspection

As access to the mine site, site personnel, records and project data held by Kestrel Coal was denied in the preparation of this Technical Report. Mr David Arnott in the role of QP has been reliant on data available in the public domain to complete its preparation.



ITEM 3. RELIANCE ON OTHER EXPERTS

The following section contains statements in respect of Item 3 – Reliance on Other Experts of Form 43-101F1 – Technical Report.

3.1 Source material

As previously outlined this report has been reliant on publically available data. Only a small amount of historical base data, collected during the initial regional exploration of the area was available for assessment. All other base data collected and utilised by both RTCA and prior owners in the development of Resources and Reserves for the Kestrel Mine is unavailable for data verification purposes.

A comprehensive and complete list of all reference material used in the preparation of this Technical Report is included in Item 27. References are defined throughout the body of the report to clearly indicate all source material used.

Opinion offered by the QP is clearly communicated in writings to differentiate between the work of others and his own professional opinion.

3.2 Limitations and cautionary statements

In accordance with the requirements of National Instrument 43-101 surrounding disclosure of technical information in respect of mineral projects, the information contained within this Technical Report, pertaining to Kestrel Mine is sourced from information publically available. This information has included technical, financial and legal declaration which due to their source and format has been taken in good faith.

Data verification and detailed analysis of information underlying the reported Mineral Resources and Mineral Reserves has not been possible. As such, a limited disclaimer of responsibility is made by the QP in the preparation of these and associated items.

3.3 Exemptions

“Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” exempts a royalty holder, who has requested but not received access to the necessary data from the owner or operator and is not able to obtain the necessary information from the public domain, from the requirement to perform an inspection on the property and to complete those items under Form 43-101F1 that require data verification, inspection of documents, or personal inspection of the property to complete those items.

APG, through its subsidiary company GRPL made contact with RTCA on 20 January 2014 requesting access to the site, personnel and, data used in the preparation of published Resources and Reserves for the Kestrel Mine. A response to this request was received on 24 January 2014, with refusal made on the grounds that the data supporting Resources and Reserves for the Kestrel Mine was confidential and commercially sensitive. The request for a site visit was also denied.

The QP is limited in the amount of information and details they can disclose and relies exclusively upon general information available in the public domain. Therefore, this Technical Report has been prepared on the basis of the exemption in Part 9, Section 9.2 of National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Accordingly, APG has requested but has not received access to the necessary data from RTCA and is not able to obtain the necessary information from the public domain for the following:

- The status of exploration, in addition to the nature and extent of all relevant exploration work other than drilling.
- The approach or concepts in relation to drilling, sampling and recovery or the location of all boreholes, their types, accuracy and reliability in defining Resources for the Kestrel Mine.
- Examples of drill sections through the mineral deposit.



- The type and location of bore holes, drilling procedures, sampling procedures or sample recovery during drilling programs.
- Any drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the results.
- Interpretation of all relevant drilling results.
- Any significant mineralised zones encountered on the property, including a summary of the surrounding rock types, relevant geological controls, and the length, width, depth, and continuity of the mineralisation, together with a description of the type, character, and distribution of the mineralisation.
- The approach or concepts in relation to sample preparation, analysis and security in defining Resources for the Kestrel Mine.
- Sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken.
- Relevant information regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories, the relationship of the laboratory to the issuer, and whether the laboratories are certified by any standards association and the particulars of any certification.
- A summary of the nature, extent, and results of quality control procedures employed and quality assurance actions taken or recommended to provide adequate confidence in the data collection and processing.
- The nature and extent of testing and analytical procedures, and a summary of the relevant results.
- The basis for any assumptions or predictions regarding recovery estimates.
- The degree to which the test samples are representative of the various coal types across the deposit as a whole.
- Any processing factors or deleterious elements that could have a significant effect on potential economic extraction.
- Sufficient discussion of the key assumptions, parameters, and methods used to estimate the Mineral Resources, for a reasonably informed reader to understand the basis for the estimate and how it was generated.
- A general discussion on the extent to which the Mineral Resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors.
- Sufficient discussion and detail of the key assumptions, parameters, and methods used for a reasonably informed reader to understand how the Competent Person converted the Mineral Resources to an Ore Reserve.
- The extent to which the Ore Reserve estimates could be materially affected by mining, metallurgical, infrastructure, permitting, and other relevant factors.
- Geotechnical, hydrological, and other parameters relevant to mine plans.
- Available information on test or operating results relating to the recoverability of the coal and amenability to the processing methods.
- Permits acquired to conduct the work proposed for the property, and if the permits have been obtained.
- Back-in-rights payments or other agreements and encumbrances to which the Kestrel Mine is subjected, outside those directly relating to APG as Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.
- Identification of any contracts that are required for property development, including mining, concentrating, smelting, refining, transportation, handling, sales and hedging, and forward sales contracts or arrangements and their status.
- A summary of capital and operating cost estimates, with the major components set out in tabular form.



- An economic analysis for the project.
- Requirements and plans for waste and tailings disposal, site monitoring, and water management both during operations and post mine closure.
- Project permitting requirements, the status of any permit applications, and any known requirements to post performance or reclamation bonds.
- The extent of environmental liabilities to which the Kestrel Mine is subject is also unable to be commented upon.
- Exact detail on availability and sources of power, water, mining personnel, potential storage areas, potential waste disposal areas and potential processing plant sites.

3.4 Effective date

The most recent Resources and Reserves reported by RTCA and used in this report have an effective date of 31 December 2013. Consideration should be made that since the time of their publication a number of factors may have resulted in their modification. This could include:

- Depletion of Mineral Reserves through continued underground mining.
- Reclassification of either Resource or Reserve categories based upon further work undertaken since their initial publication.

3.5 Reliance on other experts

RTCA's 2013 published Resources for Kestrel Mine was signed off by Mr Richard Ruddock. Mr Ruddock is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) with Chartered Professional (CP) standing and would be eligible to be considered as a QP for authorising Mineral Resources.

RTCA's 2013 published Reserves for Kestrel Mine was signed off by Mr Andrew Swiericzuk. Mr Swiericzuk is a member of the same professional association yet does not hold CP accreditation, making him unsuitable to be considered as a QP; however Golder considers Mr Swiericzuk to hold the necessary professional membership, qualifications and relevant experience to sign off as a Competent Person on the stated Reserves under the JORC Code which is considered an "acceptable foreign code".

At the time of the Competent Persons signing off on reported Coal Resources and Coal Reserves under the JORC Code each was a fulltime employee of RTCA.

It should be noted that the previous 2012 Reserve estimate reported by RTCA for the Kestrel Mine was signed off by Mr Gregor Carr. Mr Carr is both a member of the AusIMM and has CP standing which would make him eligible as a QP. Historical Reserves appear to be reported on the basis of converting Resources and depletion of existing Reserves through mining.

This Technical Report has been prepared by a Golder employee team of geologists and mining engineers under the supervision and review of Mr David Arnott. The overall responsibility for the preparation of this report is retained by Mr Arnott, who satisfies the requirements of a QP as defined in National Instrument 43-101. Mr Arnott has had to rely on the work of Mr's Ruddock and Swiericzuk for the published Mineral Resources and Mineral Reserves in the preparation of this technical report.



ITEM 4. PROPERTY DESCRIPTION AND LOCATION

The following section contains statements in respect of Item 4 – Property Description and Location of Form 43-101F1 – Technical Report.

4.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects or management of the mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to comment on back-in-rights payments or other agreements and encumbrances to which the Kestrel Mine is subjected, outside those directly relating to APG as Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive. In addition the extent of environmental liabilities to which the Kestrel Mine is subject is also unable to be commented upon.

4.2 Location

The Kestrel Mine is an underground coal mine operated by RTCA, located (23°14' S, 148°21'E) some 40 km north east of the township of Emerald in the Bowen Basin, central Queensland Australia (refer Figure 1). Figures included as part of this Technical Report that include locations, utilise WGS 1984 UTM mapping grid, located in Zone 55S.

4.3 Mineral tenure

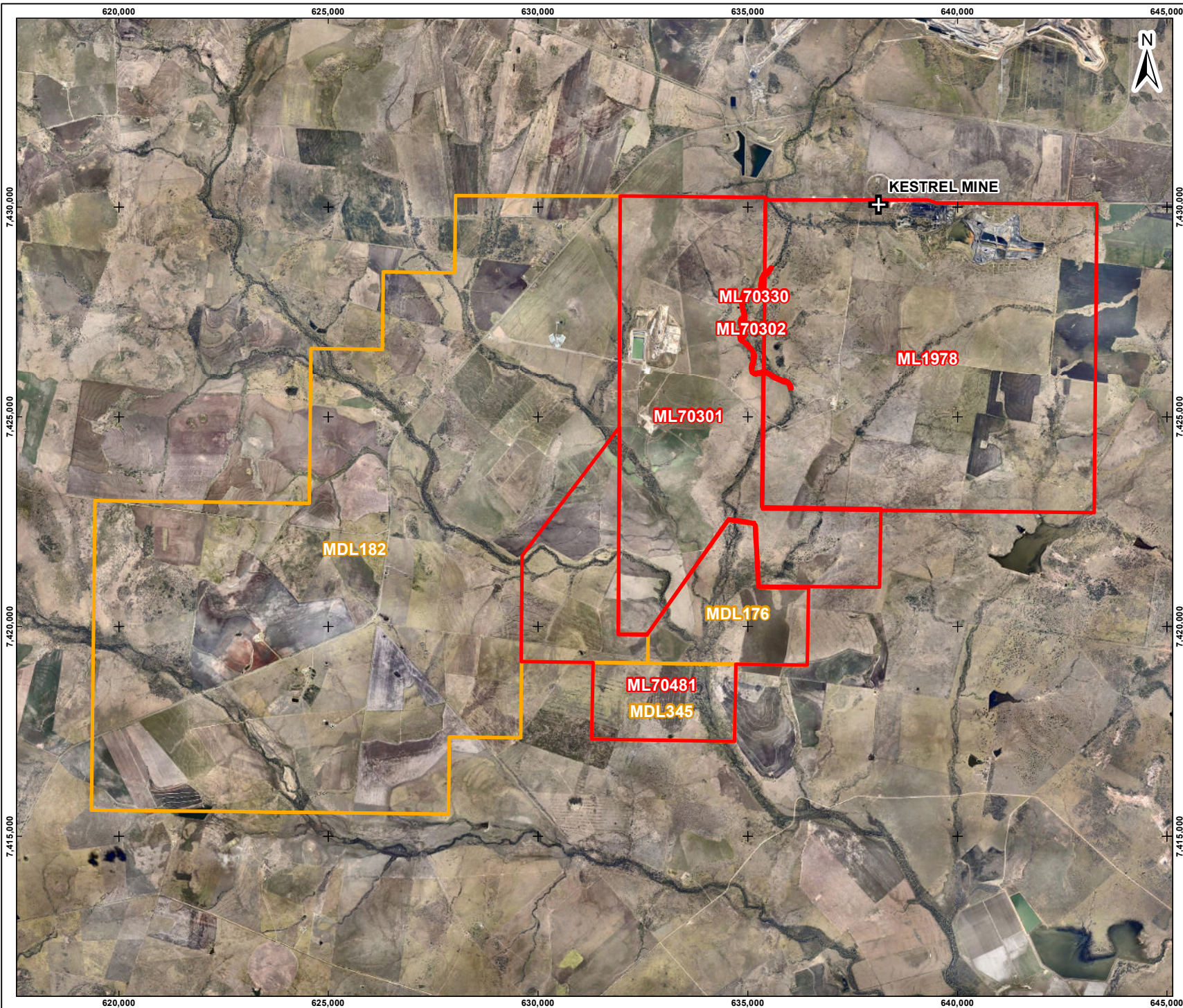
Mineral tenure associated with the Kestrel Mine was granted by the Queensland Government Department of Natural Resources and Mines. Queensland coal mines such as the Kestrel Mine operate under a mineral tenure termed a mining lease (ML). A ML is granted for mining operations and:

- entitles the holder to machine-mine specified minerals and carry out activities associated with mining or promoting the activity of mining
- is not restricted to a maximum term, this being determined in accordance with the amount of Reserves identified and the projected mine life
- can be granted for those minerals specified in either a prospecting permit, exploration permit for coal (EPC) or mineral development licence (MDL) held prior to the grant of the lease.

The Kestrel Mine operation is carried out over a number of mining leases. ML 1978 being 5 839.262 hectares (ha) in area, was the primary ML upon which coal production was founded for Kestrel Mine. Site infrastructure is located across the northern portion of this tenement area. This ML was granted on 12 April 1990 to QCPL (as principal holder for the extraction of coal) and is due to expire on 30 April 2041 (IRTM, 2014).

QCPL also holds three extensions to the west and south west of ML 1978, also in the form of mining leases. ML 70301, 70302 and 70330 increase the total holding area for the mining operation to 14 505.332 ha. Application was made (4 October 2012) to further extend the mining lease area by an additional 2 468 ha through conversion of two Mineral Development Licences (MDL 178 and MDL 345) and a portion of MDL 182 into the Kestrel Extension #4 mining lease (ML 70481), with this yet to be granted.

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NI 43-101 TECHNICAL
REPORT ON KESTREL
COAL MINE,
QLD AUSTRALIA
ANGLO PACIFIC GROUP PLC

KESTREL MINE LOCATION



LEGEND

-  Coal Mine Site
-  Mining Lease
-  Mineral Development License

NOTES

1. Imagery copyright Neemap 2014, captured 29th May 2011.
2. Tenement information supplied by IRTM.
3. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013



SCALE (at A4) 1:125,000
WGS 1984 UTM Zone 55S

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FIGURE 1





The MDLs associated with Kestrel Mine only allows the holder to undertake geoscientific programs (e.g. drilling, seismic surveys), mining feasibility studies, metallurgical testing and marketing, environmental, engineering and design studies to evaluate the development potential of the defined resource. They are granted for a fixed period of up to 5 years where there is a significant mineral occurrence of possible economic potential and can be renewed upon expiration.

Table 2 provides a tabulation of the various tenements that incorporate the Kestrel Mine area, with Figure 1 depicting the same spatially.

Table 2: QCPL mineral tenure associated with Kestrel Mine (Source: IRTM, 2014)

Tenure		Status	Name	Date			Area (ha)
Type	No.			Lodged	Granted	Expires	
ML	1978	Granted	Kestrel	06-Feb-1985	12-Apr-1990	30-Apr-2041	5 839.3
ML	70301	Granted	Kestrel Extension #1	09-Sep-2002	25-Sep-2003	30-Sep-2033	3 579.0
ML	70302	Granted	Kestrel Extended #2	09-Sep-2002	22-Nov-2004	30-Nov-2034	79.8
ML	70330	Granted	Kestrel Extension #3	19-May-2004	11-Jun-2009	30-Jun-2039	9.3
ML	70481	Application	Kestrel Extension #4	04-Oct-2012			2 468.0
MDL	345	Granted	Kestrel Extension #5	25-Oct-2002	07-Nov-2003	30-Nov-2013	629.0
MDL	182	Granted		24-Feb-1995	25-Nov-1996	30-Nov-2016	12 608.3
MDL	176	Granted		21-Dec-1994	19-Oct-1995	31-Oct-2015	852.3

4.4 Issuer’s interest

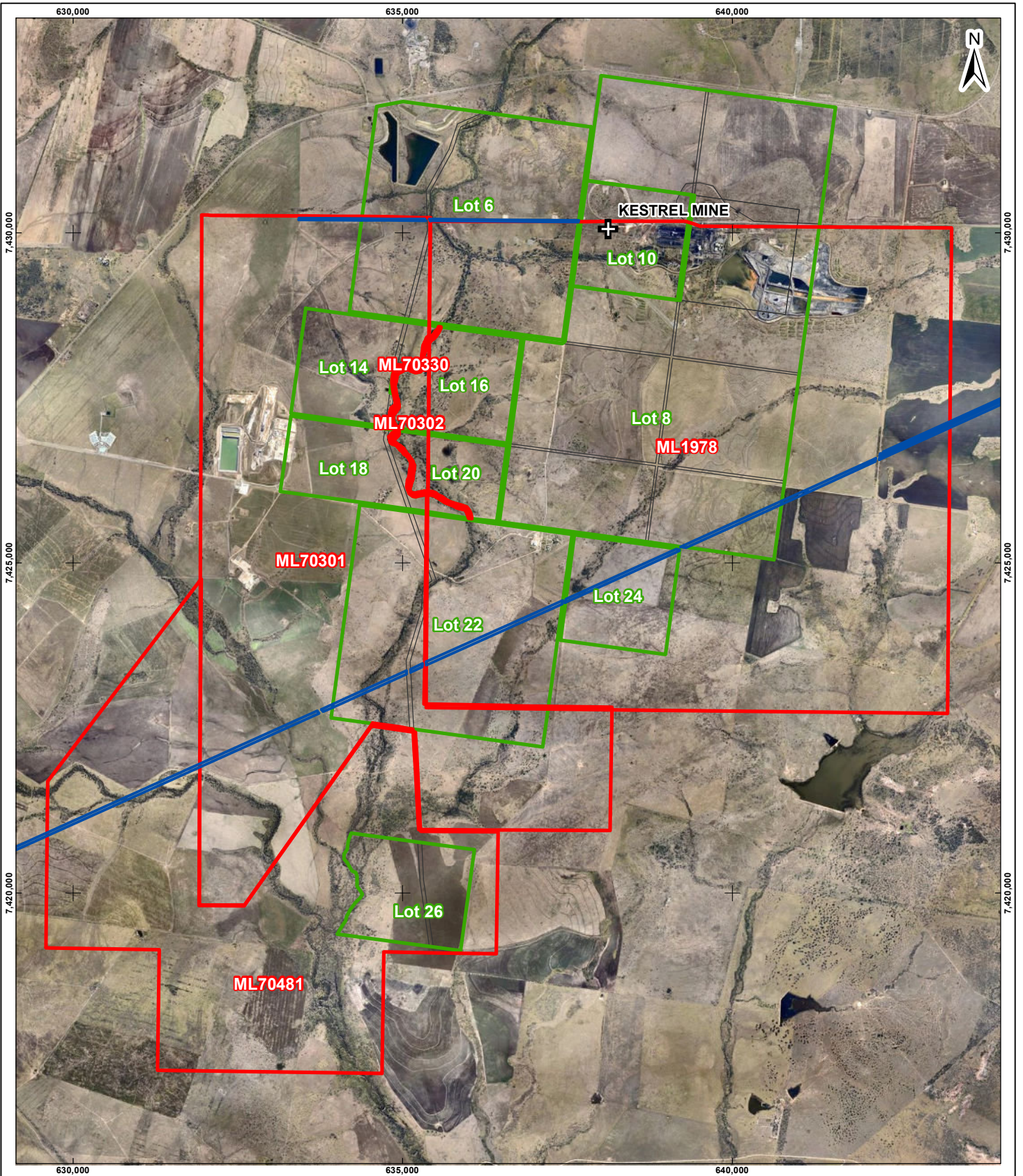
4.4.1 Surface title

A proportion of the lands that make up the Kestrel Mine mineral tenure are owned by GRPL in a one-half share (50%) tenant in common arrangement. Title searches through the Department of Natural Resources and Mines determined that these lands are held as Estate in Fee.

All land titles are located within the County of Talbot and Parish of Yamala under the jurisdiction of the Central Highlands local government.

Figure 2 provides by way of illustration of the GRPL land title ownership boundaries relative to the authorised Kestrel Mine ML tenure, with Table 3 giving further clarity (title registration, deed of grant, upper limit where private royalty agreements are established and land area), around each of the individual GRPL land property titles.

Of the total authorised Kestrel Mine Mining Lease tenure area (ML 1978, ML 70301, ML 70302 and ML 70330) approximately 49% (~4 650 ha) of the surface title is held by GRPL as a tenant in common. Should application to ML 70481 be granted this relationship will reduce to approximately 41%.



NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA

ANGLO PACIFIC GROUP PLC

KESTREL ROYALTY LOTS



LEGEND

- Coal Mine Site
- Easement
- Mining Lease
- Lot Boundary
- Royalty Lot

NOTES

1. Imagery copyright Nearmap 2014, captured 29th May 2011.
2. Tenement information supplied by IRTM.
3. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

0 0.75 1.5 3 Km

SCALE (at A4) 1:80,000
WGS 1984 UTM Zone 55S

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FIGURE 2





NI 43-101 TECHNICAL REPORT - KESTREL COAL MINE

Table 3: GRPL land ownership and related private royalty lots (Source: Current Title Search Department of Natural Resources and Mines, Queensland)

Lot Number	Registered Title Plan (RP)	Basements, Encumbrances and Interests			Lower depth limit (RL A.H.D.)	Approximate area beneath depth limit (ha)	Relative % of title area beneath depth limit within Kestrel ML area
		Rights and interests reserved to Crown by Deed of Grant No.	Lease No.	Transfer No.			
6	615382	10306211 (pp19)	601026448 (C439164)	706359659	155	1 036	51
8	615390	10356031 (pp89)	601026448 (C439164)	706359659	160	2 072	84
10	615394	10312044 (POR 1)	601026448 (C439164)	706359659	170	259	68
14	615398	10312047 (POR 3)	601026448 (C439164)	706359659	155	259	100
16	615398	10312046 (POR 4)	601026448 (C439164)	706359659	155	259	100
18	615398	10312040 (POR 5)	601026448 (C439164)	706359659	150	221	100
20	615398	10312041 (POR 6)	601026448 (C439164)	706359659	150	147	100
22	615386	10308156 (POR 19A)	601026448 (C439164)	706359659	150	1 036	100
24	615631	10312042 (POR 7)	601026448 (C439164)	706359659	170	260	100
26	615396	10312043 (POR 9)	601026448 (C439164)	706359659	145	259	100



4.4.2 Royalties

Mining royalties represent payments to the owners of resources for the rights to extract them. As the State owns all petroleum and gas and most minerals, royalties on these commodities are ordinarily paid to the State Government.

Royalty rates are prescribed by the Queensland Government Minerals Resources Act 1989 Regulations. The royalty payable is determined on an ad valorem (value) basis, calculated as a percentage of the value of the coal mined and then sold (irrespective of the product type). No consideration of mining costs is required in the determination of the royalty. Table 4 provides details on the rate calculation as prescribed by the Queensland Government for the payment of royalties.

Table 4: Royalty payment structure (Source: modified after Queensland Government, 2012)

Average price (AUD\$) per tonne of coal for period	Rate	Rate received by APG
Up to and including \$100	7%	3.5%
Over \$100 and up to and including \$150	First \$100: 7%	3.5%
	Balance: 12.5%	6.25%
More than \$150	First \$100: 7%	3.5%
	Next \$50: 12.5%	6.25%
	Balance: 15%	7.5%

Each GRPL land title (as defined in Table 3) carries with it rights and interests reserved to the Crown by deed of grant. Between 1877 and 1879 these royalty lots were granted, alienating from the Crown the right to the coal royalty and accordingly carrying with it the right to private coal royalties (Barlow Jonker, 1999). As GRPL remains the registered owner in freehold of the “said land” they are as such entitled to the royalty.

The Queensland Government can assign the mining rights through lease to another entity for land surface title held by another party without their consent. Since 10 June 1982 GRPL’s land titles were leased (Lease No. 601026448), for a period of 300 years, to United Plantations (Australia) Pty Limited (UPAL). Transfer of this lease was then made on 14 February 2003 from UPAL to QCPL and MKCI in their present 80:20 JV partnership arrangement for mining operations carried out at Kestrel.

As GRPL has an effective 50% ownership of the surface title through their tenant in common relationship, with the remaining percentage held by another three financial institutions they only receive one half of the amount prescribed by statute (ASIC, 2014).

The coal royalties paid by Kestrel Coal (as the JV entity to QCPL and MKCI) to GRPL is only for coal mined and sold that was originally located in-situ beneath land title held by GRPL. Any coal sold that does not originate at depth from beneath the leased ground does not receive a royalty payment. In the same fashion any coal mined from beneath the leased area that is not sold also does not receive a royalty payment.

4.5 Operational policies

Coal mines operating in Queensland such as the Kestrel Mine are legislated by the State and Federal Governments. Operational policies that Kestrel Mine would operate under providing guidance to the operator and communities include:

- Mineral Resources Act 1989
- Coal Mining Safety and Health Act 1999
- Native Title Act of 1993
- Water Act 2000
- Environmental Protection Act 1994.



Please note that the absence of a policy from this list does not indicate there is no current policy on that issue.

4.6 Other factors

4.6.1 Forecast revenue

Advancement of mining operations at Kestrel Mine can only be discussed in general terms due to crucial mine planning information not being made available for this study.

As discussed previously (refer section 4.4) APG receives royalties from Kestrel Coal for coal sold that was mined beneath ground under which it has surface title. As these titles do not cover the full extent of the Kestrel ML there are areas for which they may equally receive no royalty.

The distribution of royalty ground is such that as mining development moves to the south west then the opportunity for APG to receive royalties will diminish, particularly in the later portion of the life-of-mine-plan (LOMP).

4.6.2 Strategic cropping land

A search of the Queensland Government records (IRTM, 2014) revealed that portions of all Kestrel Mine tenements are designated as Strategic Cropping Land (SCL) and fall within the Western Cropping trigger area (refer Figure 3).

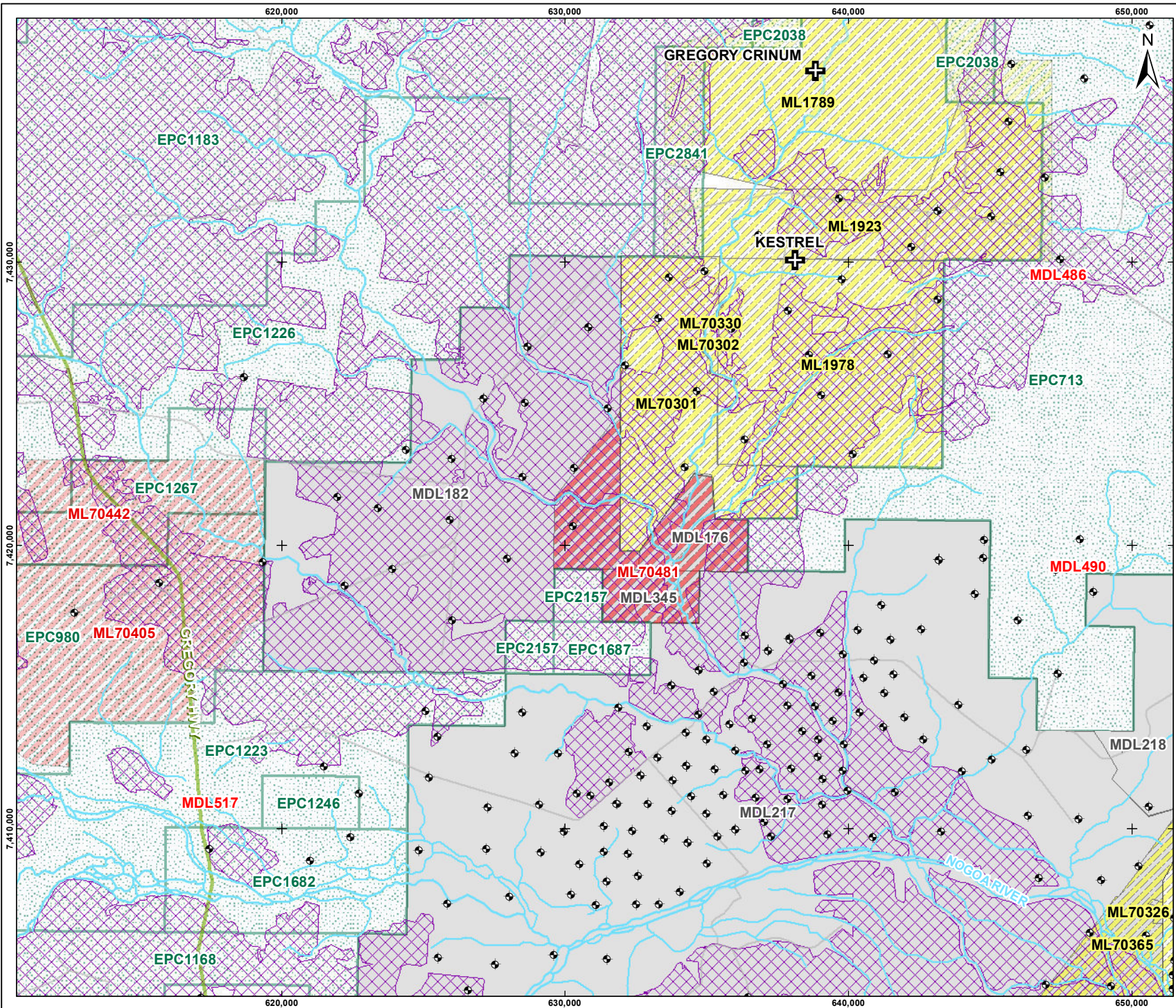
SCL is legislated by the state government and is an attempt to protect Queensland best cropping land from development that will have an adverse impact on the productive capacity of the land. As the Kestrel Mine tenements are located over a trigger area, RTCA would be required to undertake an on-ground assessment to enable refining of the SCL area should they propose any surface development. Consideration is also required to assess subsidence from underground mining and its impact on the surface. Golder cannot confirm to what level RTCA have undertaken SCL studies over the Kestrel Mine tenements.

4.6.3 Native title

Investigation of the IRTM website identified that portion of the Kestrel Mine tenement is indicated as land "subject to Native Title" (refer Figure 4). This essentially means that the Native Title status is unclear and may or may not result in a claim being made should an investigation be undertaken and determination were to be made.

Presently two applications for Native Title exist in the Kestrel Mine region, the first with the Western Kangoulu People whom lodged an application on 9 May 2013 and the second with the Bidjara People #7 lodged 15 November 2012.

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NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA
 ANGLIO PACIFIC GROUP PLC
STRATEGIC CROPPING LAND TRIGGER AREA



LEGEND

- ⬢ Coal Borehole
- ⊕ Coal Mine Site
- Road
- Highway
- Watercourse
- ⊞ Strategic Cropping Land Trigger Area

Coal Exploration Permit

- ⊞ Granted

Mining Lease

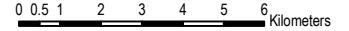
- ▨ Application
- ▨ Granted

Mineral Development Licence

- ⊞ Granted

NOTES

1. Coal Borehole, Operation Coal Mine Site, Coal, Mining Lease, Mineral Development Licence provided by IRM.
2. Roads provided by Mapinfo
3. Watercourses provided by Geoscience Australia
4. Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013



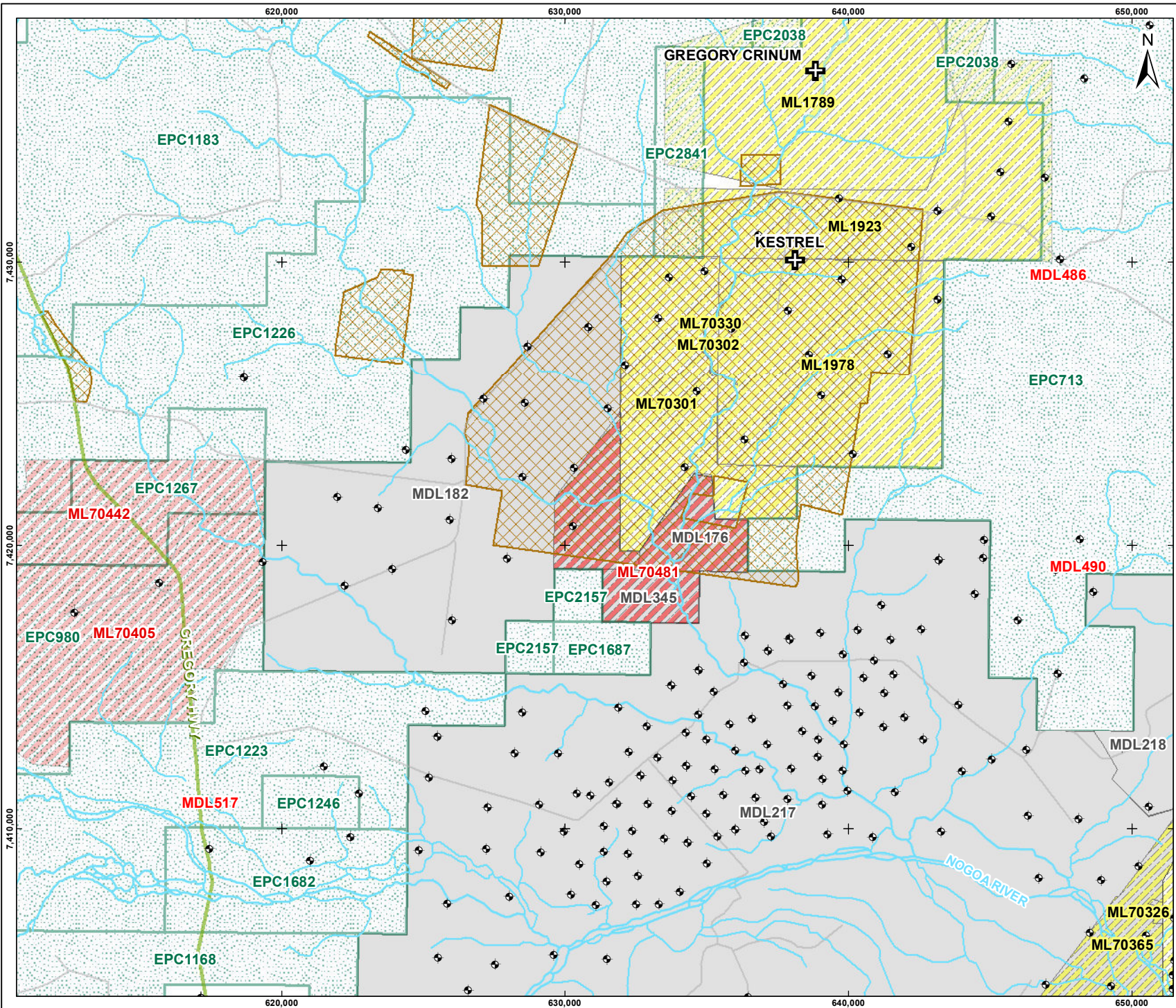
SCALE (at A4) 1:185,000
 WGS 1984 UTM Zone 55S

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FIGURE 3



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NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA
ANGLO PACIFIC GROUP PLC

LAND SUBJECT TO NATIVE TITLE



- LEGEND**
- ◆ Coal Borehole
 - ⊕ Coal Mine Site
 - Watercourse
 - Road
 - Highway
 - ⊞ Land Subject to Native Title
 - Coal Exploration Permit**
 - ▤ Granted
 - Mining Lease**
 - ▨ Application
 - ▧ Granted
 - Mineral Development Licence**
 - ▭ Granted

- NOTES**
1. Coal Borehole, Operation Coal Mine Site, Coal, Mining Lease, Mineral Development Licence provided by IRTM.
 2. Land Subject to Native Title digitised from IRTM viewer.
 3. Roads provided by MapInfo
 4. Watercourses provided by Geoscience Australia
 5. Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013



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FIGURE 4





ITEM 5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The following section contains statements in respect of Item 5 – Accessibility, Climate, Local Resources, Infrastructure and Physiography of Form 43-101F1 – Technical Report.

5.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects or management of the mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to comment in exact detail on availability and sources of power, water, mining personnel, potential storage areas, potential waste disposal areas and potential processing plant sites. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

5.2 Physiography and vegetation

Kestrel Mine is situated at an altitude of approximately 200 m above mean sea level (amsl) on gently undulating land (170 m to 220 m amsl). The mine site is located in the catchment of the Nogoia River (located to the south), which flows into the Mackenzie River in the Fitzroy River basin, draining into the Coral Sea at Keppel Bay in the vicinity of Rockhampton. Other than mining the predominant land use is agricultural, with focus on livestock grazing and/or crops which include cotton, grains, citrus and grapes.

The mine site is located on Gordon Downs farm (“Gordon Downs”), a significant property (11 729 ha) which historically produced grains and was acquired by the Kestrel JV in 2002. The land is dominated by rich arable basalt soils and also has some significant areas of native Queensland blue grass pastures. Since July 2003, the North Australian Pastoral Company Pty Limited (NAPCO) has leased Gordon Downs for feeding livestock on forage crops and pastures. NAPCO is one of Australia’s largest beef producers with a herd of over 180 000 situated in numerous cattle stations some 6 000 head located on Gordon Downs depending on the season (NAPCO, 2014).

5.3 Access

The Kestrel Mine is located approximately 40 km north east of Emerald and 23 km south of Tieri in central Queensland, some 3 km south of the Lilyvale Road.

Emerald provides the main service center to the mining operation. Emerald is a small regional city with a population of 16 666 people and Tieri, a town of 2 012 people (Australian Bureau of Statistics, 2013).

The Kestrel Mine is accessed along a combination of sealed national and local roads.

Total travel time (by road) from Brisbane to the mine site is approximately 12 hours over a distance of approximately 950 km. Alternatively many personnel access the site via either fly-in fly-out (FIFO) (Brisbane to Emerald) then drive to site, or drive-in drive-out (DIDO) (Mackay to Kestrel Mine).

The mine is also approximately 354 km by rail from the port of Gladstone (Gordon, 2002).

Satellite imagery depicts a small runway close to the mine site, indicating potential access to the site via small aircraft. Details about this airstrip or its use were not publically available.

A rail loop facility exists on the northern limit of ML 1978 servicing coal transportation from the mine site to port.



5.4 Climate

The climate in the vicinity of Kestrel Mine is classified as sub-tropical where the summer is warm and humid and the winter is considered mild. Average temperatures range between 21.3 to 34.3°C during summer and 8.9 to 25.2°C in winter (refer Figure 5). This information is based on daily average data collected at Emerald Airport from 1992 to 2013 (Bureau of Meteorology, 2013).

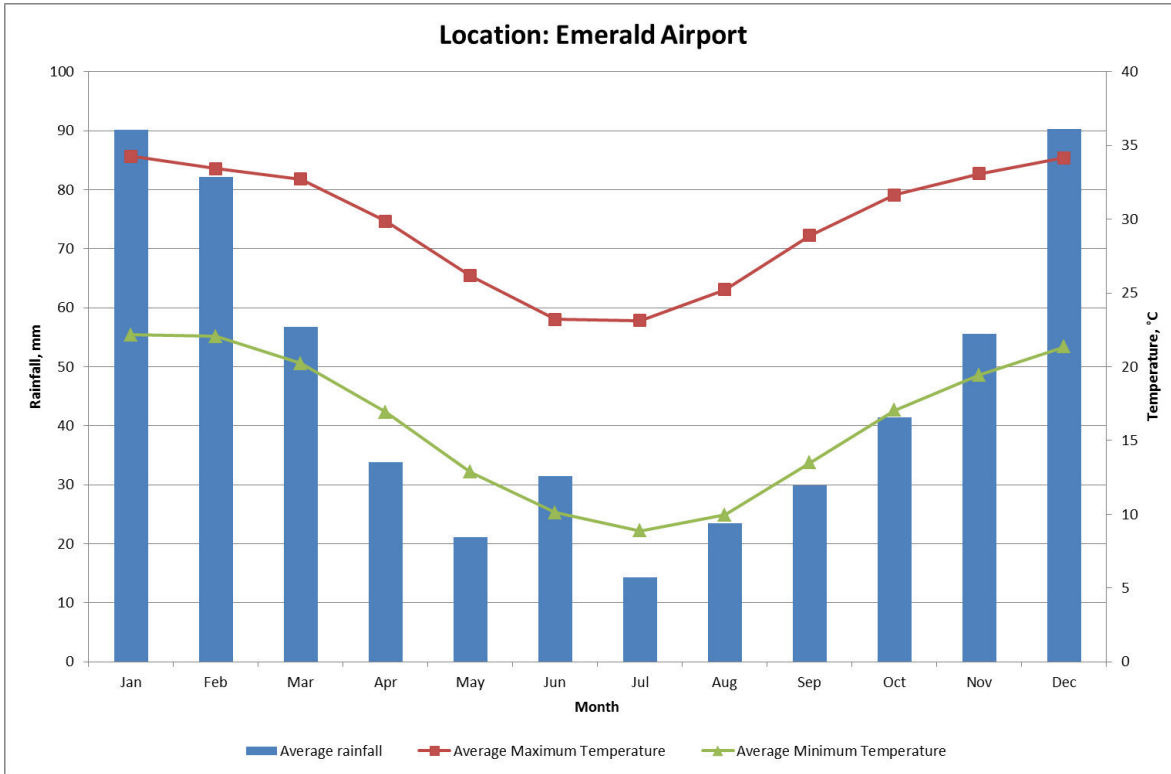


Figure 5: Average rainfall and temperature statistics, Emerald (Source: Bureau of Meteorology, 2013)

The majority of rain falls during the summer months (December to March), often in the form of short duration thunderstorms. Precipitation is not reliable and both droughts and flooding occur in the region. The average monthly rainfall throughout the year ranges from 14.3 mm during the cooler months of winter through to 90.3 mm in the warmer summer (refer Figure 5).

Infrequently, catastrophic rainfall occurs (i.e. 1 in 100 year event); with dumping of approximately 120 mm/day and in excess of 260 mm/month being recently recorded (2010). These events, although rare, have had significant impact on the mining operations and should be considered given the proximity of the Nogoia floodplain. Flooding was experienced in the Bowen Basin region in January 2008, however whilst the Kestrel Mine, which operates all year round, was not flooded, the operation was closed for a week due to difficulties in employees gaining access from local population centres. Severe flooding occurred across Queensland in December 2010 (refer Figure 6) and had widespread effects across the Bowen Basin. This resulted in Rio Tinto declaring force majeure on coal sale contracts from Kestrel on 29 December 2010 (Rio Tinto, 2010b) due to access via roads and rail networks being cut. The force majeure remained in place for more than three weeks. Force majeure was again declared by Rio Tinto on coal sale contracts from Kestrel on 30 January 2013, due to damage to the Blackwater rail system by a tropical cyclone.

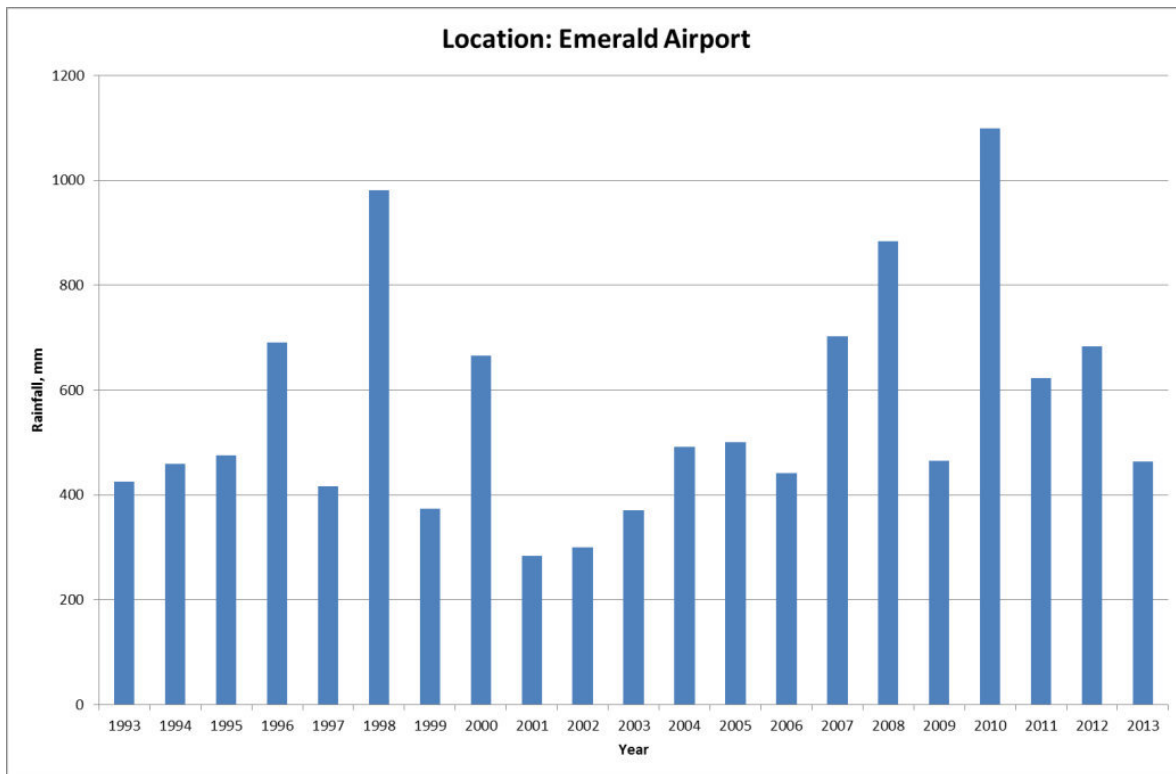


Figure 6: Annual Rainfall, Emerald (Source: Bureau of Meteorology, 2013)

5.5 Infrastructure

Satellite imagery was examined by Golder and used to indicate the interpreted mine infrastructure at the Kestrel Mine (refer Figure 7, Figure 8 and Figure 9, image date 29 May 2011). The original Kestrel Mine and the Extension can both be seen. Google Earth™ images show a more recent image from 28 June 2013 which indicates the near completed Kestrel Mine Extension.

Golder interpreted (refer Figure 7) two circular areas seen on the image as run-of-mine (ROM) stockpiles next to each of two portals.

A large building south west of the interpreted ROM stockpile at the Kestrel Mine (refer Figure 8) site is most likely the coal handling and processing plant (CHPP). In the same image elongated stockpiles of what looks like the resulting product coal are located close to a railway loop which can be seen running at the Kestrel Mine. An interpreted handling station is located on the railway line where product coal would be loaded for transportation to the Port of Gladstone. Coal appears to be moved around the processing facilities via a series of conveyor belts. Tailings storage facilities also appear to be located to the south east of processing facilities.

The Kestrel Extension (refer Figure 9) was completed in 2013 to support an additional 20 years mine life. This included construction of two new mine access ports and associated surface infrastructure and the upgrading of the CHPP, rail system and overland conveyor system to support an annual production of 5.7 Mt per annum (RTCA, 2008). The majority of this would have been completed at the time of the satellite image shown in Figure 9.

No specific information is available regarding sources of water, power or mining personnel. Due to the proximity of the mine to local township of Emerald, no supply issues of power or personnel are anticipated. Water management may create issue in times of drought or extreme flooding, although most mine sites in the region have re-evaluated protocols after severe weather events experienced in the last 10 to 15 years and increased rigour required in meeting environmental compliance with regard to water discharge.

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NI 43-101 TECHNICAL
 REPORT ON KESTREL
 COAL MINE,
 QLD AUSTRALIA
 ANGLO PACIFIC GROUP PLC

**AERIAL VIEW OF KESTREL
 MINE SITE INCLUDING
 KESTREL EXTENSION**



NOTES

1. Imagery copyright Neamap 2014, captured 29th May 2011.
2. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2015



SCALE (at A4) 1:50,000
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FIGURE 7



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NI 43-101 TECHNICAL
REPORT ON KESTREL
COAL MINE,
QLD AUSTRALIA
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AERIAL VIEW OF INFRASTRUCTURE AT KESTREL MINE



NOTES

1. Imagery copyright Neamap 2014, captured 29th May 2011.
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SCALE (at A4) 1:10,000
WGS 1984 UTM Zone 55S

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FIGURE 8





**NI 43-101 TECHNICAL
REPORT ON KESTREL
COAL MINE,
QLD AUSTRALIA**

ANGLO PACIFIC GROUP PLC

**AERIAL VIEW OF
INFRASTRUCTURE AT
KESTREL EXTENSION**



0 50 100 200 300 meters
SCALE (at A4) 1:10,000
 WGS 1984 UTM Zone 55S

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FIGURE 9

NOTES

1. Imagery copyright Nearmap 2014, captured 29th May 2011.
2. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013



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ITEM 6. HISTORY

The following section contains statements in respect of Item 6 – History of Form 43-101F1 – Technical Report.

6.1 Prior ownership

In 1982 Denham Coal Management acquired authority to prospect ATP 389C over Kestrel. In 1987 the Atlantic Richfield Company (ARCO) invested in the project acquiring 80% of Kestrel with Mitsui holding the remaining 20% interest.

The mining lease application ML 1978 was granted over Kestrel in 1990, with mining operations (originally known as Gordonstone Mine) commencing in 1992.

In February 1999 RTCA purchased ARCO's 80% interest for US\$150 million. The mine was redeveloped and recommenced production in June 1999, now operating as Kestrel Mine supplying thermal and metallurgical grade coal products (RTCA, 2014).

6.2 Exploration and development history

To summarise the historic development of the project it is necessary to discuss to the previous estimates of coal for the deposit and the region. All tonnages and classifications reported in this section are for historic reference and are summarised from previous work reported by Galligan, 1976. These estimates are no longer current and were not completed under JORC 2004 or 2012 reporting requirements. Some predate the JORC Code altogether and some include regional reports that only partial cover the current mine and royalty areas.

Historical drilling in the Emerald region to gain a regional view of the Coal Resources within the German Creek Formation was undertaken by the Queensland Mines Department in the 1970s. Four drilling programs were completed during this time frame. The first three programs were designed to give a regional understanding of the Permian aged geology while the fourth drilling program was designed to reduce the borehole spacing to approximately 2 km. This was with the view of bringing the Coal Resources to an “indicated” status, a term that pre-dates current Coal Resource reporting standards such as the JORC Code. These drilling programs are further described in section 9.2.

Based on the first three phases of drilling and coal testing work in the Emerald area, the Department of Mines estimated Indicated Resources “of raw coal in-situ” within the German Creek seam comprise 570 Mt of coking coal and 155 Mt of marginal coking coal and 85 Mt of non-coking coal”. The resources of raw coal in-situ were calculated only where the German Creek seam thickness exceed 1.5 m and the area included in the resource estimation extended as far north as the Oaky Creek area and beyond the boundary of the present tenements relevant to this Technical Report. Small (unspecified tonnage and quality) resources of non-coking coal and marginal coking coal were also defined as Inferred in the Corvus seam.

Resources within the German Creek seam were split into four blocks based on the coking potential of the coal (Note the tonnes for resource potential were publically released by the government mines department prior to any formal resource reporting code. The tonnages listed cover an area larger than the current Kestrel lease, are no longer current and are not compliant to either the present JORC or NI 43-101 reporting codes. They are included for historical reference only.

- A – 2.95 m thick, 87 km², 375 Mt coking coal
- B – 3.04 m thick, 45.5 km², 195 Mt, coking coal
- C – 3.00 m thick, 36 km², 155 Mt, marginally coking coal
- D – 2.97 m thick, 19 km², 85 Mt, non-coking coal.

Several boreholes were also drilled to better delineate the German Creek Seam (Galligan, 1976). The program comprised 22 boreholes drilling a total of 4 388 m of which 2,819 m were cored (Galligan, 1976). It should be noted that as this was a regional drilling program and not all these boreholes were drilled on what



is now covered by the Kestrel Mine licences. The Mines Department later conducted stratigraphic drilling which included the Rangal Coal Measures.

Since Rio Tinto's acquisition of Kestrel exploration drilling has continued. As of 2001 approximately 1 000 boreholes had been drilled across the deposit. Information related to Kestrel's exploration programs is limited due to a lack of publically available information.

6.3 Significant historical Resource and Reserve estimates

Coal Resources and Coal Reserves have been reported in accordance with the relevant JORC codes, that is, reports submitted from 2001 up to and including 2003 were reported in accordance with JORC 1999, from 2004 up to and including 2012 were reported in accordance with JORC 2004 and the most recent 2013 figures reported in accordance with JORC 2012.

From information publically available, the Competent Persons for reporting Resources in 2013 was Mr Richard Ruddock and for Reserves in 2013 was Mr Andrew Swierczuk. At the time of these reports being prepared both Competent Persons (as defined by the JORC Code) were Rio Tinto employees. A more detailed discussion of the Resource and Reserve estimate can be found in Items 14 and 15. Figure 10 shows the Resources and Reserves from 2001 up to and including 2013. This highlights the increase of Reserves in 2007 and 2013.

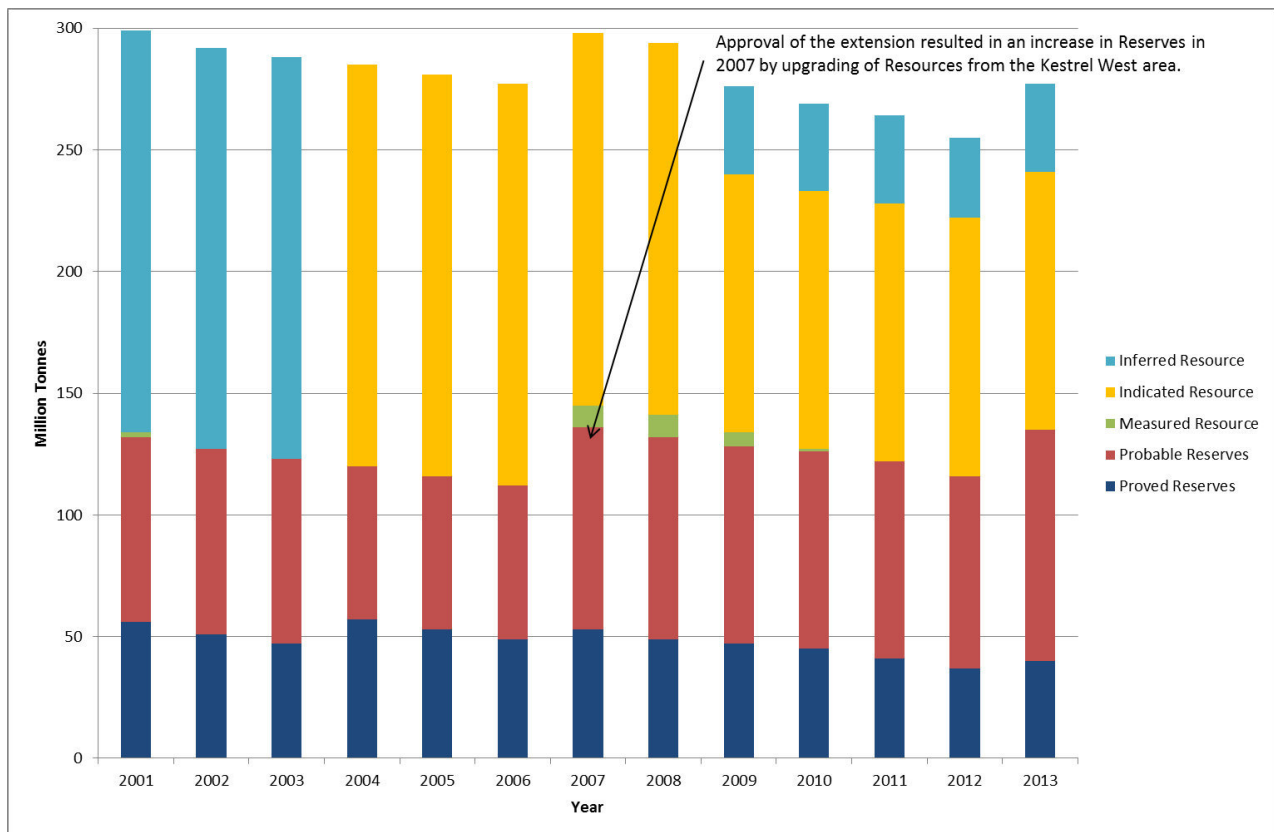


Figure 10: Historical JORC Mineral Resources and Ore Reserves (Source: Rio Tinto Limited, 2001 to 2013)

Total Coal Resources were relatively consistent from 2000 up to 2013 taking into consideration depletion due to mined coal. It should be noted that Coal Resources remained the same (165 Mt) from 2002 until 2007. It appears that coal depletion was not accounted for during this period. In 2009 the Competent Person reclassified the Coal Resources dropping 36 Mt of Indicated Resource back to an Inferred Resource. No comments regarding this downgrade were found in the public domain. The standard adopted by RTCA for reporting of Coal Resource statements in respect of Kestrel Mine is to report the Coal Resources exclusive of Coal Reserves. Coal Resources reported for 2001 were 2 Mt Measured Resource and 165 Mt Inferred Resources exclusive of Coal Reserves decreasing to 106 Mt Measured Resource and 36.3 Mt Inferred Resources exclusive of Coal Reserves in 2013.



Coal Reserves show a uniform depletion from 2001 (56 Mt Proved Reserves and 76 Mt Probable Reserves) until 2012 (37 Mt Proved Reserves and 79 Mt Probable Reserves) with the exception a spike reported in 2007 and 2013. Coal Reserves rose from 49 Mt Proved Reserves and 63 Mt Probable Reserves in 2006 to 53 Mt Proved Reserves and 83 Mt Probable Reserves in 2007. This coincides with the approval of the Kestrel Extension which resulted in the upgrading of Resources into Reserves as noted in the 2006 annual report. It is not established by the Competent Persons in either the reported Resources or Reserves for 2013 why there is an increase from the previous year.

The QP is of the opinion that an increase could be considered material and as such should have resulted in a Table 1 publication under requirements of the JORC Code, however as the Kestrel mine is reported by RTCA as one of a number of coal assets it may not be seen as a material change when reported in combination with other operations.

Note the Resources and Reserves provided in this section prior to 2013 are derived from previous JORC reports using prior editions of the JORC Code. These reports are no longer current and are not compliant under either present JORC or NI 43-101 reporting requirements. They are included for historical reference only. Item 14 provides current Resource estimates, and Item 15 estimates of Reserves.

6.4 Production

Based on the annual operating results from 1999 through to 2014 Kestrel Mine has produced a total of 54.6 Mt of product coal. This comprises of 41.1 Mt of coking coal and 13.5 Mt of thermal coal.

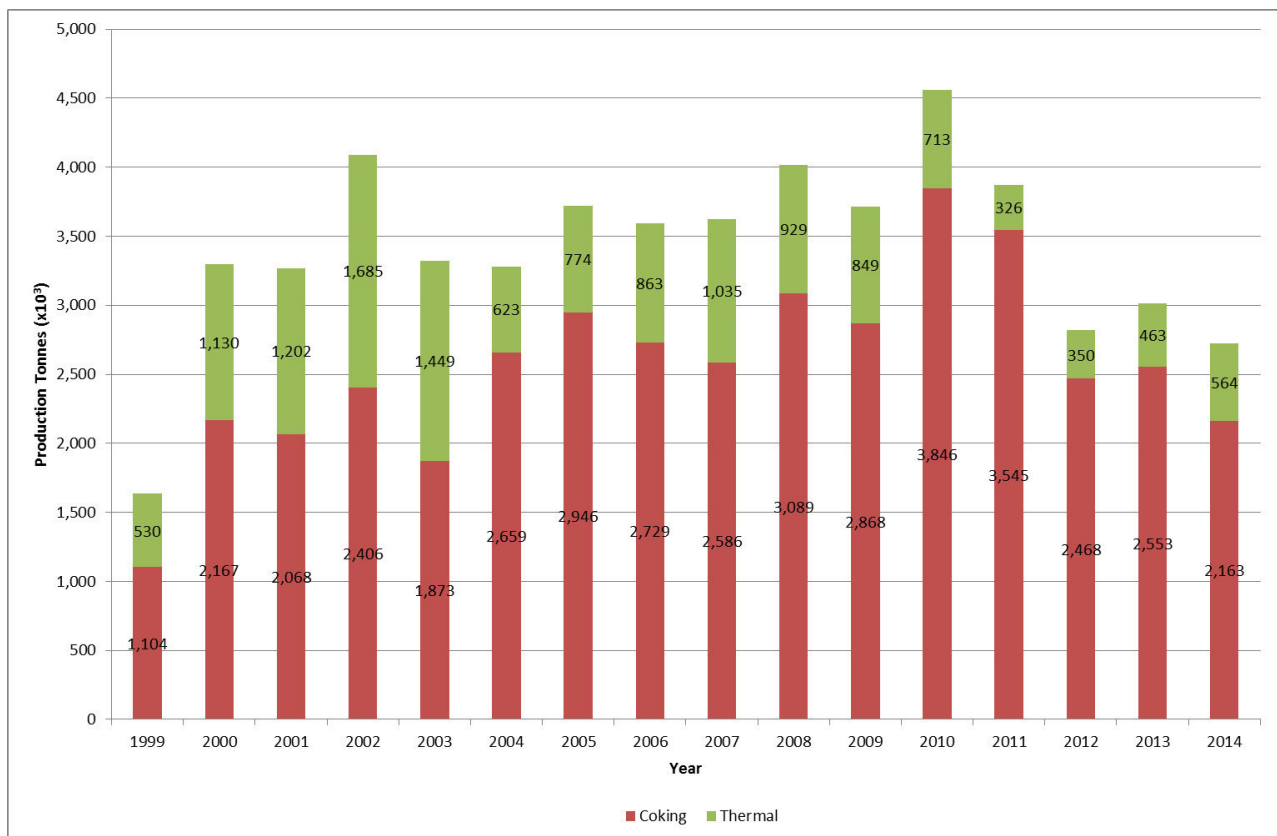


Figure 11: Historical annual production rates (Source: Rio Tinto Limited, 1999 to 2015)

Figure 11 shows the annual production tonnes from 1999 through to 2014. Other than a reduced annual production for years 1999, 2012, 2013 and 2014 the total annual production tonnes have consistently exceeded three million tonnes per annum. The ratio of coking coal to thermal product has varied over the historical life of mine production with a general decrease in the proportion of thermal coal being produced. The average proportion of coking coal to thermal coal is approximately 3:1 for the sum total reported annual production tonnes. Increased production in coking products is evident since 2009 which would be reflective of higher coking prices in the market.



The reduced tonnes reported in 1999 and 2012/2013 were due to the re-commissioning of the mine in 1999 and a major plant shutdown in 2012/2013 as part of the expansion project.

The Kestrel Mine Extension was announced in 2007 with construction commencing in 2008 and was fully completed in September 2013. The extension allowed a new series of underground panels to be mined to the south of the existing operation, with the upgrade including:

- development of two declines (drifts) over one and a half kilometres long to access a new production area
- installation of 400 m longwall
- infrastructure such as an 8.9 km overland conveyor
- modifications to the existing coal handling and preparation plant.

The new operation (termed Kestrel South) was expected to reach full capacity by the end of 2014 as the existing mine (Kestrel North) decreased production and completing mining in the first quarter of 2014. The extension uncovered its first coal in July 2011 at a depth of approximately 250 m. Capacity is expected to increase to up to seven million tonnes per annum with an average of more than five million tonnes per annum of saleable coal expected over the extended 20 year life of the mine (RTCA, 2013).

There was a significant reduction in the amount of production lost during a longwall changeover with Kestrel safely achieving 86% of normal production of the changeover period compared to typical longwall changeovers where production drops to an average of 40% of normal production over the twelve week changeover window (RTCA, 2012). Methods used during the more efficient longwall changeover are expected to be repeatable as mining advances.

Safety performance and awareness continue to be a major focus across all of Rio Tinto's sites. In 2012 the all injury frequency rate (AIFR) continued to decline from 1.67 in 2011 to 1.27 in 2012 (RTCA, 2012). In 2012 Kestrel Mine became the first mine in Queensland to receive official certification of rehabilitated land under the Queensland Governments Environmental Protection Act. Rehabilitation of the area began in 2003 and was completed in 2006. To be successfully certified, the land needed to be stable and deemed to be good quality agricultural land as specified in the environmental approval for Kestrel Mine.



ITEM 7. GEOLOGICAL SETTING AND MINERALISATION

The following section contains statements in respect of Item 7 – Geological Setting and Mineralisation of Form 43-101F1 – Technical Report.

7.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects or management of the mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to comment on current interpretations of geological controls, the length, width, depth and continuity of coal mineralisation, together with a detailed description of the coals type and character. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

7.2 Regional geological setting

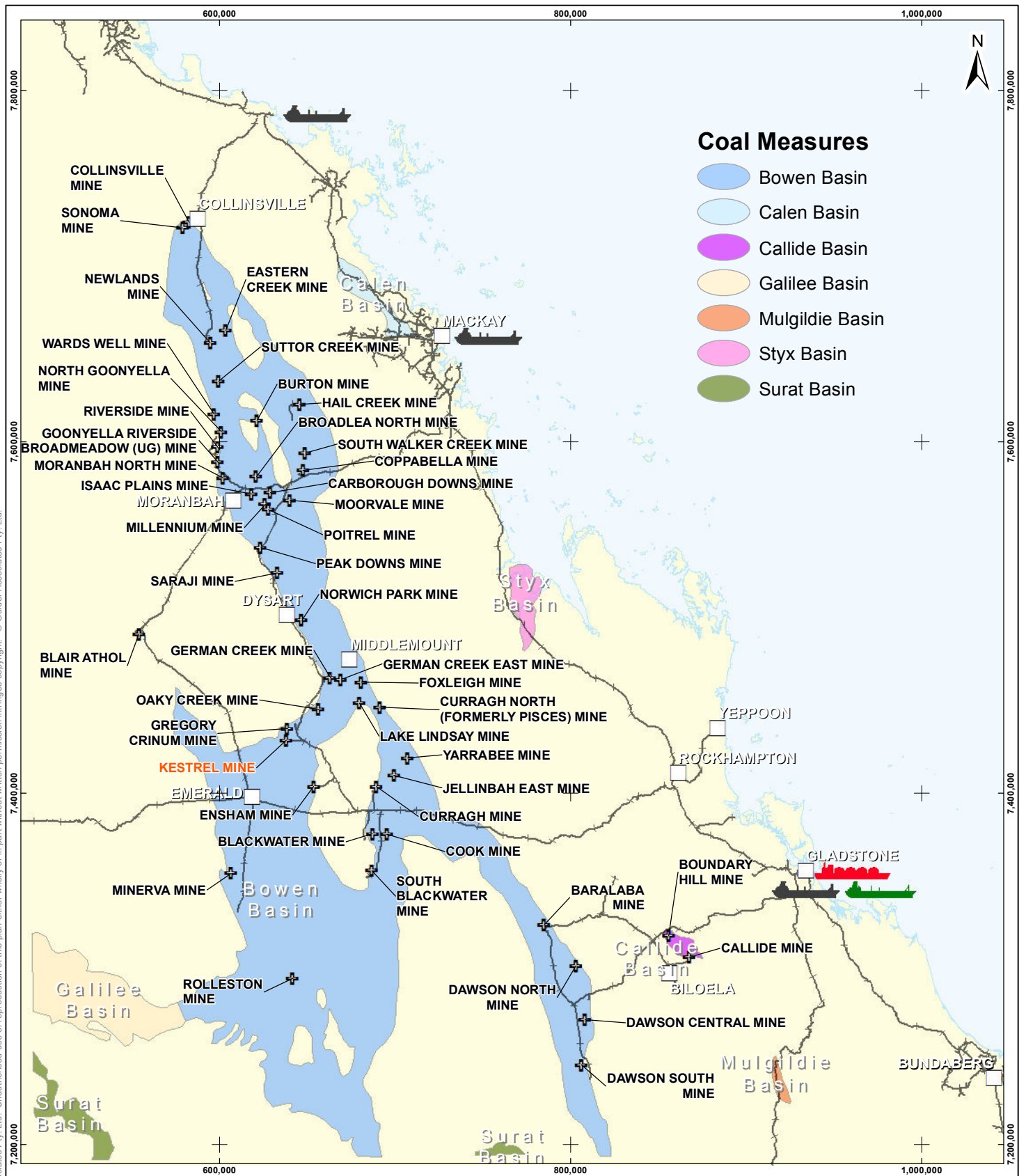
The Kestrel Mine is located in central Queensland, Australia and is one of a number of operations that exploits coal measures contained within the Bowen Basin. This basin is one of a number of sedimentary basins positioned along eastern Australia, with an extent of some 60 000 km², extending from the town of Collinsville in the north to Dawson in the south (refer Figure 12). The Bowen Basin continues beneath the younger Surat Basin and links up with the Gunnedah and Sydney Basins in New South Wales.

Hawthorne (1974) recognised four intervals of commercially important coal measures in the Bowen Basin, of which the late Permian-aged German Creek Formation present at the Kestrel Mine was classified into Group III (refer Figure 13). The German Creek Formation comprises quartz sandstones, sandstone, carbonaceous siltstone and mudstone, coal and conglomerate (Veevers J., et al, 1969).

The oldest coal deposits developed in the Bowen Basin are those of the Lower Permian Reids Dome Beds, which are restricted to the Denison Trough in the west of the Basin and are best developed at shallow depth in the Capella district. The Denison Trough was at this time one of a number of structural depressions in the embryonic basin.

With an increase in the rate of deposition in the Bowen Basin, coal seams became insignificant and were smothered by freshwater conglomerates, sandstones and shales with intercalations of marine sediments. In the north west a transgressive phase with some marine incursions resulted in the deposition of coals in local basins. The most important of these deposits is the Collinsville Coal Measures, but other coals, probably of equivalent age, are known to occur intermittently as far south as the Capella district.

At the beginning of the Upper Permian, a regression to non-marine conditions began in the Bowen Basin which was more pronounced in the north west, where extensive coal deposits of the Fair Hill and the German Creek Formations were laid down. The regression continued throughout the Basin under conditions that were generally inimical to coal deposition and a distinctive sequence of fine grained siliceous, carbonaceous and tuffaceous freshwater sediments were deposited throughout. These are represented by the Burngrove shale member of the Fair Hill Formation in the north west, the Gylanda Formation in the south east, and the upper part of the Fort Cooper Coal Measures in the north east of the Basin. This sequence was followed by the most widespread deposition of coal in the history of the Basin. There are indications that these coals extended over the whole of the northern sector of the Basin covering some 15 000 km². Coal formation was presumably terminated by an arid climatic phase characterised by an influx of distinctive red and green mudstone and green sandstone of the Triassic aged Rewan Formation. Figure 12 provides by way of illustration the interpreted structural geology of the Bowen Basin.



NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA

ANGLO PACIFIC GROUP PLC

COAL MEASURES



LEGEND

- Town
- + Operating Coal Mine
- Railway
- Coal Export Port
- Mineral Export Port
- LNG Export Port Under Development

0 10 20 40 60 80 100 km
SCALE (at A4) 1:3,000,000
 DATUM WGS 84, PROJECTION GCS

PROJECT: 147621001
 DATE: 29 JAN 2015
 DRAWN: MDC
 CHECKED: AR

FIGURE 12

NOTES

1. Port and Coal measures digitised from Central Queensland Coal measures Map created by Spatial and Graphic Services, Geological Survey of Queensland 2010.
2. Operating coal mine information supplied by the IRTM.
3. Queensland outline provided by Mapinfo.
4. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013



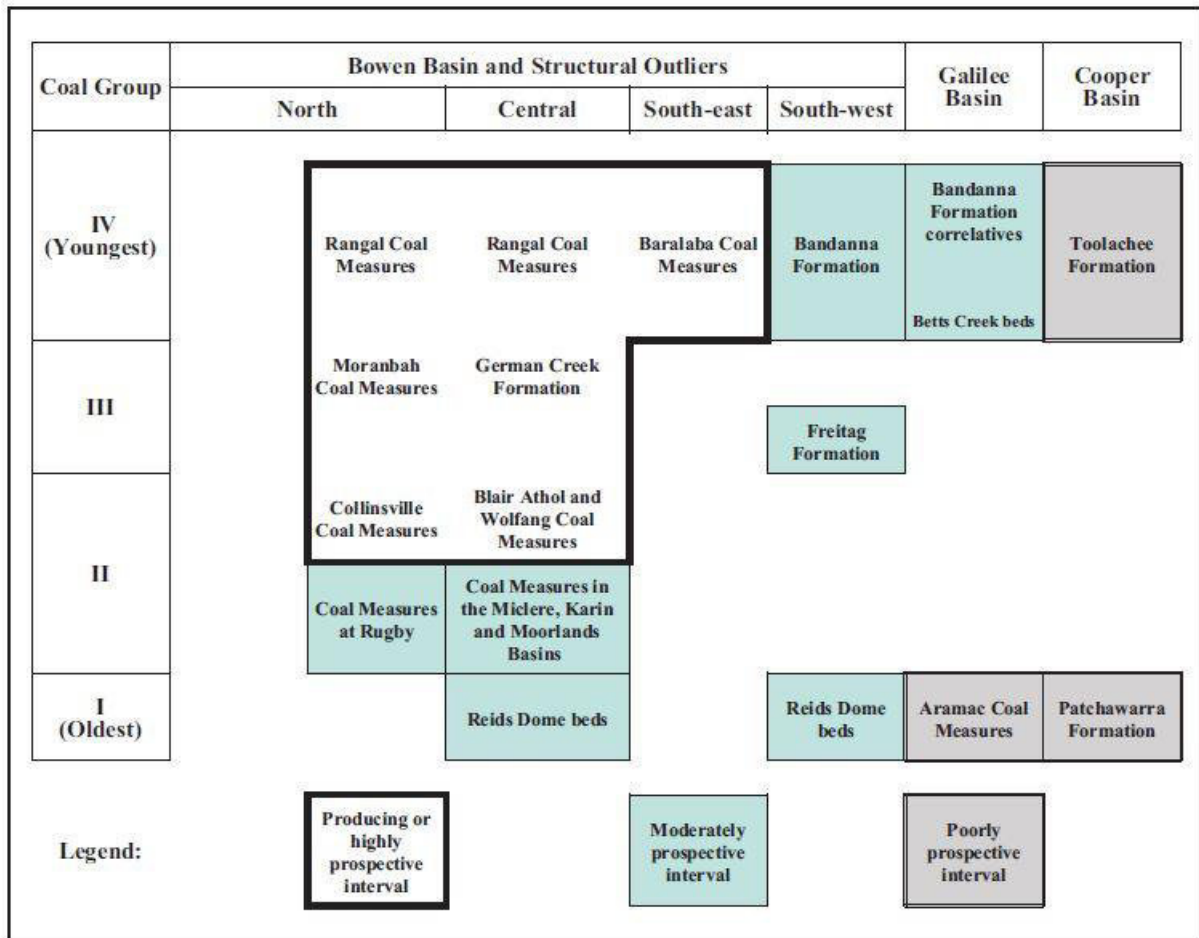


Figure 13: Permian coal measures (Source: Mutton, 2003)

7.3 Local geology

The following subsection is reported from the Bowen Basin Geologists Group (BBGG) and Geological Society of Australia (GSA) Coal Geology Group proceedings of the Bowen Basin 2000 Symposium (Beeston, 2000). Additional information on the surface geology is drawn upon from the 1:100 000 Geology Map series (Emerald sheet).

The Kestrel Mine lies on the western limb of the gently dipping Talagai Syncline, which plunges southwest between the Capella Block to the north-west and the Comet Ridge to the east (refer Figure 14) resulting in an overall regional dip of the stratigraphic sequence to the south and south-east.

ML 1978 contains gently folded Permian strata unconformably overlain by flat lying Tertiary and Quaternary sediments.

At surface (refer Figure 15) an isolated pocket of German Creek Formation (Pud) outcrops near the Kestrel Mine, with the remaining tenement area covered by unconformably overlying Cainozoic aged volcanics and sediments. Tertiary aged Minerva Hills Volcanics (Tr) comprising olivine basalt, trachy basalt, minor agglomerate and tuff are eroded and deposited over the Nogoia River fluvial system as undifferentiated (Cz) soil, sand and gravels and Quaternary aged alluviums (Qa).

The recent Tertiary sequence averages 65 m in thickness and ranges up to 110 m. As many as eight distinct basalt flows can be recognised in the Kestrel Mine area (Hanna, 1985). These are often interbedded or underlain by clay and water bearing sand/gravel beds. The main Tertiary aquifers are the basalts and the basal sand/gravel beds. Airlift water flows of >30 l/s have been measured from these aquifers.

NI 43-101 TECHNICAL REPORT - KESTREL COAL MINE

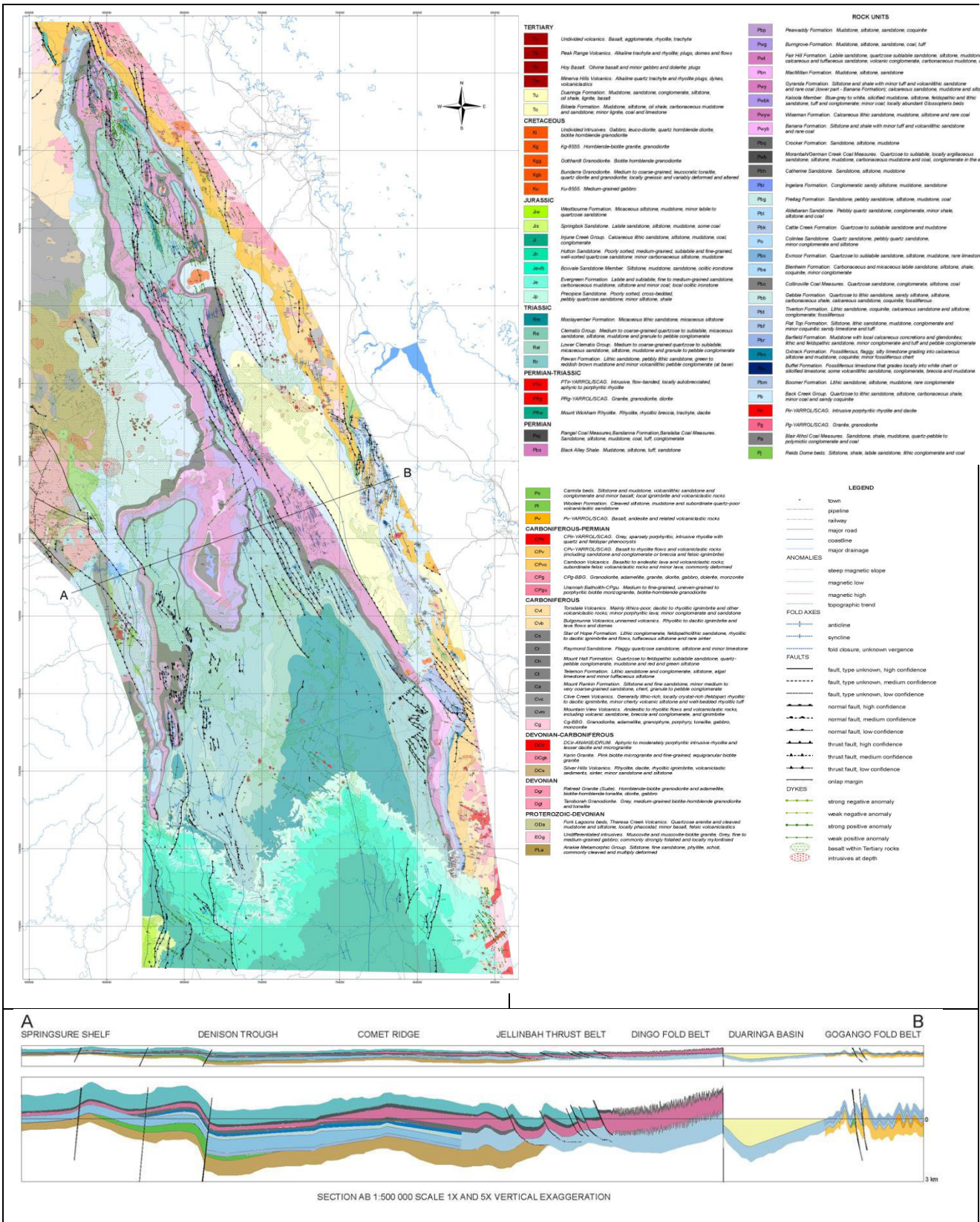
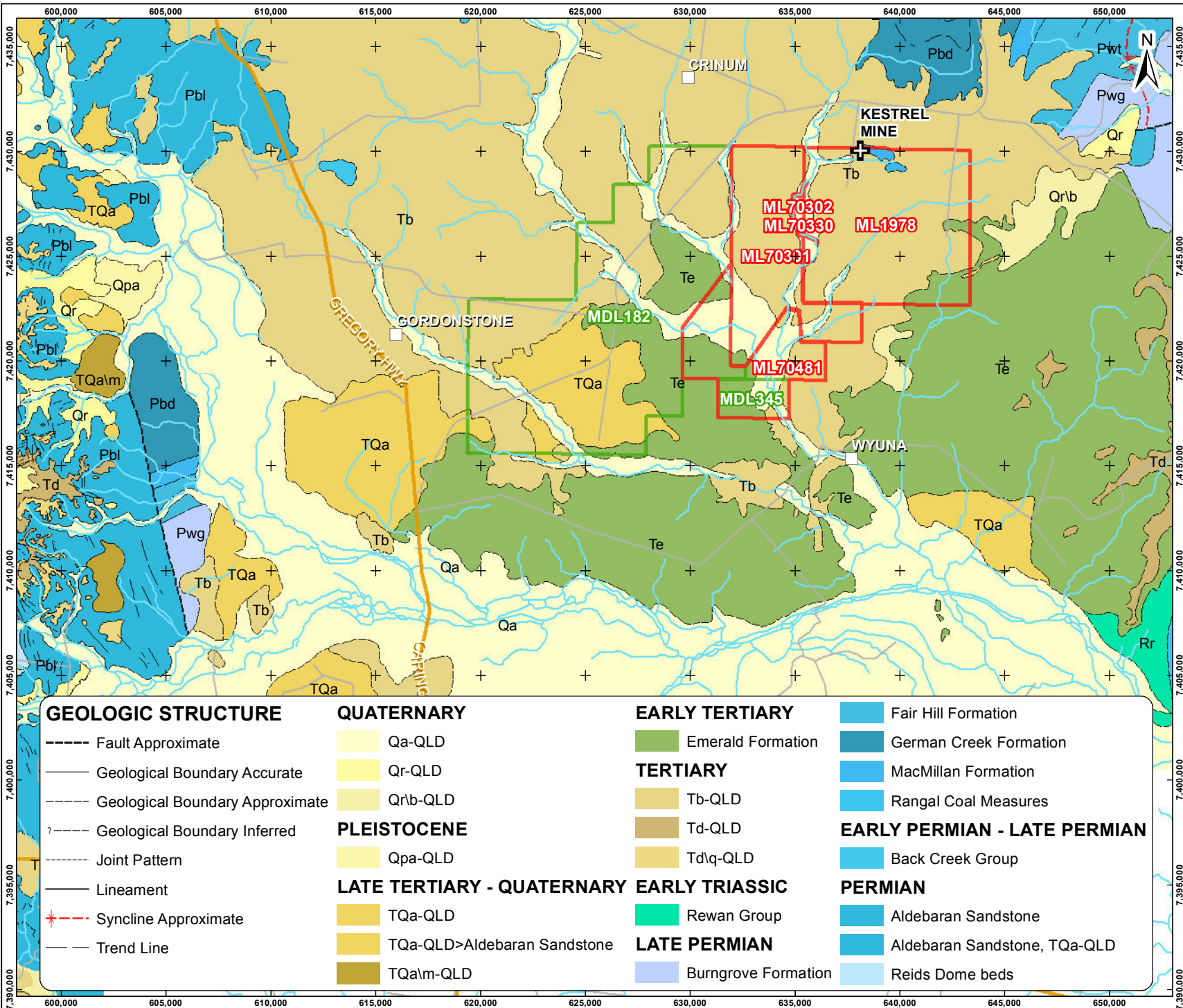


Figure 14: Structural geology of the Bowen Basin (Source: modified after CSIRO et al., 2008)

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NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA
ANGLO PACIFIC GROUP PLC
SURFACE GEOLOGY OVER KESTREL MINE



- LEGEND**
- Qld Towns
 - ⊕ Coal Mine Site
 - Road
 - Highway
 - Watercourse
 - ▭ Mining Lease
 - ▭ Mineral Development License

- NOTES**
1. Road / Street copyright (C) by MapInfo Pty Ltd.
 2. Watercourse (C) Copyright Geoscience Australia.
 3. Tenement information supplied by IRM.
 4. Geology provided by Queensland Government 2008 - Department of Natural Resources and Mines. Geology data was from Detailed Geology (1:100,000) that was supplied as vector GIS format.
 5. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

0 1.25 2.5 5 7.5 Kilometers
SCALE (at A4) 1:250,000
 WGS 1984 UTM Zone 55S

PROJECT: 147621001
DATE: 29 JAN 2015
DRAWN: MDC
CHECKED: AR

FIGURE 15



GEOLOGIC STRUCTURE

- Fault Approximate
- Geological Boundary Accurate
- Geological Boundary Approximate
- ?----- Geological Boundary Inferred
- Joint Pattern
- Lineament
- *- - - - - Syncline Approximate
- Trend Line

QUATERNARY

- Qa-QLD
- Qr-QLD
- Qr\l-QLD
- PLEISTOCENE**
- Qpa-QLD
- LATE TERTIARY - QUATERNARY**
- TQa-QLD
- TQa-QLD>Aldebaran Sandstone
- TQa\m-QLD

EARLY TERTIARY

- Emerald Formation

TERTIARY

- Tb-QLD
- Td-QLD
- Td\q-QLD

EARLY TRIASSIC

- Rewan Group

LATE PERMIAN

- Burngrove Formation

- Fair Hill Formation
- German Creek Formation
- MacMillan Formation
- Rangal Coal Measures

EARLY PERMIAN - LATE PERMIAN

- Back Creek Group

PERMIAN

- Aldebaran Sandstone
- Aldebaran Sandstone, TQa-QLD
- Reids Dome beds



Subsurface the Permian strata in ML 1978 comprise the Blackwater Group and Back Creek Group. Within the coal bearing sequence (refer Figure 16) the Fairhill and German Creek Formations contain the majority of the coal seams.

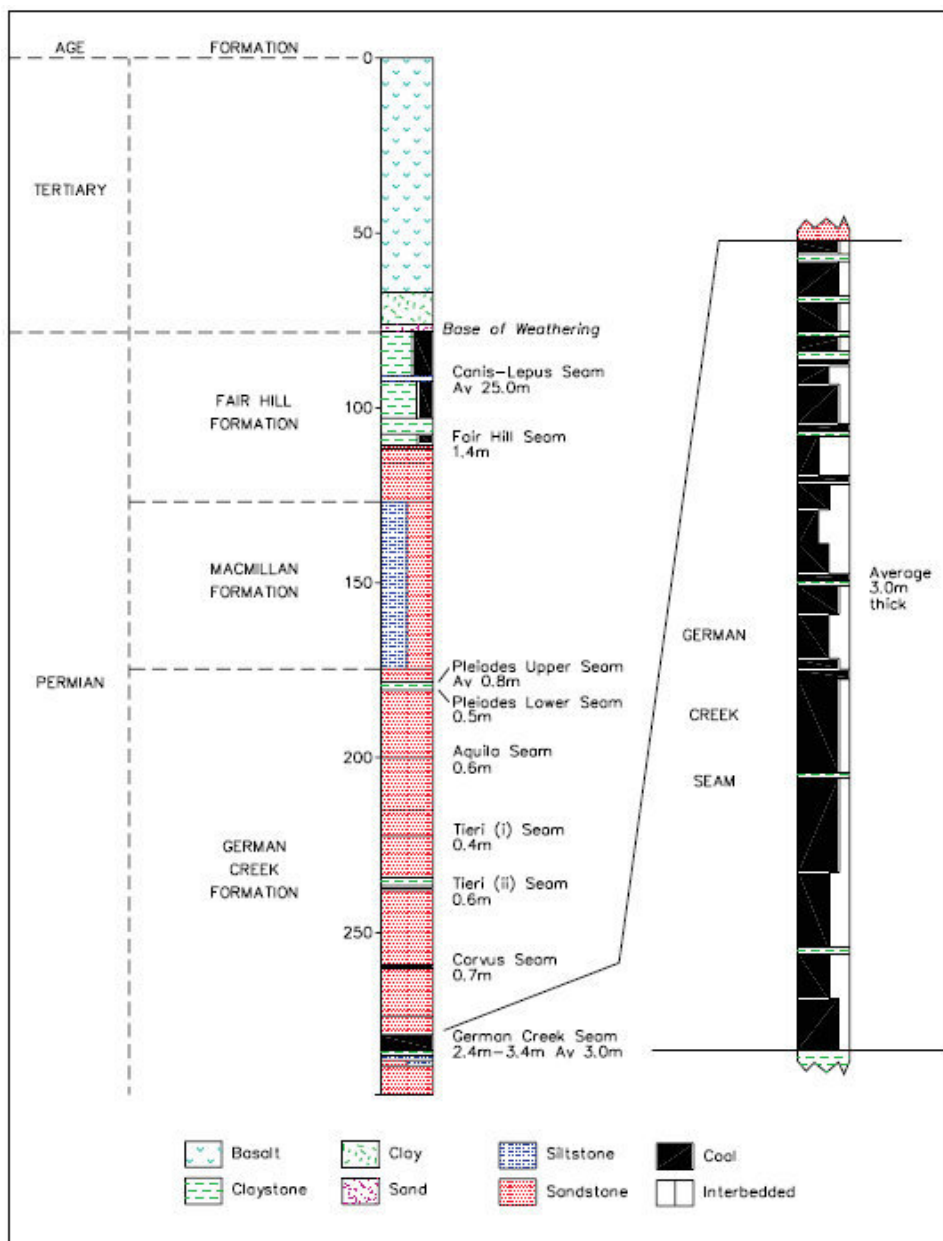


Figure 16: Typical stratigraphic section east of Ti-tree fault (Source: Beeston, 2000)

The Fairhill Formation, which averages 100 m in thickness, contains lithic sandstones with numerous interbeds of siltstone or claystone, as well as four coal horizons. The coal seams have no economic significance.

The Macmillan Formation is a marine sequence at the top of the Back Creek Group. It averages 45 m in thickness and consists predominantly of siltstone with interbeds of lithic sandstone in the basal 20 m.

The upper German Creek Formation averages 120 m in thickness and is dominated by quartz lithic sandstones with minor siltstone interbeds and up to eight coal seams. The German Creek seam, which is the only seam suitable for underground mining, ranges in thickness from 1.8 to 4 m, with an average of 3 m.

The mine lease is bounded on the east by the San Michelle Boundary Fault, which trends north-south and is downthrown 50 to 70 m to the west. This complex fault zone extends north into Gregory and probably south



into the Ensham mine MDL 217 area. The remaining mining lease is divided by the north-south Ti-Tree Fault. The Ti-Tree is a high angle reverse fault downthrown 6 to 30 m to the east. This fault dies out to the north and has not been intersected by Crinum. The Western Area Drivage (WAD) has traversed the fault with three headings, in order to access the Kestrel West area. Minor faulting between these major fault zones has not impacted significantly in the current mining area. Between the faults the Permian strata are relatively undeformed with dips of 1° to 3°, increasing to 6° towards the subcrop.

No igneous intrusions have been intersected by drill holes or the current workings. In the current workings sedimentary or clastic dykes, most consisting of clayey sandstone, have been intersected. However these have not impeded significantly on the mining operation.

Within ML 1978 the depth of cover for the German Creek seam ranges from 80 to 400 m.



ITEM 8. DEPOSIT TYPES

The following section contains statements in respect of Item 8 – Deposit Types of Form 43-101F1 – Technical Report.

8.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in exploration or geological concepts at the mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s approach or concepts being applied for further investigation and exploration of the Kestrel Mine. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

The QP is of the opinion that typically operations in this area of the Bowen Basin have a strong understanding of geological controls on a regional basis and further exploration for a project at this level of maturity would largely involve infill drilling studies to increase Resource classification categorisation.

8.2 Description of coal

Kestrel Mine exploits the German Creek seam (part of the German Creek Formation) through underground mining operations using longwall and continuous miner techniques. The German Creek seam ranges in thickness from 1.8 to 4.0 m, with an average thickness of 3.0 m (Galligan, 1976). Product coals produced are (Mutton, 2003):

- High volatile, low ash hard coking coal
- Medium ash, high energy thermal coal.

Average coal qualities for the Kestrel Mine coking coal and thermal products are presented below in Table 5.

Table 5: Generalised quality for Kestrel Mine coking coal product (Source: Mutton, 2003)

Product	Coking Coal	Thermal
Coal Quality Parameter	Value	
Total Moisture (% ar)	8.0	6.0
Ash (% ad)	6.5	13.0
Volatile Matter (% ad)	33.5	31.0
Fixed Carbon (% ad)	58.0	54.0
Gross Specific Energy (MJ/kg ad)	32.5	29.9
Total Sulphur (% ad)	0.7	0.75
Phosphorus (% ad)	0.025	
Crucible Swelling Number	8.5	
Grindability (HGI)		55

Note: ar = as received, ad = air dried



ITEM 9. EXPLORATION

The following section contains statements in respect of Item 9 – Exploration of Form 43-101F1 – Technical Report.

9.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in exploration at the Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to comment on exploration techniques used in the development of the deposit understanding outside that information which could be sourced from the public domain. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

9.2 Historical exploration of other forms

The Queensland Government Department of Natural Resources and Mines provides through the public domain an interactive web based portal (Queensland Government, 2014d) that enables a search to be undertaken for public records on non-drilling exploration techniques.

Investigation highlighted two aerial geophysical programs that have been undertaken in the past, one by Kennecott Explorations (Australia) Limited (KEAL) and another by the Geological Survey of Queensland (GSQ). These are summarised in Table 6.

Table 6: Historical non-drilling exploration (Source: Queensland Government, 2014d)

	KEAL	GSQ
Survey no	282	1100
Survey name	Gregory South	Central Bowen Basin
Date flown	31 July 1983	16 July - 11 September 2003
Company	Kennecott Explorations (Australia) Ltd	Qld Geological Survey
Contractor	Austirex International Ltd	UTS
Data available	No	
Open file	Yes	
Line length (km)	No Data	65357
Interval (m)	250	400
Direction (deg.)	90	090/270
T_Internal	2500	4000
T_Direction	180	000/180
Height (m)	80	80
Mag	MAG	MAG
Rad	RAD	RAD

9.3 Current exploration

RTCA purchased the ARCO’s share in the Kestrel Mine in early 1999. Information related to non-drilling exploration programs carried out by RTCA since the mining lease was granted in 1990 is unavailable in the public domain.



ITEM 10. DRILLING

The following section contains statements in respect of Item 10 – Drilling of Form 43-101F1 – Technical Report.

10.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects such as drilling at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5). Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s approach or concepts in relation to drilling, sampling and recovery or the location of all boreholes, their types, accuracy and reliability in defining Resources for the Kestrel Mine, but rather has had to rely on the experience of the QP in working with RTCA in the past to form a generalised opinion.

10.2 Historic drilling

Details in the following sections are derived from annual exploration reports required for submission to the government for all exploration leases and which can become open file and publically accessible. No exploration reporting is required for mining leases. Hence the available information for this Technical Report is restricted to exploration completed up until the exploration leases were converted to mining leases.

There is limited and incomplete information in the public domain with regard to type and location of bore holes, drilling procedures, sampling procedures or sample recovery during the 1960s and 1970s drilling programs. In a similar fashion, information on drilling undertaken during the 1980s by Denham Coal Associates is also limited.

A summary of information found on Queensland Digital Exploration (QDEX) Reports, for the 1960s and 1970s drilling, along with data from a journal article on the Gordonstone Project for drilling during the 1980s (Kathage, 1989) is presented in Table 7.

Table 7: Historic drilling in the Emerald region (Source: QDEX and Kathage, 1989)

Period	Company	EPC/ATP	Holes	Drill type	Drilled length (m)	Cored length (m)
1968	Mount Isa Mines	ATP42C	7	rotary	1 170.4	0
1971-1972	QLD Department of Mines	-	17	non-core collar/core	6 212.3	5 695.8
1972-1973	QLD Department of Mines	-	17	non-core collar/core	3 620.4	2 379.3
1974	QLD Department of Mines	-	35	non-core collar/core	8 087.6	Unknown
1975	QLD Department of Mines	-	22	non-core collar/core	4 388.2	2 819.2
1982-1984	Denham Coal Associates	ATP389C	280	open and cored	unknown	unknown

A portion of EPC 389 was converted to ML 1978 in 1990, and as such there is no publically available exploration reports available after this date providing detail of drilling carried out.

10.2.1 1960s

Following reports of coal intersections from water bores in the Emerald area in the early 1960s, a number of companies were granted Authorities to Prospect (“ATP”) in the region.



Mount Isa Mines Ltd held ATP 42C in 1968 which covered a large area from the current Kestrel Mine tenement area to south of Emerald (Bennett, 1968). During this time a geological map of the area was compiled and seven rotary drill holes were completed over the region. Only one of these was in the current Kestrel ML 1978.

10.2.2 1970s

Between 1971 and 1975 drilling was undertaken by the Queensland Department of Mines via a four stage drilling program. This was to investigate the Permian geology and provide a regional assessment of coal measures across the Emerald region of the Bowen Basin. A prior Technical Report by SRK (2010) states that during this period of exploration by the department of mines “a total of 37 boreholes were drilled in the Kestrel area and 29 of these boreholes intersected the German Creek coal seam.” It is unclear where this information was sourced from and therefore further discussion in this report refers to the whole drilling programs carried out over a wider area.

Exploration carried out by the Department of Mines and the related reports pre-date current Coal Resource reporting standards such as the JORC Code. Throughout the Department of Mines exploration reports coal Reserves are referred to which, under the current JORC Code (2012), would be considered today as Resources.

The first Department of Mines drilling program was carried out between 1971 and 1972 and identified two formations with seams of workable thickness and quality – the Rangal Coal Measures and the German Creek Formation. The following description is summarised from Park (1973).

Seventeen boreholes were drilled in the Emerald area (including two redrills). These were a combination of open hole and cored drilling. Nine of these were drilled at “wide” (unspecified distance) intervals to reveal the geology and structure. A further eight holes were drilled at “wide” (unspecified distance) intervals to delineate the sub-crops of the Rangal Coal Measures and the German Creek Formation, revealed by the initial drilling. Drill holes were named from N.S. 1 - N.S. 17 including a total 20,381' 5” (6 212.3 m), of which 18 687' 2” (5 695.5 m) was cored.

Two of the seams within the German Creek Formation were identified as being potentially economic. Test results in the lower section of the Corvus seam (Corvus II), sampled in boreholes N.S.6 and N.S.10 indicated thermal coal potential. The German Creek seam was sampled in all holes in which it was intersected and test results showed both coking coal potential and increasing rank from west to east. Samples in the east showed coking coal, although high ash content meant that washing would be required during processing. Steaming coal potential was indicated in drill holes N.S.6 and N.S.10, with coal also requiring washing.

Resources were not defined for the German Creek formation due to lack of seam intersections.

A second drilling program was carried out between 1972 and 1973 to further assess the coal resources in the Rangal Coal Measures and the German Creek Formation. The following description is summarised from Park (1974).

Seventeen boreholes (N.S.18 - N.S.34) were completed in the area north-east of Emerald at approximately two mile intervals, for a total of 11,877' 10” (36 701.4 m), of which 7,806' (2378.3 m) was cored. Ten drill holes intersected the German Creek Formation. The German Creek seam was sampled in all holes except N.S.33, in which both sections were only two feet (0.6 m) thick.

In the German Creek Formation, “small” resources (unspecified tonnages or quality) of non-coking coal were defined in the Corvus seam and “large” resources (unspecified tonnages or quality) of both coking and non-coking coal in the underlying German Creek seam. The Resources were classified as Inferred, defined on a drill hole spacing of approximately two miles, a minimum seam thickness of 5' (1.5 m) and a maximum depth of underground mining of 1,500' (457.2 m).

A third drilling program by the Department of Mines was carried out in 1974 which included a further 35 drill holes, N.S.35 to N.S.75 (including two re-drills) for 8,087.6 m (Park and Gilligan, 1974). Further details of this exploration program could not be found.

It should be noted that the three stages of drilling previously described were part of a regional drilling program and not all the drill holes were drilled on what is currently covered by the Kestrel Mine tenure.



A fourth drilling program was carried out during 1975, designed to reduce the borehole spacing between cored intersections of the German Creek seam to approximately 2 km and to delineate the seam sub-crop which was unconformably masked by Cainozoic cover. This was aimed at upgrading the previous Coal Resource to Indicated classification for coal between a depth of approximately 80 m and 300 m (Gilligan, 1976).

The program comprised 22 drill holes (including one redrill) for a total of 4388.2 m, of which 2819.2 m were cored.

Using this drilling, the Department of Mines estimated Indicated Resources “of raw coal in-situ” within the German Creek seam which includes the Kestrel mine and leases. Further details are provided in Item 6.

Summary wash data of the coal samples tested during all four phases of the Department of Mines exploration program (refer Table 8) are broadly comparable to a number of the published chemical and physical properties of the typical coking and thermal coal produced by the Kestrel Mine including: ash, volatile matter, sulphur, phosphorous and specific energy. These are reported for four blocks (A to D). It is uncertain the exact location of the individual blocks with respect to the current MLs, however examination of the Interactive Resource and Tenure Maps (IRTM, 2014) indicates that the southern half of block A and all of block B represent the coal quality of the German Creek seam in the area now covered by the Kestrel Mine area.

There is no specific in-situ coal quality data for the Kestrel leases or Resources. Table 8 provides the summary of the available regional exploration coal quality data. This can be compared to production quality data in Item 14.

Table 8: Average coal quality from wash data for German Creek seam¹ (Source: Galligan, 1976)

Variable	Block							
	A		B		C		D	
	Avg	Range	Avg	Range	Avg	Range	Avg	Range
Wash density (g/cc)	1.6	1.5-1.6	1.6	1.5-1.6	1.4	1.4-1.5	not stated	1.3-1.6
Moisture (%)	2.1	1.8-2.3	2.8	2.4-3.4	3.7	3.2-4.5	not stated	4.2-6.4
Ash (%)	8.3	6.4-10.4	8.2	7.1-8.3	8.1	7.3-8.7	not stated	5.7-18.3
Volatile Matter (%)	32.3	30.5-34.1	33.8	32.2-34.4	33.2	32-34.2	not stated	26.8-35.0
Fixed Carbon (%)	57.3	55.3-59	55.2	54.6-57.1	55	52.6-56.3	not stated	48.5-55.1
Sulphur (%)	0.59	0.5-0.69	0.57	0.5-0.68	0.57	0.53-0.62	not stated	0.55-0.59
Phosphorus (%)	0.04	0.016-0.2	0.017	0.01-0.036	0.01	0.004-0.021	not stated	0.002-0.005
Specific Energy (MJ/kg)	31.63	30.88-32.14	29.17	28.03-30.97	29.78	29.11-30.38	not stated	25.44-30.31

10.2.3 1980s

Denham Coal Associates (later Gordonstone Coal Associates) was awarded ATP 389C in March 1982. A total of 280 open and cored holes were drilled from 1982 to 1984 to define the resource at Gordonstone, including downhole geophysics. Indicative coal quality of the coking coal was stated to be 6.5% ash, 33% volatile matter, 0.6% sulphur and a crucible swelling number of 8.5. It is not stated if this is washed or in-situ. Management of the project was carried out by Gordonstone Coal Management (Kathage, 1989).

Gordonstone Coal Associates applied for a mining lease in early 1985. In 1987 ARCO Coal Australia Inc. invested in the project, acquiring an 80% share.

¹ Reporting basis for phase one and two were air dried, three and four are not stated.



10.2.4 1990s

In 1990 ML 2251 (later renamed ML 1978) was granted to ARCO. This covered a central part of the original EPC 389 and the remaining EPC 389 was divided into sub blocks covering areas to the east and west of ML 1978 (Shekar, 1993).

It is unclear how many drill holes were drilled in the western portion during this time. Three sub-blocks in the western portion of EPC 389 were relinquished in 1993 (Shekar, 1993). The rest of the area to the west of ML 1978 was later covered by MDL 182 and MDL 176. Three drill holes were drilled in the final remaining eastern block of EPC 389 in 1994 before it was relinquished in 1997 (Sommer, 1997).

During this period the project was known as the Gordonstone Mine. In late 1998, Kestrel Coal took control of the mine. At the time Kestrel Coal took control, a total of 1022 boreholes had been drilled across the deposit and since late 1998; Kestrel Coal has continued exploration drilling work (SRK, 2010).

10.3 Current drilling

No information was found in the public domain with regard to type and location of boreholes, drilling procedures, sampling procedures or sample recovery during the recent and current drilling programs by RTCA.

Opinion of the QP based upon personnel experience working with RTCA is that they employ strict corporate based documented protocols around the drilling, logging and sampling of exploratory and production drilling. This includes quality assurance and quality control (QAQC) systems to provide for robust data sets from which Resource models are then built. Typically, given the longevity of projects of this nature, minor errors can be found in larger data silos, as a result of technical personnel succession over time within these groups. Generally these are not considered to be material on the larger mine scale, though some inconsistencies may be seen locally.



ITEM 11. SAMPLE PREPARATION, ANALYSES AND SECURITY

The following section contains statements in respect of Item 11 – Sample Preparation, Analyses and Security of Form 43-101F1 – Technical Report.

11.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects such as sample preparation, analysis and security at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5). Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s approach or concepts in relation to sample preparation, analysis and security in defining Resources for the Kestrel Mine.

11.2 Historic sampling

There is very little information on historic sampling, sample preparation or analytical methods. What could be found through public records is summarised as follows.

11.2.1 1960s

Bore holes drilled by Mount Isa Mines in the 1960s were geologically logged, but it is unclear if photographs were taken. The sample basis and sample size is also unclear. Analysis of samples was carried out at the Australian Coal Industry Research Laboratories Limited (ACIRL), although the analytical basis is unclear (i.e. as received, air dried etc.). Samples were tested for the following:

- Moisture
- Ash
- Volatile matter
- Fixed carbon
- Sulphur
- Calorific value (BTU)
- Crucible swelling number.

Some duplicates were taken for what is referred to as “microanalyses” for carbon, hydrogen, nitrogen, sulphur, ash and loss of weight on drying. In addition, petrographic studies were carried out for some samples (Bennett, 1968).

11.2.2 1970s

The sampling and analytical methods used by the Department of Mines in the 1970s were the same for phases one and two. Boreholes were geologically logged and sample recovery recorded. Photos were taken for most seams (phase one) and all seams (phase two). Samples were taken on all sections of clean coal in excess of 3’ (0.91 m). Sample analysis was carried out at Australian Coal Industry Research Laboratories and reported on an air dried basis. Analysis was carried out on raw coal, in addition to washability testing and analysis of floats/sinks. The following coal quality parameters were included in reporting (Park, 1973 and 1974):



- Specific gravity
- Moisture (basis unclear)
- Ash
- Volatile matter
- Calorific value (BTU)
- Crucible swelling number
- Gray-king coke type.

No details of sampling and analytical methods were recorded in the report for phase three exploration (refer: Park and Gilligan, 1974).

Boreholes drilled during the phase four exploration by the Department of Mines were geologically logged and sample recovery recorded. It is unclear if photos were taken. Samples were stated to be taken in plies up to 1.5 m thick. The laboratory used is not stated nor the analytical basis (i.e. as received, air dried etc.). Analyses were carried out on raw coal and in addition to washability tests and analysis of floats/sinks. Coal quality parameters stated were the same as for previous phases. In addition, Gieseler plastometer tests, Audibert-Arnu Dilatometer tests and petrographic studies were carried out.

11.2.3 1980s and 1990s

There was limited information regarding sampling and analytical methods used by Denham Coal Associates or ARCO in the 1980s and 1990s within the EPC 389 area.

The final relinquishment report for EPC 389 partially describes procedures used for ten bore holes drilled to the east of ML1978 (within the EPC 389). The drill holes were in part rotary open holes and partly cored (core diameter 64 mm). The boreholes were geologically logged and sample recovery recorded, but it is unclear if photos were taken. The sample basis and sample size is also unclear. Analyses were reported on a mixture of air dried and dry ash free bases. Sample analysis was undertaken at SGS Laboratories in Perth. Raw coal analysis, size analysis and float/sink analysis were carried out. Washed coal composites were also tested and petrographic analysis carried out on some samples.

There were two different sample preparation procedures stated in the appendices of the relinquishment report (Sommer, 1997).

The first sample preparation procedure was stated as follows: "The sample is crushed to pass 19 mm then wet tumbled with 30 litres of water in a 60 litre drum for 4 minutes. The sample was then wet screened at 0.5 (w/w) mm with float/sink testing of the plus 0.5 (w/w) mm material. The minus 0.5 (w/w) mm material was subject to froth flotation testing".

The second was stated as follows: "The sample was crushed to pass 31.5 mm, screened at 0.7 mm and 0.125 mm with float/sink testing of the plus 0.7 mm fraction and the minus 0.7 mm plus 0.125 mm fraction. The minus 0.125 mm and minus 0.5 mm plus 0.125 mm fractions were analysed for ash percentage".

There was no information on sampling or analytical procedures used for bore holes drilled to the west of ML1978 (within EPC 389) or within the area now covered by ML1978 (when it was EPC 389). Nor was there any information on sampling or analytical procedures used for bore holes drilled within the ML1978, MDL176 and MDL182 by Denham or ARCO.

11.3 Current sampling

No information was found available in the public domain with regard to sample preparation, QAQC, analytical or assaying procedures or the laboratories used during the recent or current sampling programs by RTCA at Kestrel. Rio Tinto's annual report states that "Analyses of coal is undertaken on an "Air Dried" moisture basis in accordance with Australian Standards".



ITEM 12. DATA VERIFICATION

The following section contains statements in respect of Item 12 – Data Verification of Form 43-101F1 – Technical Report.

12.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects such as Mineral Resource and Mineral Reserve estimation at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (refer section 3.5).

12.2 Verification

Golder in the preparation of this Technical Report has attempted where possible to use as many sources of publically available information as possible, corroborating information through a process of cross matching data sources and verification by comparison with independent sources. Statutory information available through Queensland government agencies such as the Department of Natural Resources and Mines has been used where possible to provide independence over public reporting by RTCA, their subsidiaries or other organisations.

In lieu of Golder being able to inspect the site or collect samples the following forms of verification are available:

- Exploration has been completed by multiple parties and operating companies that includes the State Government (1960s and 1970s), Denham (1980s), ARCO and RCTA (since 1990s).
- Golder reviewed the available exploration reports and not determined any contradiction with the stated resources, data quality or geological understanding of the area.
- Continued production at RTCA without any reports of significant production shortcomings or mine call factors indicates the stated Resources and Reserves are producing coal as expected.

The QP considers that the reported Resource and Reserve data used in the preparation of this report is adequate for its intended purpose (refer section 2.2.1). However, provision of long term intended production figures and the intended mine planning schedule directly from Kestrel Coal would provide greater surety around economic forecasts for APG. Such additional information would enable an estimate to be made on the probable delivery of royalty payments on an annualised basis.



ITEM 13. MINERAL PROCESSING AND METALLURGICAL TESTING

The following section contains statements in respect of Item 13 – Mineral Processing and Metallurgical Testing of Form 43-101F1 – Technical Report.

13.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects such as mineral processing and metallurgical testing at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s approach or concepts in relation to mineral processing and metallurgical testing in defining Resources and Reserves for the Kestrel Mine.

13.2 Processing test work

Little information is available through public sources regarding processing test work carried out on coal at the Kestrel Mine.

Details of historic processing test work carried out are detailed in section 11.2. These included washability testing and float/sink analysis carried out by the Department of Mines on samples taken in the 1970’s. A summary of the resulting data is presented in Table 8. The Department of Mines concluded that average wash data for blocks A and B, which cover the Kestrel Mine area, indicated suitable Coking Coal.

No information was available for processing test work carried out by previous companies Denham or ARCO (1980s-1990s), nor current operators RTCA.

Estimated yields calculated from production statistics (refer Table 12) indicate an average yield for 2002 to 2011 to be 80%. This is slightly lower than the average yield used by RTCA to calculate Marketable Reserves. It is unclear what RTCA’s recovery estimates are based upon.

There is insufficient information available to comment on how representative the processing test work carried out historically is of the coal extracted from the German Creek seam at Kestrel Mine.

13.3 Recovery estimates

Table 12 in section 17.3 summarises historic annual production from the 2013 edition of the Australian Coal year Book (AMS, 2013). This indicates a yield of 83% or greater was only achieved in two years from the last eleven. The average for the previous ten years is 80%. The yield used by RTCA to modify Reserves to Marketable Reserves is 83%.

Figure 10 in section 6.3 presents historical Coal Reserve statements for Kestrel Mine for the period 2000 to 2012 on an annual basis, inclusive for the periods ending 31 December. In summary it appears that the overall statements have remained relatively static since 2007 with minor adjustments for depletion. The smaller decrease in 2010 Reserves is due to partial conversion of Resources to Reserves and subsequent re-evaluation of mine plan.



ITEM 14. MINERAL RESOURCE ESTIMATES

The following section contains statements in respect of Item 14 – Mineral Resource Estimates of Form 43-101F1 – Technical Report.

14.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in Resource estimates at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

RTCA report using the 2012 edition of the JORC Code as the minimum standard for preparing the last published Resource estimate for the Kestrel Mine. Under ASX listing rules (for which RTCA publically reports) there is no requirement for public disclosure of the technical report which supports the Resource estimate.

Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive, as such, Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s key assumptions, parameters, and methods used to estimate the Mineral Resources, in addition to comply with all disclosure requirements for Mineral Resources set out in the Instrument.

14.2 Resource reporting code

The standard adopted by RTCA for reporting of Coal Resource statements in respect of Kestrel Mine and reproduced herein as Table 9 is based on the guiding principles, terms and definitions given in the 2012 edition of the JORC Code. The Competent Person for Coal Resources declared at Kestrel Mine in 2013 was Mr Richard Ruddock.

The JORC Code requires a discussion be made when preparing a technical report for Resources with comparisons with previous estimates. Material differences are to be discussed and details provided as to determining why differences occur. As APG is reliant on public domain data and does not have access to the Technical Report supporting the RTCA primary estimate Golder was unable to provide a detailed reconciliation of either the reported Resources as required under Item 7.1 of National Instrument 43-101 and rather has had to rely on comparison with previous estimates in earlier years to measure the relative size of estimates.

14.3 Reported Resources

The current Resource statement provided by the Kestrel mine operator is provided in Table 9. This was dated 31 December 2013 and is documented in the Rio Tinto Limited Annual Report for 2013 (Rio Tinto Limited, 2013). The proportion comprised within APG royal blocks is not defined as part of the tabled Resources, but rather represents the total across the various mining leases, exclusive of Reserves.

Table 9: Reported Coal Resources*, 31 December 2013 (Source: Rio Tinto Limited, 2013)

Operation	Coal Type	JORC Resource classification	Tonnes (Mt)
Kestrel Coal	Coking	Inferred	3.0
Kestrel West	Thermal	Indicated	106
	Thermal	Inferred	33

* Exclusive of Reserves in Table 11

The Resources provided in Table 9 are current; hence the effective date for this report is considered the Technical Report issue date of 30 January 2015. However it should be noted that the Resources are based on the latest statement dated 31 December 2013 and will be affected during 2014 by subsequent:

- mine depletion or



- resource update if completed or
- conversion to Reserves that are reported separately.

The Resource statement issued a total Coal Resource (exclusive of Reserves) comprising 106 Mt of Indicated and 36 Mt of Inferred Resources. The Resource is divided into operational area and product type. Neither average in-situ coal qualities nor ranges are disclosed by Rio Tinto Limited in the publication of their Coal Resources.

14.4 Supportive data

Figure 10 (refer section 6.3) presents the historical Coal Resource statements for Kestrel Mine from 2000 through 2013 inclusive for the periods ending 31 December. In 2009 there would appear to be some write off and downgrading of portions of the previously reported exclusive Measured and Indicated Coal Resources. It would appear that the overall statements have remained relatively static since 2009 with minor adjustments for depletion.

There is limited information available in the public domain which supports the declarations as presented, therefore Golder notes the following:

- No coal quality values are reported for the in-situ Coal Resources.
- In respect of the Coal Resources as declared, no information is presented to support the assumption that these are potentially economic (although there is a requirement in the JORC Code for reported Resources to have potential for economic extraction), or what current constraints limit their conversion to Coal Reserves.
- The Coal Resources at Kestrel West comprise thermal coal potential only.
- No information was available relating to how the Mineral Resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing or political factors (although the basis of the JORC Code and compliance with such would mean that any material impacts should be considered prior to classification as such).
- It is unclear if Rio Tinto's Competent Person carried out a site visit prior to or as part of the Resource estimation process.

Golder notes the following in respect of Coal Resource estimation and classification methodology, assumptions and parameters:

- **Quality and Quantity of Data:** No direct information is available in the public domain to ascertain the methodologies employed in data gathering or the assessment of the quality and quantity of data used to support estimation and/or classification of the Coal Resources from which the Coal Reserves are derived or the residual Coal Resources reported on an exclusive basis.
- **Geological Modelling and Spatial Domaining:** No direct information is available in the public domain.
- **Statistical Analysis and Variography:** No direct information is available in the public domain.
- **Seam Modelling and Interpolation:** No direct information is available in the public domain.
- **Validation:** No direct information is available in the public domain.
- **Reconciliation:** No direct information is available in the public domain specifically with respect to reported qualities of Coal Resources.
- **Classification:** A previous NI 43-101 report (SRK, 2010) states that Rio Tinto refers to using drilling grid spacing for classification of Coal Reserves. SRK assumed that the basis of the classification for Measured Coal Resources relates to 500 m grid spacing and for Indicated Coal Resources 1000 m grid spacing, applied prior to conversion to Reserves. Golder found no reference to Resource Classification criteria in the public domain. It should be noted that classification should not be focused solely on drill-hole spacing and consideration for structure, quality and yield may also play an important role depending on the variability and confidence in estimating these aspects.



- **Exploration Potential:** No assessment of the potential exploration targets within the current tenure boundaries is reported in the public domain and accordingly consideration for delineation of such targets, associated expenditures and likelihood of success is not possible.

Table 10 summarises coal quality stated for Kestrel coking and thermal coal in the Department of Natural Resources and Mines publication “Queensland Coals Physical and Chemical Properties, Colliery and Company Information, 14th Edition, 2003” (green book). The averages are consistent with the available historic exploration data summarised in section 10.2.2, except for total sulphur which is higher in the data from the green book, compared to the data from exploration.

Table 10: Average product coal quality at Kestrel Mine (Source: Queensland Government, 2003)

Quality parameter	Coal Product	
	Coking	Thermal
Total Moisture (% ar)	8.0	6.0
Moisture (% adb)	2.0	2.0
Ash (% adb)	6.5	13.0
Volatile Matter (% adb)	33.5	31.0
Fixed Carbon (% adb)	58.0	54.0
Gross Specific Energy (MJ/kg adb)	32.5	29.9
Total Sulphur (% adb)	0.70	0.75
Phosphorus (% adb)	0.025	
Grindability (HGI)	58	85
Vitrinite (% by volume)	75	
Liptinite (% by volume)	4	
Semi-inertinite	10	
Mean max Vitrinite Reflectance (Rv,max)	0.93	0.92
Crucible Swelling Number (CSN)	9	7
Gray-King coke type	G9	
Gieseler Maximum Fluidity (dd/min)	>1000	
Maximum dilatation (%)	0 145	
Coke strength after reaction (CSR)	8.0	
Ultimate Analysis Carbon (% daf)		85.0
Ultimate Analysis Hydrogen (%daf)		5.7
Ultimate Analysis Nitrogen (% daf)		2.17
Ash Fusion Temp. (Reducing Atmosphere) Deformation (°C)		>1600
Ash Fusion Temp.(Reducing Atmosphere) Sphere (°C)		>1600
Ash Fusion Temp.(Reducing Atmosphere) Hemisphere (°C)		>1600
Ash Fusion Temp.(Reducing Atmosphere) Flow (°C)		>1600



ITEM 15. MINERAL RESERVE ESTIMATES

The following section contains statements in respect of Item 15 – Mineral Reserve Estimates of Form 43-101F1 – Technical Report.

15.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in Reserve estimates at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources (see section 3.5).

RTCA have used the 2012 edition of the JORC Code as the minimum standard for preparing the last published Reserve estimate for the Kestrel Mine. Under ASX listing rules (for which RTCA publically reports) there is no requirement for disclosure of the technical report upon which a Reserve estimate would have been made.

Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive, as such Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal’s key assumptions, parameters, and methods used to convert the Resource estimate to Mineral Reserves, in addition to complying with all disclosure requirements for Mineral Reserves as set out in the Instrument.

15.2 Reserves reporting code

The standard adopted by RTCA for reporting of Coal Reserve statements in respect of Kestrel Mine and reproduced herein as Table 11 is based on the guiding principles, terms and definitions given in the 2012 edition of the JORC Code. The Competent Person for Coal Reserves declared at Kestrel Mine in 2013 was Mr Andrew Swierczuk.

The JORC Code requires a discussion be made when preparing a technical report for Reserves into comparisons with previous estimates. Material differences are to be discussed and details provided as to determining why differences occur. As APG is reliant on public domain data and does not have access to the Technical Report supporting the RTCA primary estimate Golder was unable to provide a detailed reconciliation of either the reported Reserves as required under Item 7.1 of National Instrument 43-101 and rather has had to rely on comparison with previous estimates in earlier years to measure the relative size of estimates.

15.3 Reported Reserves

The current Reserves statement provided by the Kestrel mine operator is provided in Table 11. This was dated 31 December 2013 and is documented in the Rio Tinto Limited Annual Report for 2013.

The Reserves provided in Table 11 are current; hence the effective date for this report is considered the Technical Report issue date of 30 January 2015. However it should be noted that the Reserves are based on the latest statement dated 31 December 2014 and will be affected during 2014 by subsequent:

- mine depletion or
- Resource update if completed in 2014.

The Reserve statement references an RTCA Competent Person and is stated to be compliant with the minimum requirements of the 2012 edition of the JORC Code. The Competent Person however does not comply with the requirements of NI43-101 as a QP requiring not only being a member of the AusIMM but also a Chartered Professional. However, the Reserve statement as reported under the JORC Code does meet the requirements of an acceptable foreign code.



Total Coal Reserves (in-situ) comprise 40 Mt of Proved and 95 Mt of Probable Coal Reserve categories (refer Table 11). No information is available in the public domain which allows the proportion of reported Reserves contained within specified royalty areas to be determined. Furthermore, no detail is provided as to the relative proportion of thermal to metallurgical grade coals.

The average product yield from washing was stated to be 83% which when applied to the Coal Reserves of 135 Mt established Marketable Coal Reserves of 112 Mt with an average product quality of 31.6 MJ/kg calorific value (CV) and 0.59% sulphur (Rio Tinto Limited, 2013).

Table 11: Reported Coal Reserves*, 31 December 2013 (Source: Rio Tinto Limited, 2013)

In-situ Reserves (Mt)		Marketable Reserves (Mt)	Marketable coal quality	
			Calorific value (MJ/kg)	Sulphur (%)
Proved	40	34	31.6	0.59
Probable	95	79	31.6	0.59

* Exclusive of Resources in Table 9

Table 12 in section 17.3 summarises historic annual production from the 2013 edition of the Australian Coal year Book (AMS, 2013). This indicates a yield of 83% or greater was only achieved in two years from the last eleven. The average for the previous ten years is 80%. The yield used by RTCA to modify Reserves to Marketable Reserves is in annual reports consistently set at 83%.

Figure 10 in section 6.3 presents historical Coal Reserve statements for Kestrel Mine for the period 2000 to 2013 on an annual basis, inclusive for the periods ending 31 December. In summary it appears that the overall statements have remained relatively static since 2007 with minor adjustments for depletion. The smaller decrease in 2010 Reserves is due to partial conversion of Resources to Reserves and subsequent re-evaluation of mine plan.

There is limited information available in the public domain which supports the declarations as presented, and as such Golder would note:

- The 2013 Coal Reserves for Kestrel comprises coking coal only (pre-2012 comprise both thermal and coking coal).
- The declaration of modifying factors is limited to the assumption regarding average yield (refer Table 11). No assumptions regarding mining recovery factors such as dilution and ore losses were stated.
- No detail is made available on stockpiled materials.
- In support of the assumed economic viability of the Coal Reserve no declarations was made publically available in respect of historical or assumed operating expenditures and commodity price assumptions.

The economic viability of the Kestrel mine, including royalty stream and coal price forecasts is discussed in Item 22 with operating costs discussed in section 21.3.



ITEM 16. MINING METHODS

The following section contains statements in respect of Item 16 – Mining Methods of Form 43-101F1 – Technical Report.

16.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in mining operations at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources.

Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive, as such Golder in the preparation of this section of the Technical Report is unable to directly comment on Kestrel Coal's:

- geotechnical, hydrological, and other parameters relevant to mine or pit designs and plans
- mining dilution factors used
- requirements for underground development
- required mining fleet and machinery.

16.2 Mining technique

Kestrel Mine operates underground using both longwall and continuous mining techniques producing hard coking and thermal coals (Infomine, 2014).

Longwall mining is a technique which has revolutionised underground coal mining, enabling large scale and efficient extraction of coal in a cost effective and relatively safe manner when compared with other techniques such as board and pillar mining. Mechanical shearers are employed on the longwall panel, traversing across a face cutting coal with the roof supported behind the shearer with hydraulic supports. Cut coal is then transported to surface by a conveyor network. As the mining face advances the hydraulic roof supports are brought forward, the resultant goaf collapsing as earlier mined faces which are no longer supported subside (refer Figure 17). Longwall mining requires relatively benign geological conditions to be economically viable as set up costs for panel layouts are both time consuming and expensive, with the equipment unable to make radical changes in orientation should unexpected geological conditions be intersected.

Continuous mining uses traditional bord and pillar approach of cutting room areas of coal and leaving remnant pillars behind to support the roof and maintain stability with the overlying strata. Coal is collected by shuttle cars and transported to a conveyor for dispatch to surface (refer Figure 18). This technique enables greater flexibility in areas of more complex geology, although at the expense of lower recovery and extraction rates when compared to a properly operating longwall panel. Pillars can be robbed at a later stage in the mine life to increase recovery of coal.

16.3 Parameters relevant to mine design

As previously outlined Kestrel Coal has not provided information in relation to parameters such geotechnical and hydrological aspects that are relevant to the planed design of underground workings at Kestrel.

Golder in its search of public domain information did find that the planned orientation of the mine has changed since 2000 with the Kestrel extension portal being placed further north from the original published design. It is not clearly established what the primary drivers were around the reorientation of the design, although it is likely this relates to geotechnical stress and/or seam orientation requiring reconfiguration to enable an optimal design.

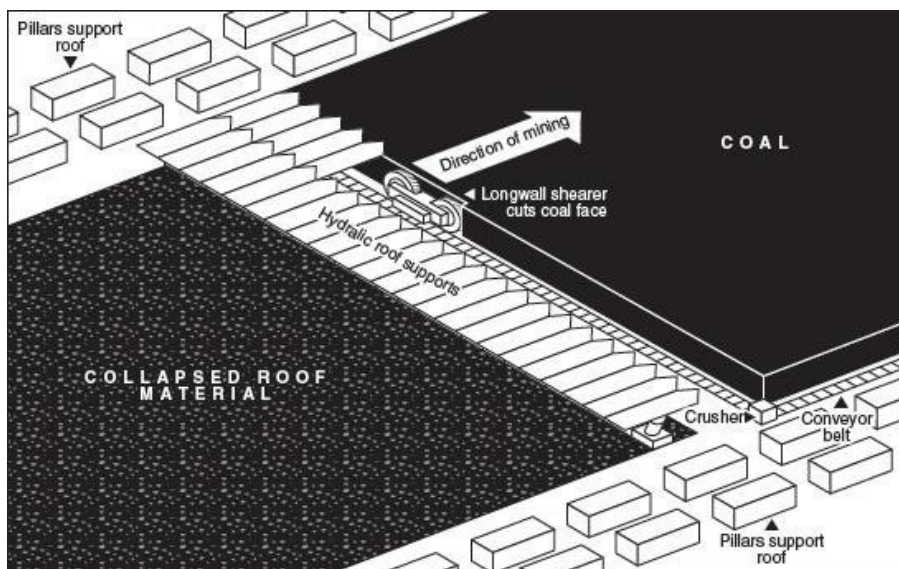


Figure 17: Schematic of longwall mining technique (Source: Patriot Coal, 2014)

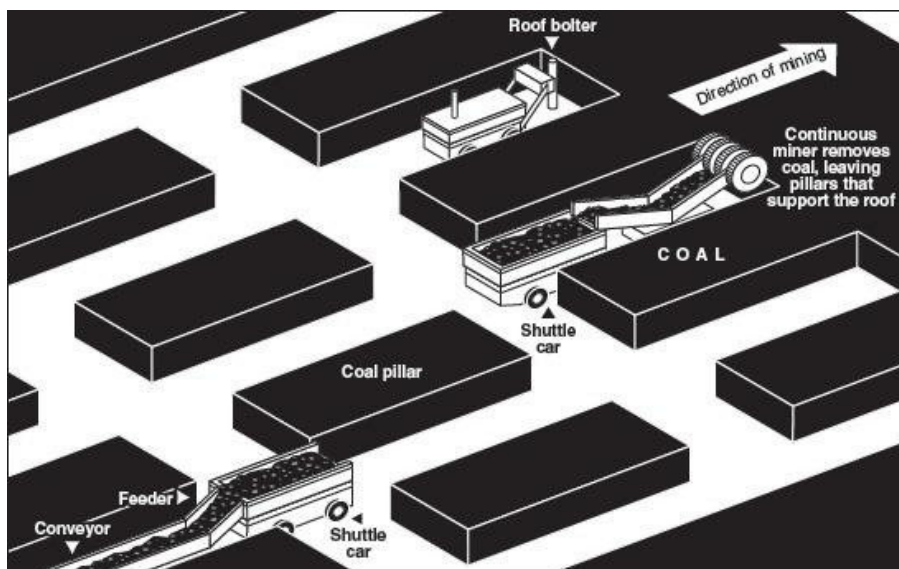


Figure 18: Schematic of continuous mining technique (Source: Patriot Coal, 2014)

16.4 Production

In 2011, the mine produced 3.545 million tonnes of coking coal and 0.326 million tonnes of thermal coal (Infomine, 2011).

The Kestrel Mine extension, has been designed to access the mine's existing resources more efficiently. The proposed extension, shall increase average annual production to 5.7 million tonnes of coal per year coming on stream at the end of 2014, with the planned mine closure in 2032.

The new longwall shall be 375 m wide and would be able to extract the full 2.9 m thick German Creek seam by employing three continuous miner units. Panel lengths would vary from 2 km to 6.5 km. Rubber tyred vehicles would be used for the transport of personnel and equipment. The mine would be accessed via new drifts.

16.5 Mining fleet

Based upon lack of available information in the public domain Golder is unable to comment on the minimum requirements of mining fleet to meet the expected production schedules for Kestrel Mine. The QP is of the



opinion though it would be reasonable to assume that given the costs (AUD\$2B) involved in recent upgrading of the operation through the expansion project that the following equipment list sourced (AMS, 2013) should suffice. Mining equipment used at Kestrel includes:

- 5 x MB650 continuous miner units
- 4 x Joy 10SC32 shuttle cars
- 9 x 10T Jug-A-0 LHDs
- 10 x drift runner man transport machines
- 1 x CAT longwall unit 375 m face width with name plate capacity of 3500 tph
- 2 x CAT EL3000 EVO shearers
- 185 x CAT roof supports 1400T set pressure weighing 50T.



ITEM 17. RECOVERY METHODS

The following section contains statements in respect of Item 17 – Recovery Methods of Form 43-101F1 – Technical Report.

17.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in processing operations at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

17.2 Coal handling preparation plant

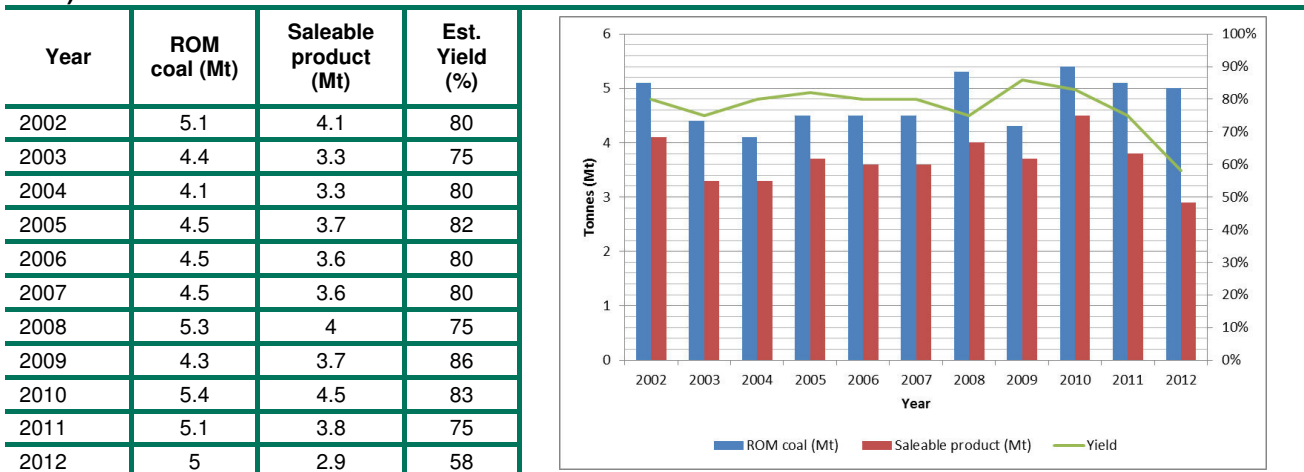
The original coal handling preparation plant (CHPP) for the then Gordonstone Coal Mine consisted of dense medium baths, dense medium cyclones and conventional froth floatation cells. In 1995 the CHPP underwent an upgrade to increase the daily capacity to 1000 t/h. The upgrade consisted of the addition of two 5 m diameter Jameson cells and an 85 m² horizontal belt vacuum filter (HBVF) dewatering unit to Module 2 of the plant. Further modifications were made to the coarse coal circuit including the installation of 1000 mm diameter dense media cyclones and banana screens for drain and rinse (Tenoa Bateman, 2014).

A second major upgrade of the plant coincided with the Kestrel Mine Expansion Project. The expansion contract which was valued at AUD\$53M was awarded on 11 May 2010 to AECOM Technology to manage the underground development, constructing the surface infrastructure and upgrading the coal preparation plant. The CHPP has been designed to produce two premium products: low ash coking coal and a higher ash coking product for blending. The raw coal capacity is 20 000 t/d and a clean coal capacity of 16 000 t/d. The percentage of waste material is 15%. Wash size is to pass through 180 mm (AMS, 2013). Limited information was available in the public domain with regard to the upgraded plant specifications.

17.3 Historic recovery

Table 12 summarises from the Australian Coal year Book 2013 edition (AMS 2013), Kestrel’s historic annual production. Included with the annual ROM coal production are saleable product coal (2002 to 2012) tonnages.

Table 12: Estimated yield as a function of annual production and saleable product (Source: AMS, 2013)



Using these figures, Golder has calculated an estimated plant yield. In doing so an assumption is made that that all coal is sold and nothing is retained in stockpiles. Figures generated by such a manner generally only



differ marginally from those reported by RTCA annual reports. Typically RTCA in their annual reports have provided a consistent average yield to give marketable Reserves of 83%.

The 2011 and 2012 data indicates an average estimated yield (based upon data in Table 12) of 75% and 58% which is far lower than that reported by RTCA annual reports. This lower than normal figure may not actually be related to poor recovery but rather a depression in market sales resulting in stock piling of product coal, although the QP cannot verify the actual cause based upon the data available. Years preceding this with the exception of 2003 and 2008 are far closer in terms of reported yields by RTCA to that calculated from ROM tonnages and coal sold.



ITEM 18. PROJECT INFRASTRUCTURE

The following section contains statements in respect of Item 18 – Project Infrastructure of Form 43-101F1 – Technical Report.

18.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in mining operations at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

18.2 Infrastructure and transportation

Kestrel Mine recently underwent a two billion dollar expansion that was officially opened in October 2013. The new operation is expected to reach full capacity by the end of 2014. The mine uses longwall and continuous mining methods to optimise recovery rates (RTCA, 2013). These methods require less roof support materials and provide better roof protection to miners than alternative methods. In 2012 Kestrel Mine was employing approximately 459 employees (RTCA, 2012).

Methods of mining include continuous miners used during development and single seam longwall extraction. The mine includes two declines over a kilometre and a half long to access the production area. The longwall blocks are up to 375 m wide and 4 km long. At full capacity Kestrel is expected to produce 5.7 Mtpa of coking coal and thermal coal. From the information publically available it could not be confirmed if the amount of coal expected to be produced refers to ROM coal or product coal.

The raw coal is delivered from the production area to the surface via a series of conveyors. Surface infrastructure includes an 8.9 km overland conveyor, bins and a coal handling preparation plant which was upgraded as part of the extension project.

To support the expansion of Kestrel mine new infrastructure was added and existing facilities, such as the coal handling and preparation plant (CHPP), were upgraded. New surface infrastructure included a workshop, administration building and storage and warehouse facilities. The expansion also involved the construction of a water system which includes three water management dams with a combined capacity totalling 575 million litres. The construction management contract of the expansion project was awarded to Ausenco, a diversified engineering services and project management company, to a value of AUD\$53M. The contract involved managing underground development, constructing the surface infrastructure and upgrading the coal preparation plant (Mining Technology, 2014). Figure 7, Figure 8 and Figure 9 in section 5.5 show satellite images of the infrastructure at Kestrel mine.

Coal is transported 365 km by rail to the port of Gladstone where the coal is then exported via the R.G. Tanna coal terminal. A typical coal haul can have four electric locomotives and 105 bottom dump wagons, carrying an average of 8400 t of coal. To complete the journey from Kestrel mine to the Port of Gladstone takes approximately 11 hours (AMS, 2013).



ITEM 19. MARKET STUDIES AND CONTRACTS

The following section contains statements in respect of Item 19 – Market Studies and Contracts of Form 43-101F1 – Technical Report.

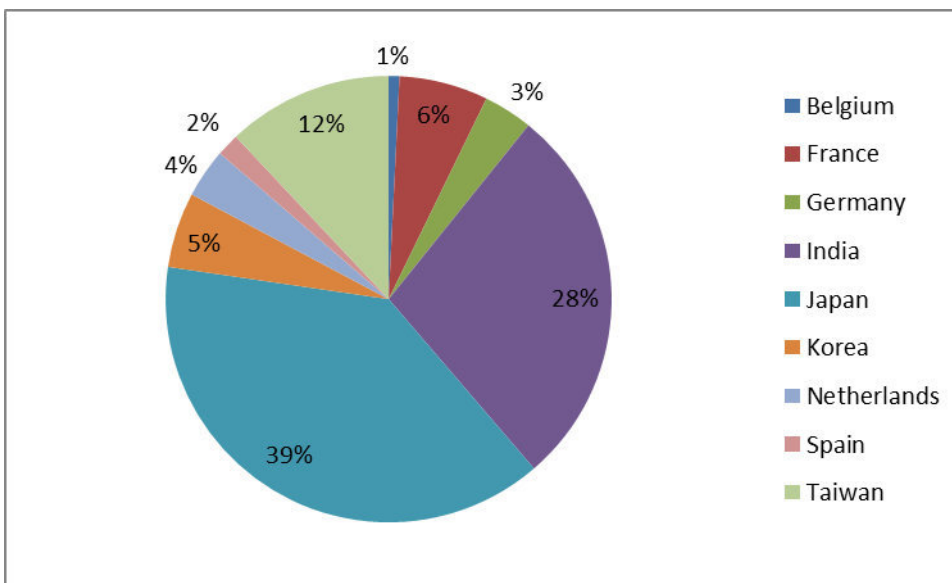
19.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in coal marketing for the Kestrel Mine, but rather receives royalty fees based on coal sales made by Kestrel Coal. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

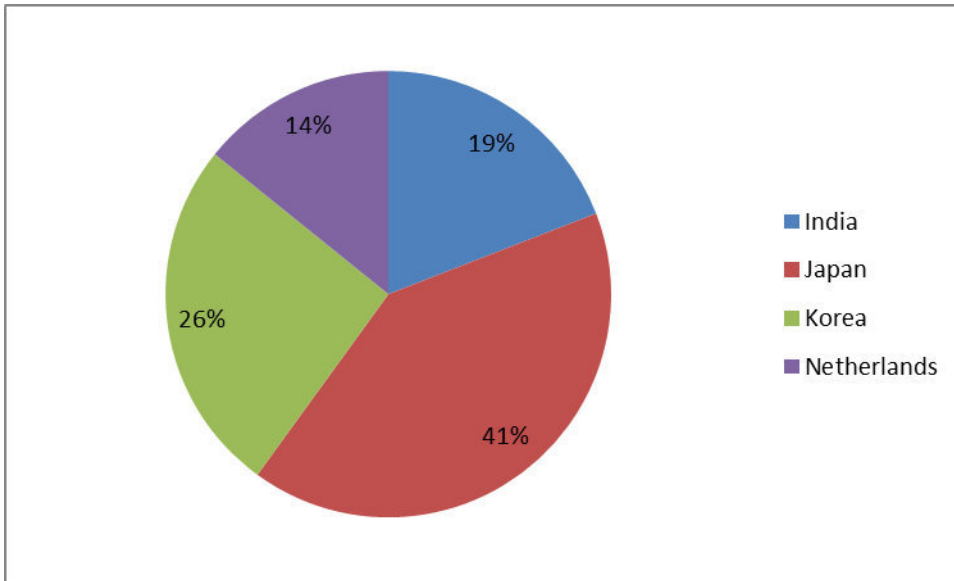
19.2 Markets

Kestrel Mine’s saleable products are exported to various international destinations. Based on statistics sourced from Department of Natural Resources and Mines (Queensland Government, 2013b) Golder compiled both the coking coal and thermal exports per country for the financial year ending 30 June 2013 (refer Figure 19 and Figure 20). Of this 84% of coking coal and 86% thermal coal were sold to customers located in Asia markets.



Compiled from Queensland Government (2013b)

Figure 19: Kestrel Mine coking coal export destinations for 2012-2013



Compiled from Queensland Government (2013b)

Figure 20: Kestrel Mine thermal coal export destinations for 2012-2013

No site specific market studies were found for Kestrel Mine in the public domain.

19.3 Contracts

No site specific details on contracts in place at Kestrel Mine were found in the public domain.



ITEM 20. ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

The following section contains statements in respect of Item 20 – Environmental Studies, Permitting and Social or Community Impact of Form 43-101F1 – Technical Report.

20.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in environmental, permitting, social or community impact studies for the Kestrel Mine, but rather receives royalty fees based on coal sales made. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

20.2 Sustainable development

Kestrel Mine adopts the same corporate philosophy as RTCA’s approach to sustainable development – “to act responsibly, to get the most value from what they do and leave things in the best possible way once they are finished” (RTCA, 2012).

Table 13 summarises the sustainable development performance of Kestrel Mine from 2010 to 2012.

Each year RTCA sets targets for RTCA as a whole with the aim of continual improvement. The following is a summary of the 2012 results based on targets taken from RTCA’s 2012 sustainable development report.

- The target for freshwater use measured in litres per tonne of product coal is 350. Results for 2011 and 2012 were 361 and 402 respectively. There was an increase in freshwater consumption in 2012 resulting in the target not being achieved.
- Kestrel’s AIFR (1.27) fell short of the RTCA 2012 target of 0.68. RTCA’s AIFR as a whole came under the target with a rate of 0.67.
- Greenhouse gas emissions from Kestrel Mine are not included on the scorecard as emissions and management from underground operations varies greatly and would skew the voluntary greenhouse gas emissions target were it included when determining the targets.

In 2012 Kestrel Mine became the first mine in Queensland to receive official certification of rehabilitated land under the Queensland Government’s Environmental Protection Act. Rehabilitation of the area, known as the ‘200 series’, commenced in 2003 and was completed in 2006. To be successfully certified, the land needed to be stable and determined to be good quality agricultural land, as outlined in the completion criteria specified in the environmental approval for Kestrel Mine (RTCA, 2012).



Table 13: Kestrel Mine 2012 sustainable development site report (Source: RTCA, 2012)

Area		2010	2011	2012
Employees	Male	341	386	430
	Female	19	37	29
	<i>Total</i>	<i>360</i>	<i>423</i>	<i>459</i>
Saleable production (Mt)		4.5	3.9	2.8
All injury frequency rate (AIFR)		1.3	1.67	1.27
Freshwater use (l/t of product coal)		485	361	402
Proportion of recycled water used (%)		67	68	74
Energy use (Gj/t of material moved)		0.085	0.084	0.099
Greenhouse gas emissions (kg CO ₂ -e / t of equivalent material moved)		17.72	17.99	19.07
Annual rehabilitation (Ha)		0	0	0
Annual disturbance (Ha) (not including infrastructure area)		6	43	104
Proportion of non-mineral waste recycled (%)		66	88	70
Community complaints		1	1	1
Community investment (AUD\$)		\$656 235	\$857 582	\$503,406
Spend on suppliers (AUD\$)	Local*	n/a	\$69 million on 179 suppliers	\$131 million on 169 suppliers
	Rest of Queensland	n/a	\$376 million on 483 suppliers	\$604 million on 479 suppliers
	Rest of Australia	n/a	\$193 million on 232 suppliers	\$223 million on 287 suppliers

* Local areas defined as Emerald, Capella and Tieri.

20.3 Community

Kestrel Mine established a community development fund (CDF) in 2003 to support the local community and surrounding districts to meet the economical, educational and social challenges faced in the region. RTCA has committed to continue funding the CDF with AUD\$750 000 between January 2012 and December 2014.

Kestrel Mine has worked closely with the local indigenous community to boost indigenous employment at the site. In May 2012 Kestrel employed seven new trainees and one apprentice as part of Kestrel Mine's agreement with the Western Kangoulu traditional owners to provide employment and career development opportunities for local indigenous people. Kestrel has a target of five per cent indigenous employment which exceeds the regional demographic in many areas.

A Land Use Agreement was developed between Kestrel Mine and the Western Kangoulu people to provide for a financial contribution to the Aboriginal community through an Aboriginal community development fund. The intent is to formalise and structure a mutually beneficial working relationship. The agreement is focussed primarily on relationships rather than funding.



ITEM 21. CAPITAL AND OPERATING COSTS

The following section contains statements in respect of Item 21 – Capital and Operating Costs of Form 43-101F1 – Technical Report.

21.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in operational aspects for the Kestrel Mine, but rather receives royalty fees based on coal sales made. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources. Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive.

21.2 Capital costs

Little site specific details on capital costs at the Kestrel Mine could be located in the public domain. It is therefore not possible to present validated tabulated capital costs.

Rio Tinto has reported spending approximately US\$2.0 billion developing the Kestrel Mine extension. Work commenced in 2008 and was completed in September 2013. The extension included development of infrastructure such as a workshop, warehouse and storage facilities, administration building and services. In addition two new access declines were developed and an 8.9 km overland conveyor installed and upgrades to the existing CHPP were also carried out. The new longwall mining system is designed to operate with panels up to 400 m wide with the shearer having a nameplate capacity of 5000 t/hr. The Mine extension was officially opened during October 2013 and is expected to reach full capacity by the end of 2014 (RTCA, 2014g).

There is limited data available in the public domain to identify levels of sustaining capital forecast to be invested at Kestrel. However with the significant investment in infrastructure and equipment for the Kestrel Mine extension it is not unreasonable to assume that an estimated annual capital expenditure of approximately 10% of operating expenditure would support the production forecast of 5.7 Mtpa.

21.3 Operating costs

No detailed site specific operating costs for the Kestrel Mine were found in the public domain. It is therefore not possible to present validated tabulated operating costs. Table 14 presents the historical unit cash operating costs and coal sales sourced from Mitsui Kestrel Pty Ltd financial reports for the Australian financial years ending 30 June (sourced from ASIC). The reported figures are considered indicative of the economic performance of Kestrel Mine. These are assumed to only include costs proportional to Mitsui’s interest in the Kestrel JV. The reported costs have been scaled appropriately to represent estimates of the Kestrel operating costs.

Mitsui Kestrel Coal financial reports for years 2011 to 2013 could not be found. However, figures from Rio Tinto Limited’s 2012 financial statements within the annual report show that RTCA operating assets for the year ending 31 December 2012 were US\$5.63 billion. In addition, gross sales revenue was US\$4.99 billion and saleable coal production was 50.6 Mt. From this an average operating cost was calculated as US\$111 per tonne of coal for 2012.



Table 14: Operating Cost Estimates for Kestrel Mine on a financial year basis

Statistic	2009	2010	2011
Saleable coal (Mt)	4.326	4.385	3.436
OPEX, Mitsui Kestrel share (AUD\$M)	77.42	69.65	82.54
Mitsui Share of JV (%)	20	20	20
Total Kestrel OPEX (AUD\$M)	387	348	413
Average cash costs (AUD\$/t product)	89	79	120
Coal sales, Mitsui Kestrel share (AUD\$M)	215	153	202
Total Kestrel coal sales (AUD\$M)	1,074.08	763.21	1,008.95
Average coal price (AUD\$/t)	248.28	174.05	293.64

It should be noted that 2012 operating costs were high and in 2013 Rio Tinto implemented numerous measures to reduce costs. The following planned cost reductions were detailed in the Rio Tinto 2013 cost savings case study presentation (Rio Tinto, 2013):

- 20% reduction in skilled labour
- 18% reduction in maintenance spend
- Reductions in goods and services spend by using suppliers in emerging markets.

Financial figures from Rio Tinto Limited's 2013 annual results (Rio Tinto, 2014b) and the fourth quarter operations review show that RTCA operating assets for the year ending 31 December 2013 were US\$3.95 billion. In addition, gross sales revenue was US\$4.41 billion and saleable coal production was 56.2 Mt. From this an average operating cost was calculated as US\$70 per tonne of coal.

In 2013 the Minerals Council of Australia (MCA 2013) estimated that the average cash free on board (FOB) cost for seaborne thermal coal produced in Australia was US\$74.2/tonne and the average cash FOB cost for seaborne metallurgical coal produced in Australia was US\$107.4/tonne. Therefore considering the significant investment in infrastructure and equipment for the Kestrel Mine extension, the experience of operating longwall technology in the lease area and the outlined cost reduction measures implemented it is not unreasonable to assume that Kestrel could achieve FOB production costs in the range of US\$65 to US\$75/tonne.

The financial figures used represent total coal production within RTCA, and not just for the Kestrel Mine. 95% of the 2013 total saleable coal production was from multiple open cut operations and 5% was from one underground operation (Kestrel). In addition, 73% of the total saleable coal production was thermal coal and 27% coking coal.

Average coal export prices for Australia per financial year were sourced from the Department of Natural Resources and Mines coal statistics (Queensland Government, 2013b and 2014e) and are summarised in Figure 21. Coking coal price have more than halved since 2008 from AUD\$310 to AUD\$133.80 in 2014. Thermal coal price has also decreased, although not by the same magnitude, from AUD\$136 in 2008 to AUD\$85.41 in 2014.

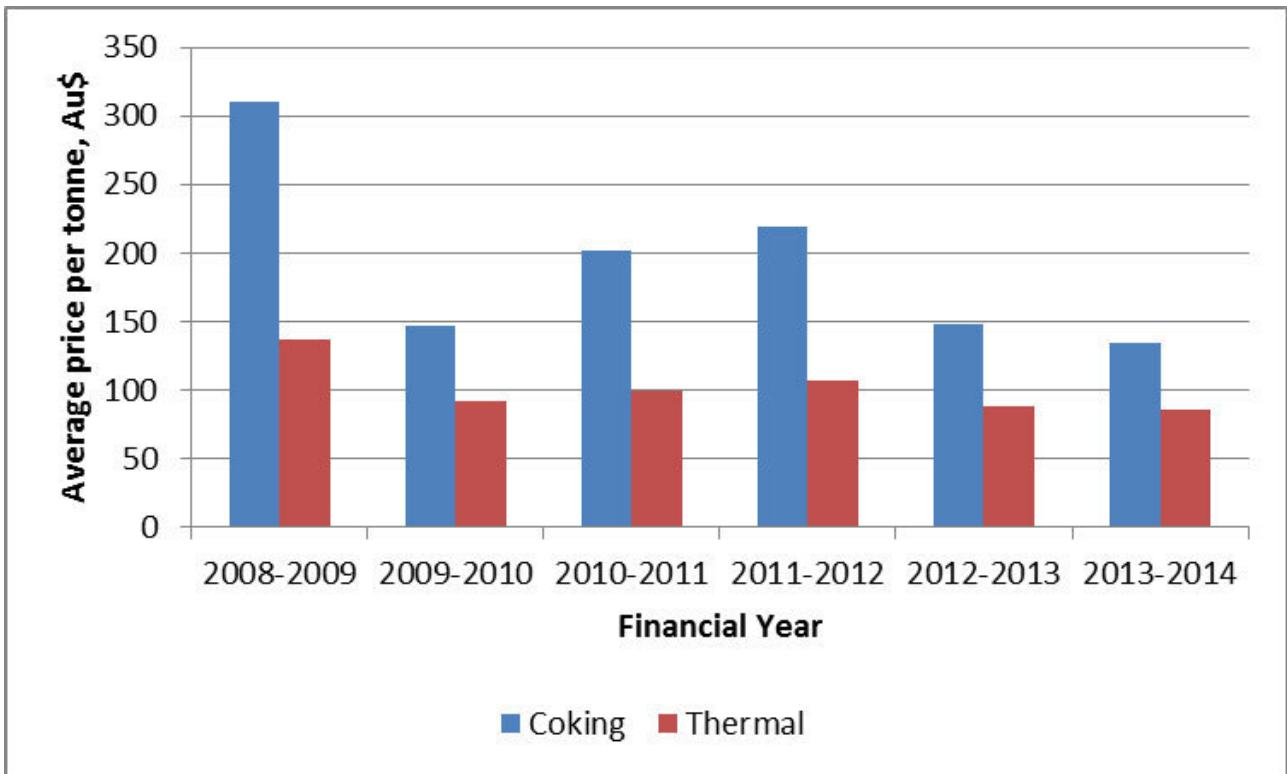


Figure 21: Average coal export price (FOB) for Australia (Source: Queensland Government, 2013b and 2014e)



ITEM 22. ECONOMIC ANALYSIS

The following section contains statements in respect of Item 22 – Economic Analysis of Form 43-101F1 – Technical Report.

22.1 Compliance exemption

APG is relying on an exemption under “Part 9, Section 9.2 Exemptions for Royalty or Similar Interests” of the “National Instrument 43-101 Standards of Disclosure for Mineral Projects” to limit disclosure in this instance.

APG, as a royalty holder for a portion of the Kestrel Mine, is not directly involved in production at Kestrel Mine. APG through its subsidiary company GRPL made contact with Kestrel Coal on 24 January 2014 requesting access to relevant data and a site visit to the Kestrel Mine. This request was refused and as such, data and information utilised in the generation of this Technical Report is solely reliant upon what could be collected from public domain sources.

Kestrel Coal has claimed supply of such information would risk confidentiality and is commercially sensitive, as such Golder in the preparation of this section of the Technical Report is unable to directly comment on cash flow forecasts on an annual basis using Mineral Reserves or Mineral Resources and an annual production schedule for the life of project; a discussion of net present value (NPV), internal rate of return (IRR), and payback period of capital with imputed or actual interest; a summary of the taxes, and other government levies or interests applicable to the mineral project or to production, and to revenue or income from the mineral project; and sensitivity or other analysis using variants in commodity price, grade, capital and operating costs, or other significant parameters, as appropriate, and discuss the impact of the results.

22.2 Royalties received

The revenue stream from Kestrel Mine to APG is solely in the form of coal royalties on sales as previously described in section 1.1.1. On 18 August 2014 APG announced that it had entered an agreement with Kestrel Coal relating to the provision of information in respect of Kestrel. The information to which APG is entitled on a quarterly basis encompasses:

- The invoiced payable tonnes (including hard and soft coking coals and thermal coal splits), royalty payable and the split between public and private royalty payments.
- The estimated private royalty payable for the next quarter and the forecast production tonnages, split on a public and private royalty basis for the next 4 quarters.

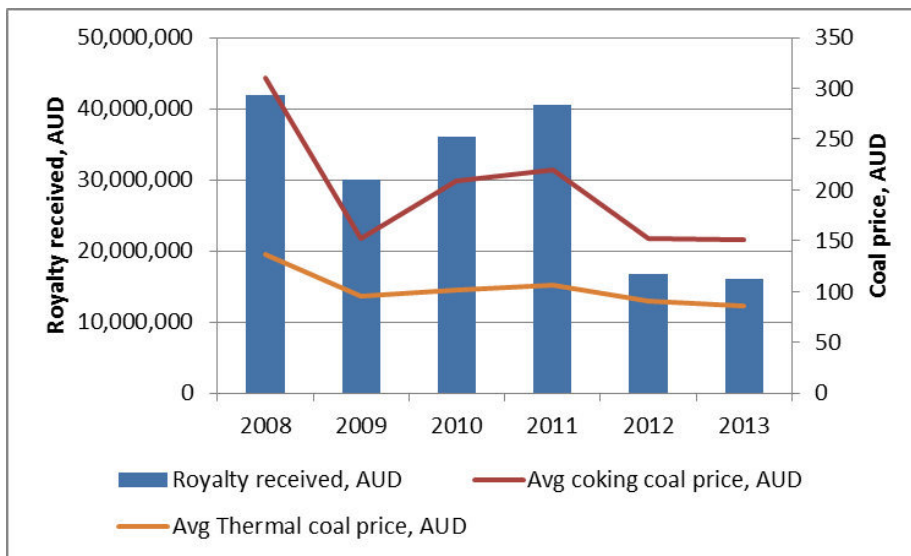
22.2.1 Historic royalties

Table 15 presents historic royalty revenue received by APG from Kestrel coal production and production figures for the Kestrel Mine. The revenue received from royalties is strongly linked to the coal prices as production has been relatively consistent over recent years; however, the proportion of thermal to coking coal has changed. Figure 22 shows the royalty income versus the average annual coal prices for Australia (FOB). There is a decrease in revenue from AUD\$41.9 million in 2008 to AUD\$16.1 in 2013. The decrease in thermal coal price is significantly smaller than the decrease in coking coal price. Average Australian coking coal prices have decreased from over AUD\$310 in 2008 to AUD\$153 in 2013. In addition, the proportion of coking coal production at Kestrel compared to thermal coal production has increased from 66% in 2000 to 85% in 2013.



Table 15: APG historic royalties and coal production (Source: APG and Rio Tinto annual reports)

Year	Adjusted Royalty received by APG (AUD\$)	Saleable product (Mt)	Coking coal production (Mt)	Thermal coal production (Mt)	% coking coal of total production
2000	3 643 992	3.3	2.2	1.1	66%
2001	5 325 886	3.3	2.1	1.2	63%
2002	8 066 775	4.1	2.4	1.7	59%
2003	1 752 005	3.3	1.9	1.5	57%
2004	7 089 591	3.3	2.7	0.6	81%
2005	13 917 273	3.7	2.9	0.8	80%
2006	17 827 901	3.6	2.7	0.9	76%
2007	13 062 517	3.6	2.6	1.0	72%
2008	41 914 350	4.0	3.1	0.9	77%
2009	30 025 743	3.7	2.9	0.8	78%
2010	36 061 703	4.5	3.8	0.7	85%
2011	40 519 679	3.8	3.5	0.3	93%
2012	16 660 307	2.9	2.5	0.4	85%
2013	16 127 750	3.0	2.6	0.5	85%



Average coal prices are for all Australian exports, for financial year ending March 31

Figure 22: APG historic royalties and coal prices (Source: APG and Department of Natural Resources and Mines coal statistics, 2013b)

22.2.2 Mine planning

The Kestrel Extension is predicted to have a mine life of 20 years from a reserve of 115 Mt and be at a full production rate of 5.7 Mt per year by the end of 2014 (RTCA, 2013). It is not stated if the figure of 5.7 Mtpa is ROM or saleable product. Golder assumes the figure is ROM that will then be decreased by a probable yield to create saleable coal for the purposes of then generating royalty forecasts.

Kestrel have indicated that longwall panels in the Kestrel Extension area will be designed to be up to 400 m wide and range in length from 2000 to 6500 m (RTCA 2013). With the design capacity of the longwall system, associated coal clearance and coal preparation upgrades and mining experience in adjacent lease areas these production forecasts are not unreasonable.



22.2.3 Coal prices forecast

Coal price forecasts are discussed in section 24.3.2 of this Technical Report. The longer term trend based on consensus modelling predicts coal prices to rise gradually over the next 5 years (aligned with normal trends over the past decade), as depicted in Figure 23.

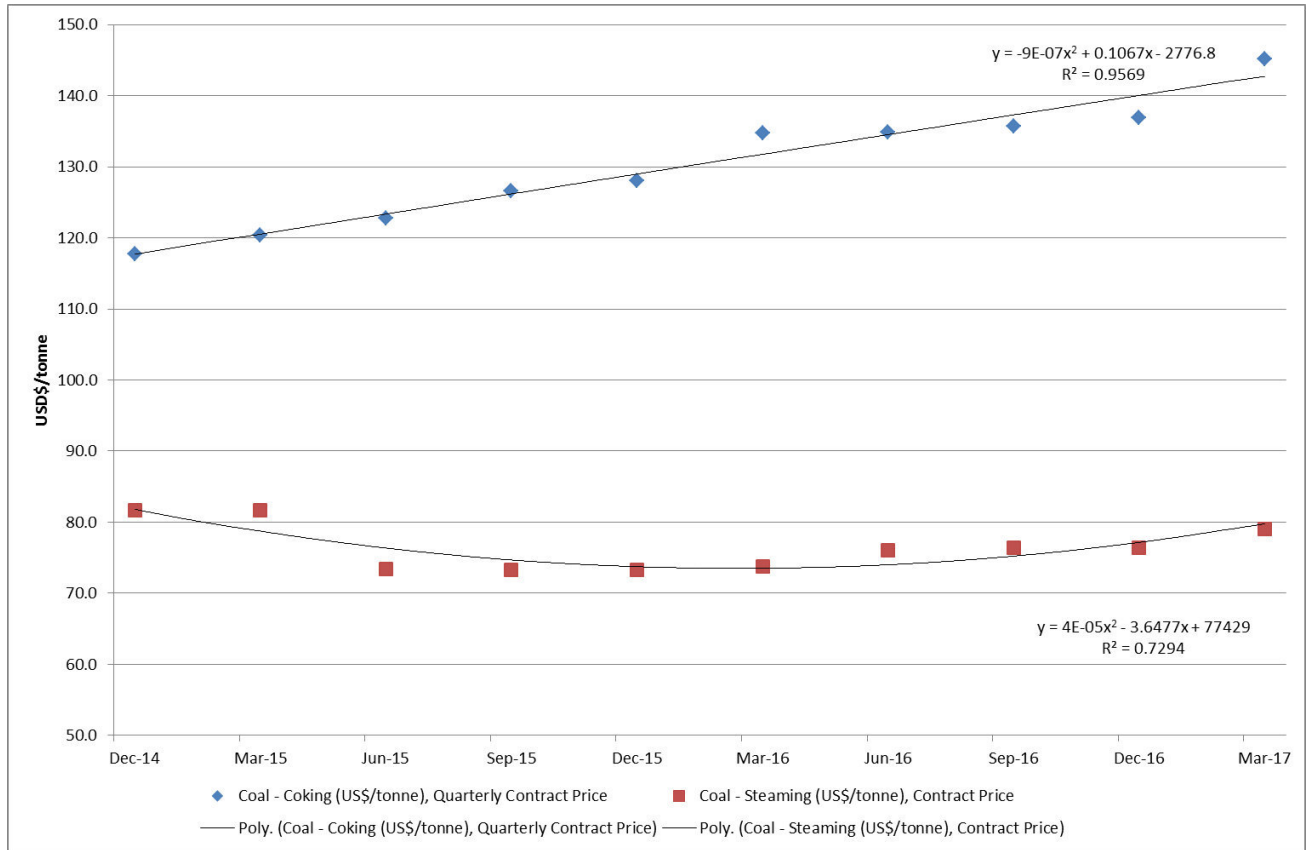


Figure 23: Forecast coal price (Source: Consensus Economics, 2014)

22.2.4 Production forecast

The Kestrel Mine extension was expected to be completed in September of 2013. Production from the Kestrel extension area commenced in July of the same year. Rio Tinto expects that production will ramp up to 5.7 Mtpa over the next 12 to 18 months, after some commissioning issues were encountered with the new longwall (Citi, 2015). The QP is of the opinion that such problems are not unexpected when using new technology and that it would be reasonable that the forecast ROM production of 5.7 Mt per year will be achieved as production ramps up. With a yield of around 83% or greater at that time, which should be achievable (as reported by RTCA in their annual reports) then annual saleable coal in the order of 4.73 Mt should be realised. A balance of 85% coking coal (4.02 Mt) and 15% thermal coal (0.71 Mt) as in years previous would be reasonable to expect in terms of product coal mix based upon recent historic production statistics.

Coal prices have been volatile in the recent short term market. Based on extension of the Consensus Economic forecast trends (refer sections 22.2.3 and 24.3.2), it would not be unreasonable to assume that slight increases in the value of both coking and thermal coals could be realised. This would be in alignment with longer term trends over the past decade.

22.2.5 Royalty forecast

Royalty forecasts can only be based accurately with an understanding of the proposed mine schedule and its relationship to land title. As forward looking mine schedule information has not been made available to the QP comment cannot be made on expected future revenues to APG in the form of royalty payments with any accuracy. However; the disclosure agreement made between Kestrel Coal and APG has enabled reporting



(APG, 2014) that for the second half of 2014 is 43% of coal produced at Kestrel will be within APG royalty held lands.

Kestrel produced 2.7Mt of coal in 2014 (2.16Mt of hard coking coal and 0.56Mt of thermal coal). The gross royalty income from Kestrel to APG is expected to be approximately £1.7m (AUD\$ 3.1m) for 2014 (APG, 2015).

Rio Tinto report during the first half of 2015 coal production royalty payments to APG will be minimal with substantial recovery thereafter as Kestrel Coal move back into and mine more coal from APG held royalty lands.



ITEM 23. ADJACENT PROPERTIES

The following section contains statements in respect of Item 23 – Adjacent Properties of Form 43-101F1 – Technical Report.

23.1 Adjacent properties

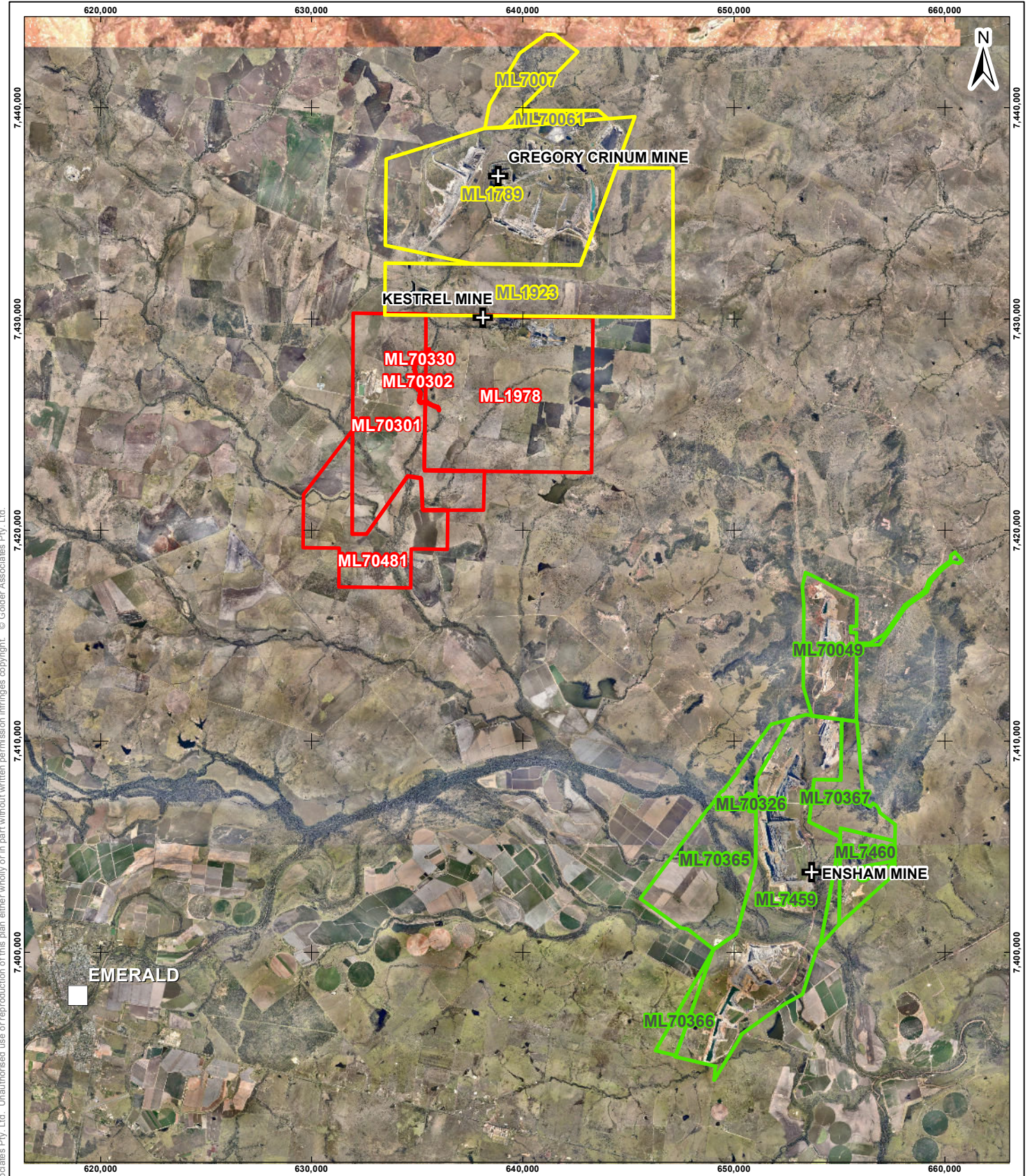
The Queensland State Government interactive resource tenure mapping website (IRTM, 2014), provides details of the tenements adjacent to the Kestrel Mine, which is reproduced in Figure 24 depicting MLs of mines immediately adjacent and proximal to Kestrel Mine.

The Kestrel Mine adjoins the following project tenements (IRTM, 2014):

- To the north:
 - BHP Billiton Minerals Pty Ltd (BHPB) Gregory Extension (open cut coal) – ML 1923
 - BHPB's Gregory Crinum (open cut and underground coal) Mine – ML 1789, ML 7007 and ML 70061
 - MDL 133 (held by BHP Queensland Coal Investments Pty Ltd)
 - EPC 2841 held by Linc Energy Ltd (Linc Energy)
 - EPC 1266 held by New Emerald Coal Pty Ltd (New Emerald, a wholly owned subsidiary of Linc Energy).
- To the south:
 - MDL 217 held by Idemitsu Australia Resources Pty Ltd (Ensham Project)
 - EPC 1687 held by Stanmore Coal Ltd (Stanmore)
 - EPC 2157 held by Area Coal Pty Ltd (Area).
- To the east:
 - MDL 486/EPC 1273 held by Glencore Coal Queensland Pty Ltd (Glencore)
 - MDL 490/EPC 1273 held by Glencore.
- To the west:
 - ML application 70405/EPC 980 held by New Emerald
 - ML application 70442/EPC 1267 held by New Emerald.

The Gregory Crinum open cut and underground coal mine located to the north of Kestrel Mine similarly targets the German Creek seam, whilst the Ensham Mine targets the Rangal Coal Measures encountered stratigraphically above.

The QP notes that the Resources and Reserves reported for Gregory Crinum by BHP Billiton have not been verified as part of the preparation of this Technical Report and although targeting the same seam grouping the coal quality is not necessarily indicative of the mineralisation at the Kestrel Mine.



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NI 43-101 TECHNICAL REPORT ON KESTREL COAL MINE, QLD AUSTRALIA

ANGLO PACIFIC GROUP PLC

ADJACENT PROPERTIES



LEGEND

- Town
- Coal Mine Site
- Kestrel Mining Lease
- Gregory Crinum Mining Lease
- Ensham Mining Lease

NOTES

1. Imagery copyright Nearmap 2014, captured 29th May 2011.
2. Tenement information supplied by IRTM.
3. Inset Service Layer Credits: Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

0 2.5 5 10 Km
SCALE (at A4) 1:250,000
 WGS 1984 UTM Zone 55S

PROJECT: 147621001
 DATE: 29 JAN 2015
 DRAWN: MDC
 CHECKED: AR

FIGURE 24





23.2 Gregory Crinum

Both the Gregory open cut mine and the Crinum underground mine (herein referred to as Gregory Crinum) fall under the Gregory Joint Venture, which is a joint venture between BHP Billiton (50%) and Mitsubishi Development (50%). Gregory Crinum is operated by the BHP Mitsubishi Alliance (BMA) (BHP Billiton Limited, 2013).

Gregory Crinum is located approximately 45 km north east of Emerald, Queensland.

Access to Gregory Crinum is by way of public road. Coal is transported by rail to the Hay Point and Gladstone Ports, a distance of some 310 and 370 km respectively (BHP Billiton Limited, 2013).

The Gregory open cut mine commenced operations in 1979, and the Crinum underground mine commenced longwall production in 1997. The Crinum mine was planned as a source of replacement capacity for Gregory. The Gregory mine ceased production in October 2012 (BHP Billiton Limited, 2013).

Both Gregory and Crinum mine bituminous coal from the Permian aged German Creek coal measures, producing a high volatile, low ash hard coking coal (BHP Billiton Limited, 2013).

All coal is beneficiated at on site processing facilities, which have a combined capacity in excess of 5 Mtpa (BHP Billiton Limited, 2013).

Table 16 provides the Coal Resources listed for Gregory Crinum as at June, 2013.

Table 17 provides the Marketable Coal Reserves listed for Gregory Crinum as at June, 2013.

Resources and Reserves list presented in Table 16 and Table 17 are public released reports by BMA. They are provided for reference as a neighbouring property from the same or similar coal seam group as Kestrel. They do not reflect material related to the Kestrel properties or the AGP royalty entitlements.

Table 16: Gregory Crinum Coal Resources* by mining method and coal type (reported to JORC 2012) as at June 2013 (Source: BHP Billiton Limited, 2013)

Mining Method / Coal Type	JORC Resource Classification	Tonnage (Mt)	Ash (% adb)	Volatile Matter (% adb)	Sulphur (% adb)
Open cut/Coking	Measured	7.9	6.0	33.0	0.60
	Indicated	0.7	5.7	32.4	0.63
Underground/Coking	Indicated	130	6.3	32.9	0.60
	Inferred	0.3	7.1	31.5	0.62

*Cut-off criteria applied: $\geq 0.50m$ seam thickness. Tonnages quoted are on an in-situ moisture basis.

Table 17: Gregory Crinum Marketable Coal Reserves* by mining method and coal type (reported to JORC 2012) as at June 2013 (Source: BHP Billiton Limited, 2013)

Mining Method/Coal Type	JORC Reserve Classification	Tonnage (Mt)	Ash (% adb)	Volatile Matter (% adb)	Sulphur (% adb)
Open cut/Coking	Proved Marketable	5.4	7.0	34.8	0.6
	Probable Marketable	0.2	7.0	35.3	0.60
Underground/Coking	Probable Marketable	14	7.5	33.7	0.60

*Cut-off criteria applied: $\geq 0.30m$ seam thickness and recovery of 82%.



23.3 Ensham

The Ensham coal mine (Ensham) is located approximately 40 km east of Emerald, Queensland. Ensham is owned and operated by Ensham Resources Pty Ltd (Ensham), a wholly owned subsidiary of Idemitsu Australia Resources Pty Ltd (Idemitsu). Ensham operates the mine on behalf of a group of joint venture partners which comprise the following (Ensham Resources Pty Ltd, 2014a):

- Bligh Coal Pty Ltd (47.5%)
- Idemitsu Australia Resources Pty Ltd (37.5%)
- J-Power Australia Pty Ltd (10%)
- LG International (Australia) Pty Ltd (5%).

Ensham's mining operations currently comprise five separate open cut pits (Pits A, B, C, D and Yongala). The mine is currently in the process of transitioning to underground mining and is in the final stages of obtaining the relevant statutory approvals for the development of the underground operation. The first workings bord and pillar mine is a brownfield development with the footprint of the existing open cut operations. Underground mining will use two continuous miner sections operating simultaneously to produce approximately 1.7 Mtpa (Ensham, 2014).

Within the Ensham area, the Rangal Coal Measures comprise the Aries, Castor, Pollux and Orion seams in descending order, the upper three being exploited by open cut mining and the Aries-Castor being exploited by underground mining methods. Seam thickness in the open cut area averages 5 to 6 m whilst the underground area generally comprises a single seam averaging 3 m in thickness (Ensham, 2014).

Ensham produces only a limited amount of semi-soft coking coal, with the majority product being a low ash, sulphur, high energy thermal coal. They can produce thermal coals with ash content between 10 to 16% and a calorific value of 6000 to 7000 kcal/kg. Total sulphur content commonly ranges between 0.6 and 0.9% and volatile matter is commonly in the order of 25 to 27% (Ensham, 2014).

Total production is currently in the order of 7 Mtpa (Ensham, 2014).

Detailed information in relation to the current Resource and Reserve base is not available due to the fact that Ensham is not a publicly listed company.



ITEM 24. OTHER RELEVANT DATA AND INFORMATION

The following section contains statements in respect of Item 24 – Other Relevant Data and Information of Form 43-101F1 – Technical Report.

24.1 Coal mining and the Australian economy

Currently, Australia is ranked number four among the world’s top coal producers and number two in terms of the world’s largest coal exporters on a weight basis. Coal ranks as the second largest export commodity in terms of revenue (EIA, 2014a).

Australia ranks as one of the key sources of coal in the world with the commodity playing a major role in the country’s economy.

In 2008, Australia held approximately 76 billion metric tonnes of recoverable coal reserves, the fourth largest worldwide according to the World Energy Council. In terms of total coal production, Australia is the world’s fourth largest producer. Black coal (primarily bituminous or anthracite) is Australia’s second largest export commodity, behind iron ore in terms of total revenue and accrued some AUD\$62 billion in 2012 (EIA, 2014a).

Queensland and New South Wales account for approximately 97% of the total Australian black coal production, whilst Victoria accounts for approximately 96% of brown coal reserves (largely used for domestic electricity generation). The majority of Australian coal is bituminous or sub-bituminous (black coal) in rank (EIA, 2014a).

24.2 Australian coal production

Figure 25 presents total Australian coal (all coal types) produced from mining, commencing in 1980 up until 2012. Australia produced a total of approximately 456 million short tons or 413 Mt of coal in 2012 (EIA, 2014b). Production rates for coal on a national basis have increased at a relatively constant rate of around 125 million short tons per annum.

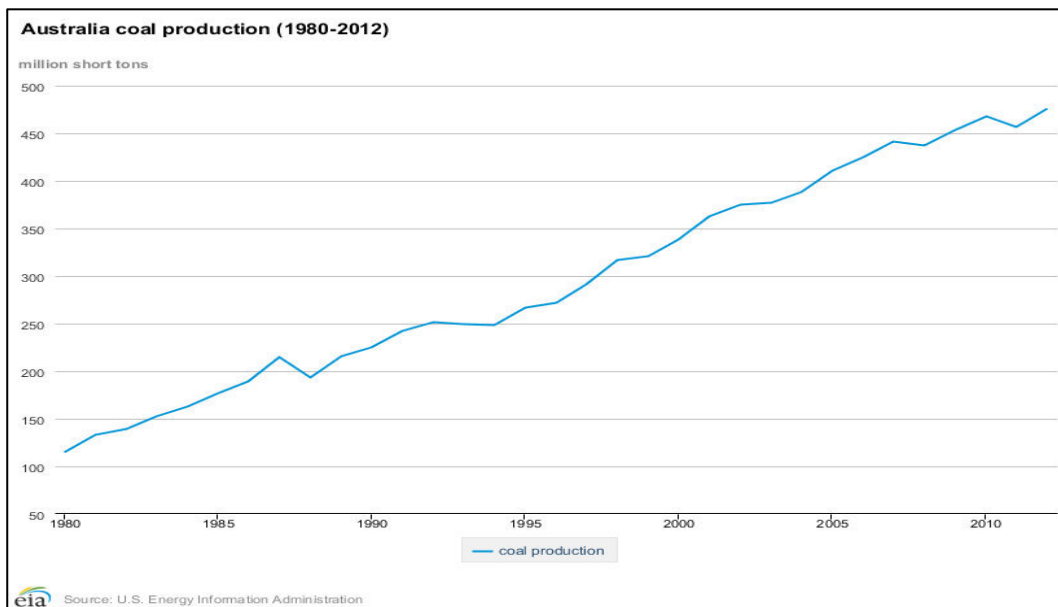


Figure 25: Australian coal production (1980 – 2012) (Source: EIA, 2014b)



Australia exported a total of approximately 322 million short tons or 292 Mt of coal in 2012 Coal net exports/imports. As expected the export demand for Australian coals has also been increased on an annualised basis. Figure 26 presents total Australian coal (all coal types) net exports/imports between 1980 and 2011 (EIA, 2014b).

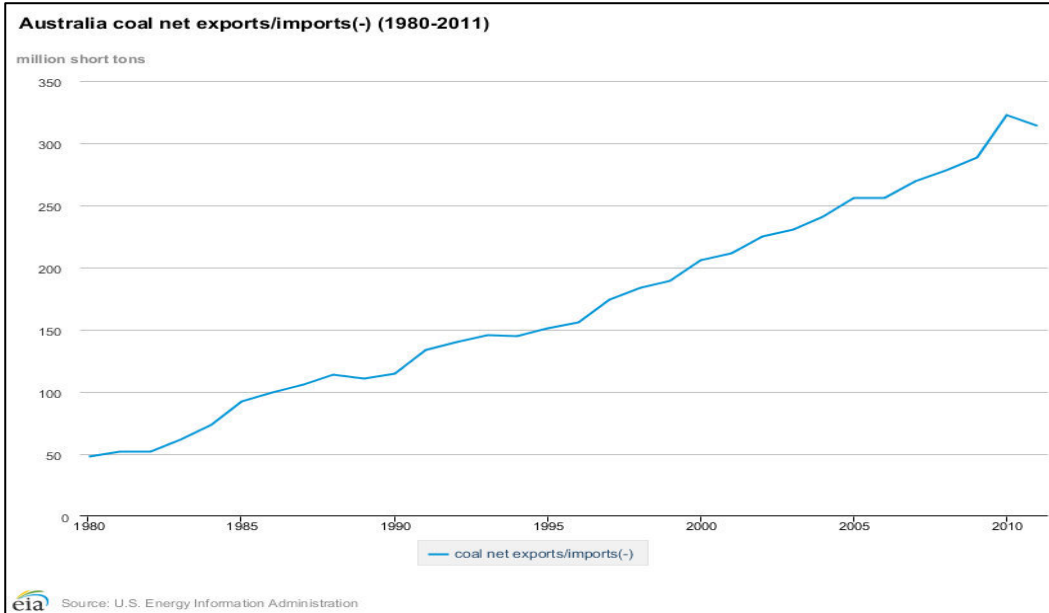


Figure 26: Australian coal net exports/imports (1980 – 2011) (Source: EIA, 2014b)

24.3 Commodity prices

This section of the Technical Report is presented solely for information purposes and should not be considered a suitable replacement for detailed historical and forecast supply and demand price analysis.

24.3.1 Historical coal prices

Historical prices for both Australian coking and thermal coal (USD\$/metric tonne) between January 2000 and January 2014 are presented in Figure 27. Prices although dropping over the past 2 years still depict a general increase when considered over a longer range such as the last decade.

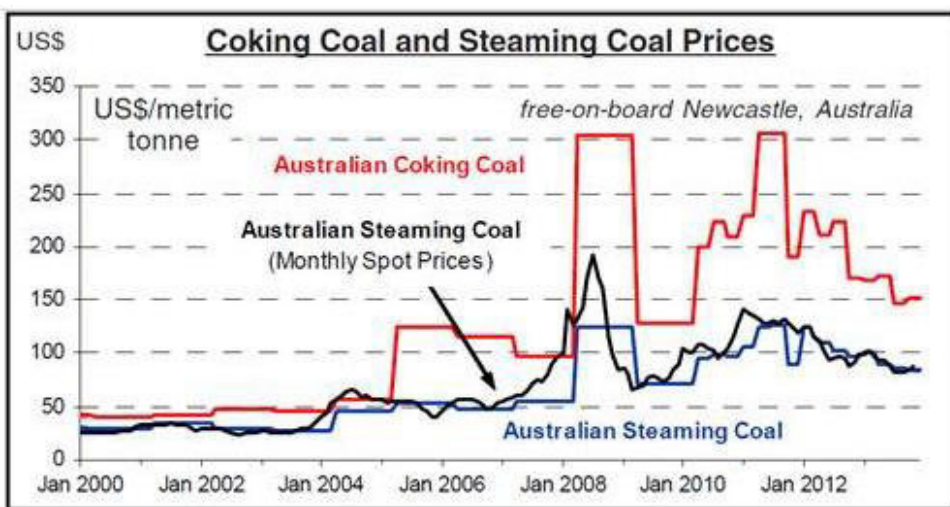


Figure 27: Historical pricing for coal (Source: Consensus Economics, 2014)



24.3.2 Forecast coal prices

The mean forecast price for both coking and thermal coal is aligned with the longer term trend seen in historical prices as illustrated in Figure 27. The mean forecast prices for coking coal and thermal coal in Table 18 and Figure 28 indicate a 20% increase in price from US\$117.7 (December 2014) to US\$145.2 (March 2017).

Table 18: Forecast Australian coking coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Wilson HTM	120	130	140.0	145	150	160	160	160	160	165
Investec	120	130	130	140	140	150	150	160	160	175
Liberium Capital	115	120	120	140	140	140	140	140	na	na
BoA Merrill Lynch	119	120	120	130	130	140	na	na	na	na
RBC Capital Markets	119	120	125	130	135	135	135	135	135	145
ANZ	119	119	122	125	128	130	133	137	140	145
Citigroup	112	112	117	125	135	140	140	140	140	na
Credit Suisse	119	117	125	125	125	130	130	130	130	135
Macquarie	119	130	130	125	125	145	145	145	145	155
Australia Dept of Industry	119	122	122	122	122	131	131	131	131	137
CIMB Group	114	120	120	120	120	130	130	130	130	140
Morgan Stanley	115	120	125	120	120	125	120	115	115	120
Commonwealth Bank	119	110	111.3	114.8	118.1	120.3	123.8	126.8	131.7	135.2
Deutsche Bank	119	115	112	110	105	110	115	115	125	na
Maximum	120.0	130.0	140.0	145.0	150.0	160.0	160.0	160.0	160.0	175.0
Minimum	112.0	110.0	111.3	110.0	105.0	110.0	115.0	115.0	115.0	120.0
Mean	117.7	120.4	122.8	126.6	128.1	134.7	134.8	135.8	136.9	145.2
Median	119.0	120.0	122.0	125.0	126.5	133.0	133.0	135.0	133.4	142.5
Standard Deviation	2.6	6.2	7.4	9.8	11.4	12.6	12.3	13.9	13.3	16.0

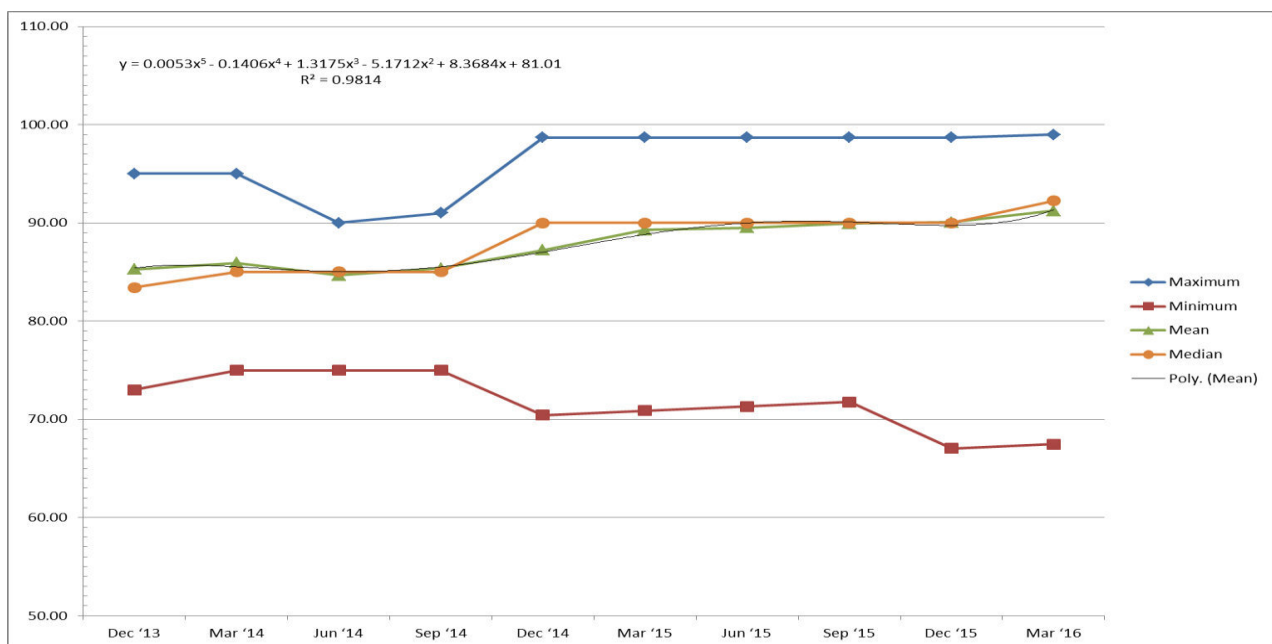


Figure 28: Forecast Australian coking coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014).



NI 43-101 TECHNICAL REPORT - KESTREL COAL MINE

The mean forecast prices for thermal coal in Table 19 and Figure 29 depicts a 3% decrease in price from US\$81.7 (December 2014) to US\$79.0 (March 2017), with the long term price returning to a positive increase beyond June 2016.

Table 19: Forecast Australian thermal coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014)

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Investec	81.8	81.8	80.9	80.0	80.0	82.5	82.5	85.0	85.0	85.0
RBC Capital Markets	81.8	81.8	80.0	80.0	80.0	80.0	85.0	85.0	85.0	85.0
Macquarie	81.8	81.8	76.0	76.0	76.0	76.0	81.0	81.0	81.0	81.0
ANZ	81.8	81.8	75.0	75.0	75.0	75.0	82.0	82.0	82.0	82.0
Morgan Stanley	81.8	81.8	73.0	73.0	73.0	73.0	75.0	75.0	75.0	75.0
Australia Dept of Industry	81.0	81.0	72.0	72.0	72.0	72.0	75.0	75.0	75.0	75.0
Deutsche Bank	81.8	81.8	67.0	67.0	67.0	67.0	63.0	63.0	63.0	na
Credit Suisse	81.8	81.8	63.0	63.0	63.0	65.0	65.0	65.0	65.0	70.0
Maximum	81.8	81.8	80.9	80.0	80.0	82.5	85.0	85.0	85.0	85.0
Minimum	81.0	81.0	63.0	63.0	63.0	65.0	63.0	63.0	63.0	70.0
Mean	81.7	81.7	73.4	73.3	73.3	73.8	76.1	76.4	76.4	79.0
Median	81.8	81.8	74.0	74.0	74.0	74.0	78.0	78.0	78.0	81.0
Standard Deviation	0.3	0.3	6.1	5.9	5.9	6.0	8.2	8.6	8.6	5.7

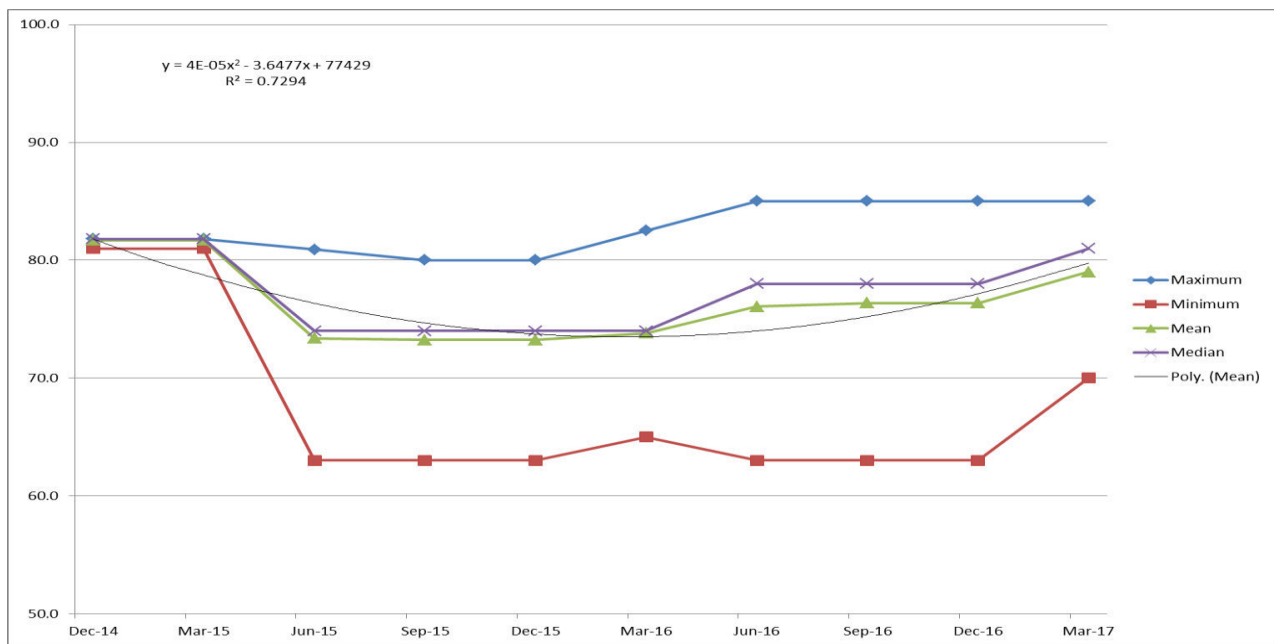


Figure 29: Forecast Australian thermal coal prices on a US\$/metric tonne basis (Source: Consensus Economics, 2014).



ITEM 25. INTERPRETATION AND CONCLUSIONS

The following section contains statements in respect of Item 25 – Interpretation and Conclusions of Form 43-101F1 – Technical Report.

This Technical Report is reliant on information gleaned from the public domain. The ability to validate information at its source is hampered by Kestrel Coals right to refuse access to data, mine site personal and the operational site, on the basis that this is considered commercially sensitive. As a consequence this Technical Report is based on information available in the public domain rather than direct inputs that would have been used as part of RTCA reported Resources and Reserves.

The Kestrel Mine completed final stages of an expansion project that predicts its underground coking and thermal coal mine will increase production up to 5.7 Mt ROM coal on an annual basis up until closure in 2032. Given operational costs efficiencies can be achieved and the price of coal sees a modest annual increase then the mine appears to stand as a viable and profitable long term operation.

APG receive royalties from Kestrel Coal on the basis of land title they hold in partnership over the Kestrel Mine tenure area. The revenue they have received in the past number of years through royalty payments has decreased markedly. This is due to market price adjustments being realised across the coal industry and also as a result of production output decreases with the expansion development being undertaken.

Although the value of both coking and thermal coals has taken a battering since highs of 2008 and 2012 the longer economic trends appear to see a return to price increases although these are likely modest and in alignment with long term coal pricing trends tracked over the past decade. Thermal coal prices predict less value increase than coking coal over the same period. This in its own right will provide opportunity for higher revenues as the royalty is payable on the sale price per tonne and not revenue achieved.

If approval of Mining Lease application 70481 by the Queensland Government is granted then APG shall find that its option to collect royalties from coal sales continue for longer in terms of the overall mine life.

ITEM 26. RECOMMENDATIONS

The following section contains statements in respect of Item 26 – Recommendations of Form 43-101F1 – Technical Report.

Due to the nature of APG's relationship with Kestrel Coal (i.e. a royalty holder) the QP has no recommendations to make about operational aspects.



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CONSENT OF QUALIFIED PERSON

I, David John Arnott, employed by Golder Associates Pty Limited, 147 Coronation Drive, Milton QLD 4064, Australia do hereby certify that:

I graduated with a B.App.Sc. (Geol.) from the University of Technology, Sydney, in 1989.

I am a Member of the Australasian Institute of Mining and Metallurgy and Chartered Professional (Geology).

I have worked as a geologist for a total of twenty-five years since my graduation from university, of which a total of twenty years has involved Mineral Resource estimation, for a variety of deposit types.

I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements of a “qualified person” for the purposes of NI 43-101.

I am responsible for the preparation of the technical report titled “NI 43-101 Technical Report on Kestrel Coal Mine, QLD Australia”, dated 30 January 2015 (the “Technical Report”) relating to the Kestrel coal deposit.

I have not personally visited the Kestrel area in relation to this study.

I have had no prior involvement with the property that is the subject of the Technical Report. As of the effective date of this Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

I am independent of the issuer, applying the test in part 1.5 of NI 43-101. I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

I consent to the filing of the Technical Report with any stock exchange and any other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated at Brisbane this 30 January 2015.



DAVID J ARNOTT
GEOLOGY

David John Arnott

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